

Jadestone Energy Inc Announces Trading and Operations Update

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SINGAPORE, July 30, 2020 - [Jadestone Energy Inc.](#) (AIM:JSE) ("Jadestone", or the "Company"), an independent oil and gas production company focused on the Asia Pacific region, provides a trading and operations update for the six-month period ended June 30, 2020.

Highlights

- Q2 2020 production of 12,566 bbls/d, a 7.7% increase on Q1 2020 production of 11,665 bbls/d. This equates to H1 2020 production of 12,116 bbls/d, versus 13,188 bbls/d for H1 2019;
- On track to meet full year production guidance of 12,000-14,000 bbls/d.
- Positive cash generation for both H1 2020 and Q2 2020, resulting in gross cash and bank balances of US\$113.8¹ million as at June 30, 2020, and net cash of US\$78.2² million. This represents an increase in net cash, quarter-on-quarter, of US\$6.1 million, and a US\$38.9 million increase versus December 31, 2019, after debt repayment;
- Efficient management of capital, reducing planned 2020 capex by circa 80%;
- Implemented 2020 cashflow savings initiatives totalling over US\$22.0 million under Project Clover, the Group-wide cost efficiency and cashflow savings programme, with over US\$10.0 million of additional opportunities being pursued;
- Progress on the planned acquisition of a 69% operated interest in the Maari asset, offshore New Zealand, including obtaining Offshore Investment Office approval, and continuing to progress towards approval of the New Zealand Petroleum and Minerals authority;
- Announced acquisition of a 90% operated interest in the Lemang PSC, onshore Sumatra, Indonesia for an initial headline consideration of US\$12.0 million, thereby re-establishing Jadestone's operating presence in Indonesia and adding 17.2mm boe of 2C gas resource³; and
- 2020 full year guidance also re-affirmed on each of operating costs per barrel, capex and the Company's maiden dividend.

Paul Blakeley, President and CEO commented:

"Despite the last four months being among the most challenging for the global oil & gas industry in the last 20 years or more, our portfolio has remained cash generative and we have delivered a strengthened balance sheet while continuing to grow our asset base. We have now reduced debt to just \$25.6 million and further built up our net cash position to \$78.2 million, despite significantly lower global oil price benchmarks over the period.

"We have responded quickly to the challenges associated with COVID-19 and lower oil prices, through Project Clover, removing \$22.0 million from our projected 2020 spending base and remain on track to reduce our unit operating costs by \$3-4/bbl, as well as significantly reducing our planned capex programme. This has been accomplished without compromising our commitment to safe operations and ensuring the well-being of all our people.

"With some recovery in global oil prices, we are now re-assessing some near-term investment into deferred organic growth projects. However, we will be cautious and ensure that we allocate resources to maximise returns, and will continue to keep an eye on market dynamics in a volatile world, as well as maintaining discipline to protect the balance sheet. We are well positioned to continue to diversify the portfolio with

inorganic growth, as we have done with our recently announced acquisition of the Lemang PSC in Indonesia, and will continue to assess new opportunities under our strict acquisition criteria.

"We have demonstrated our resilience over the past six months and our intent now is to take advantage of the current environment and emerge even stronger, through the remainder of this year and into next".

COVID-19 response

Jadestone has recorded no cases of COVID-19 among its workforce.

Certain public safety measures have now been relaxed, permitting normal office work to resume at some Jadestone locations, however the Company remains vigilant in its approach to protecting the wellbeing of its personnel.

Offshore rotation adjustments, which include mandatory isolation periods for incoming crew, remain in place, and social distancing protocols are in effect, as well as enhanced hygiene and cleaning practices at all locations. The Company has deferred select non-essential offshore work to minimise personnel offshore.

Operations update

Jadestone has continued safe operations throughout H1 2020, with no serious safety or environmental incidents.

However, due to the significant restrictions imposed by COVID-19, including reduced manning, uptime performance has been affected throughout H1 2020, with delays to executing well workovers, and other planned facility upgrades and interventions, as well as the impact of seasonal cyclones in Q1. Overall, this has resulted in a combined uptime performance being below plan at 74%.

The Company's decision to delay three well workovers at the Stag field, and a repair to the Skua-10 well at Montara during H1, which has impacted uptime, has had the benefit of reducing personnel required offshore during COVID-19 imposed restrictions, and also ensures future flush production from newly worked-over wells is timed to coincide with a higher oil price environment, thereby maximising investment returns.

Production during H1 2020 was 12,116 bbls/d, which was 8.1% lower than in the same period of 2019. This is primarily the result of natural production declines and the deferred well workovers, which collectively have the potential to add approximately 2,300 bbls/d of incremental production.

2020 full year average production guidance is re-affirmed at 12,000-14,000 bbls/d.

Vietnam

The Company remains engaged with the Vietnamese Government, including ongoing discussions relating to a gas sales and purchase agreement for its planned Nam Du/U Minh gas development. Jadestone anticipates completing the gas sales and purchase agreement alongside the eventual field development plan approval. Discussions are progressing, with a view to reaching an agreement later this year.

