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23 October 2020

Jupiter Energy Limited ("Jupiter" or the "Company")

QUARTERLY UPDATE ON ACTIVITIES FOR THE PERIOD TO 30 SEPTEMBER 2020

KEY POINTS:

- **Unaudited oil sales revenue (including VAT) during the Quarter totalled approximately ~$US693,000 (39,600 barrels of oil).**
- **The approval process for transitioning the Akkar East oilfield from its Exploration Licence to Commercial Production was finalised on 11 September 2020. Wells J-51, J-52 and 19 have now recommenced production under the "Preparatory Period' regime set out under the Kazakh Sub Surface Code.**
- **Trial Production from wells J-50 and J-58 continued for the entire period. Production from the Akkar East wells (J-51, J-52 and well 19) was limited to ~ 2.5 weeks in September.**
- **Oil continues to be sold via a prepayment contract with a local oil trader with all oil to be sold into the Kazakh domestic oil market.**
- **VTB Capital continues its Strategic Review of the Kazakh operations and in particular the evaluation of possible funding options to enable the ongoing development of Block 31.**

Jupiter Energy Limited (ASX: "JPR") presents the following update on activities for the 3 month period ending 30 September 2020 (the "Quarter"). Also included in this report are details of any subsequent events that have occurred up to the date of this release.

The Quarter in brief:

During the Quarter, oil production continued from wells J-50 and J-58. Wells J-51, J-52 and 19 remained shut in for almost the entire Quarter, only producing for the last 2.5 weeks of September 2020.

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The J-51, J-52 and 19 wells are all located on the Akkar East field. J-58 is located on the West Zhetybai field and J-50 is located on the Akkar North (East Block) field.

Oil Sales:

During the Quarter unaudited oil sales revenue (including VAT) totalled ~$US693,000 based on sales of approximately 39,600 barrels of oil (average price of ~$US17.50/bbl). Kazakh domestic oil pricing reflected the worldwide oil prices during the Quarter.

Cash receipts for the Quarter were ~$US530,000. The variance between revenue recognised and cash receipts is due to the timing of the receipt of oil prepayments that are then amortised over several months of oil deliveries.

All oil was sold into the Domestic market, as is required by Kazakh laws, when wells are either producing under a Trial Production Licence or during the "Preparatory Period" of a Commercial Production Licence.

Approximate production of oil, by well, for the Quarter was as follows:

J-50: 9,300 barrels
J-58: 27,300 barrels
J-51: 1,000 barrels (limited to 2.5 weeks)
J-52: 1,000 barrels (limited to 2.5 weeks)
Well 19: 1000 barrels (limited to 2.5 weeks)

Preparation of the Akkar North (East Block) oilfield to transition into Commercial Production:

As previously announced, the Akkar North (East Block) oilfield (J-50 well) is able to produce under Trial Production until the end of December 2020.

The Company is currently in the process of preparing a Final Reserve Reports for the Akkar North (East Block) oilfield and expects to present the report to the relevant regulatory authorities during the 4th Quarter.

Delays in getting the report reviewed by the local Mangistau authorities has meant that the Kazakh Committee of Geology has advised that the Final Reserves Report will only be considered by them in early November 2020.

The approval of the Final Reserves on the oilfield is a critical step in enabling the transition of this oilfield from the Exploration phase to Commercial Production.

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The Company will keep shareholders updated on progress with the approval of the Final Reserves Report for Akkar North (East Block).

Transition of the Akkar East oilfield into Commercial Production:

All the necessary regulatory approvals to enable the Akkar East oilfield to transition from Trial Production (under Jupiter Energy's Exploration Licence) to Commercial Production (under Jupiter Energy's Commercial Production Licence) were completed during the Quarter, with the final approval having been received late on Friday 11 September 2020. The final approval outstanding was from the Aktau Ecology Department.

Whilst the original Contract covering the permit area, let by the Kazakh Government in 2005, was a combined Exploration/Commercial Production contract including a Commercial Licence that is valid for 25 years, Jupiter Energy is only able to start to produce under its Commercial Production Licence once it has successfully progressed the various oilfields, covered under the permit area, through the Exploration Period.

Successful progression includes fully exploring the acreage with the drilling of the requisite number of exploration wells and then having the oil reserves, identified by this drilling, approved by the Kazakh Ministry of Energy and the Kazakh Committee of Geology.

The main advantage of being able to operate under a Commercial Licence is that oil produced can be sold into the global export market, whilst oil produced under an Exploration Licence can only be sold domestically. The price differential between global oil prices and the Kazakh domestic oil price can vary, but generally the Kazakh domestic oil price is between one third and one half of the global oil price.

The other key criteria to operate under a Commercial Licence is the requirement to have the requisite infrastructure installed to enable 100% gas utilisation to take place – 100% gas utilisation means that all excess gas produced during production is used as no flaring of gas