Project Clover

The Company's Group-wide efficiency and savings programme aims to optimise commercial terms and arrangements with vendors, right-size the organisation, reduce process inefficiency, defer activity where it is safe to do so, and to lower corporate G&A.

To date, the Company has implemented 2020 cashflow savings initiatives totalling over US\$22.0 million, with

over US\$10.0 million of additional opportunities being pursued, and remains on track to deliver the expected savings.

Finance update

H1 2020 net revenue was US\$115.7 million, compared to US\$171.7 million in H1 2019, reduced due to the combined effect of lower prices, as well as lower production and resultant liftings. The Company had five liftings of crude oil in H1 2020, totalling 1,979,289 bbls sold, compared to 2,338,202 bbls in the same period last year.

The average net realised oil price in H1 2020 was US\$46.47/bbl, reflecting a weighted average premium over Dated Brent of US\$8.19/bbl. The H1 2019 average net realised oil price was US\$70.39/bbl, including an average premium of US\$3.74/bbl.

The June 2020 scheduled semi-annual redetermination of the Group's secured reserves-based loan, has again reaffirmed a borrowing base substantially above the current gross outstanding debt amount of US\$25.6 million, and with all covenants comfortably met over the bank model forecast period.

Approximately one third of the Company's planned production through Q3 2020 is covered by the Company's hedging programme, which establishes a floor price of US\$67.03/bbl in Q3 2020, prior to any oil price premium.

2020 full year average opex per barrel guidance of US\$20.50-23.50/bbl, before workovers, is re-affirmed, along with 2020 full year capex of US\$30-35 million, and the 2020 maiden full year dividend of US\$7.5-12.5 million.

The Company intends to announce its consolidated interim unaudited results, as at and for the six-month period ended June 30, 2020, in mid September, 2020, at which time it expects to announce its maiden interim dividend.

Acquisitions

In Q4 2019 Jadestone announced the acquisition of an operated 69% interest in the Maari Project, shallow water offshore New Zealand. During H1 2020 the Company obtained Overseas Investment Office consent for the acquisition, and approval from the joint venture for the change of operatorship to Jadestone. Applications are progressing with regulators toward other customary consents, and the Company has begun implementing its New Zealand human resourcing plan, in anticipation of completing the acquisition in H2 2020.

The Maari project will add 12.2mm bbls of 2P reserves⁴ on a net basis, ongoing oil production, and opportunities for significant incremental value creation through accessing the fields' large oil-in-place, beyond the low recovery factors achieved to date.

Last month Jadestone announced the acquisition of an operated 90% interest in the Lemang PSC, onshore Sumatra, Indonesia. The acquisition is conditional upon customary governmental consents to the assignment of interest, the appointment of Jadestone as operator, and other consents required under the joint operating agreement. These consents have been requested, and the Company anticipates completing the acquisition in Q1 2021.

The Lemang PSC re-establishes Jadestone's operating presence in Indonesia, and will add 17.2mm boe of 2C wet gas resource³, with a highly flexible development spending timeline. This adds to the diversity of the Company's portfolio via additional gas in a PSC regime, which is expected to be sold under long-term fixed price sales contracts, and further rebalances the Company's production and reserves base between variable-priced OECD oil in a concession environment and fixed price emerging market gas in a PSC regime.

¹ Includes a US\$10.0 million deposit in support of a bank guarantee to a key supplier.

² Gross outstanding debt and net debt/cash are non-GAAP measures which do not have a standardised meaning prescribed by IFRS. These measures are included because management uses this information to analyse the liquidity and financial position of the Group and it may be useful to investors on the same basis. Gross outstanding debt and net debt/cash are non-GAAP measures and should not be considered an alternative to, or more meaningful than 'Net increase in cash and cash equivalents' as determined in accordance with IFRS, as an indicator of liquidity and financial performance. Gross outstanding debt is defined as long and short term interest bearing debt, with effective interest method financing costs added back, and excludes derivatives. Net debt/cash includes cash and cash equivalents, including the Montara assets' minimum working capital cash balance of US\$15.0 million required to be maintained under the conditions of the reserve based lending facility and restricted cash of US\$8.0 million (December 31, 2019: US\$13.5 million) under the debt service reserve account, but excludes the US\$10.0 million deposited in support of a bank guarantee. Because non-GAAP financial measures do not have a standardised meaning prescribed by IFRS, they are unlikely to be comparable to similar measures presented by other companies and should not be considered in isolation, or as a substitute for measures of performance prepared in accordance with IFRS.

³ Based on an independent review of contingent resources prepared for the Company by ERCE, an independent qualified reserves auditor, in accordance with National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities and the Canadian Oil and Gas Evaluation Handbook ("COGEH"), with an effective date of June 2020, and assuming a 90% interest. Based on a 81% interest (assuming local government participation), total 2C Group resource is 15.5 mm boe. 2C resource volumes presented represent the sub-class Development Pending, as defined by COGEH, and are presented on an unrisksed basis. The main contingencies are non-technical and include the finalisation of the gas sales agreement and project FID. ERCE estimates the chance of development at 90%.

⁴ Based on an independent reserves audit prepared for the Company by ERCE, an independent qualified reserves auditor, in accordance with COGEH, incorporating ERCE's then prevailing oil price assumption deck (2019 real Brent crude oil prices of US\$61/bbl, US\$64/bbl, US\$66/bbl, and US\$67/bbl for 2019, 2020, 2021, and 2022 and beyond, respectively), with an effective date of December 31, 2018 but adjusted for 2019 production, and assuming a 69% interest.

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About Jadestone Energy Inc.

[Jadestone Energy Inc.](#) is an independent oil and gas company focused on the Asia Pacific region. It has a balanced, low risk, full cycle portfolio of development, production and exploration assets in Australia, Vietnam and the Philippines.

The Company has a 100% operated working interest in the Stag oilfield and the Montara project, both offshore Australia. Both the Stag and Montara assets include oil producing fields, with further development and exploration potential. The Company has a 100% operated working interest in two gas development blocks in Southwest Vietnam and is partnered with Total in the Philippines where it holds a 25% working interest in the SC56 exploration block.

In addition, the Company has executed a sale and purchase agreement to acquire an operated 69% interest in the Maari Project, shallow water offshore New Zealand, and anticipates completing the transaction in H2 2020, upon receipt of customary approvals. The Company has recently executed an agreement to acquire an operated 90% interest in the Lemang PSC, onshore Sumatra, Indonesia, and anticipates completing the transaction in Q1 2021, upon receipt of customary approvals. The block includes the Akatara gas field.

Led by an experienced management team with a track record of delivery, who were core to the successful growth of Talisman's business in Asia, the Company is pursuing an acquisition strategy focused on growth and creating value through identifying, acquiring, developing and operating assets in the Asia Pacific region.

[Jadestone Energy Inc.](#) is listed on the AIM market of the London Stock Exchange. The Company is headquartered in Singapore. For further information on Jadestone please visit www.jadestone-energy.com.

Cautionary statements

Certain statements in this press release are forward-looking statements and information (collectively "forward-looking statements"), within the meaning of the applicable Canadian securities legislation, as well as other applicable international securities laws. The forward-looking statements contained in this press release are forward-looking and not historical facts.

Some of the forward-looking statements may be identified by statements that express, or involve discussions as to expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of phrases such as "will likely result", "are expected to", "will continue", "is anticipated", "is targeting", "estimated", "intend", "plan", "guidance", "objective", "projection", "aim", "goals", "target", "schedules", and "outlook"). In particular, forward-looking statements in this press release include, but are not limited to, statements regarding the quantum and timing of expected savings under Project Clover, and expected 2020 guidance with respect to (a) average production, (b) cash opex/bbl before workovers, (c) capital spending and (d) the 2020 full year maiden dividend. Other forward-looking statements include commentary on the timing to conclude a gas sales and purchase agreement for the Nam Du/U Minh gas development, and progress towards the completion and resultant closing of the Maari and Lemang PSC acquisitions.

Because actual results or outcomes could differ materially from those expressed in any forward-looking statements, investors should not place undue reliance on any such forward-looking statements. By their

nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes will not occur. Some of these risks, uncertainties and other factors are similar to those faced by other oil and gas companies and some are unique to Jadestone. The forward-looking information contained in this news release speaks only as of the date hereof. The Company does not assume any obligation to publicly update the information, except as may be required pursuant to applicable laws.

The oil, natural gas and natural gas liquids information in this announcement has been prepared in accordance with National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities and the Canadian Oil and Gas Evaluation Handbook (the "COGE Handbook").

A barrel of oil equivalent is determined by converting a volume of natural gas to barrels using the ratios of six thousand cubic feet to one barrel. Boes may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mcf:1 boe is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilising a conversion on a 6:1 basis may be misleading as an indication of value.

The technical information contained in this Presentation has been prepared in accordance with the March 2007 guidelines endorsed by the Society of Petroleum Engineers, World Petroleum Congress, American Association of Petroleum Geologists and Society of Petroleum Evaluation Engineers Petroleum Resource Management System.

Henning Hoeyland of [Jadestone Energy Inc.](#), a Subsurface Manager with a Masters degree in Petroleum Engineering, who is a member of the Society of Petroleum Engineers, and who has been involved in the energy industry for more than 19 years, has read and approved the technical disclosure in this regulatory announcement.

The information contained within this announcement is considered to be inside information prior to its release, as defined in Article 7 of the Market Abuse Regulation No. 596/2014, and is disclosed in accordance with the Company's obligations under Article 17 of those Regulations. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

Glossary

bbls	barrels of oil
bbls/d	barrels of oil per day
boe	barrel of oil equivalent
mcf	thousand cubic feet
mm bbls	million barrels of oil
mm boe	million barrels of oil equivalent
PSC	production sharing contract

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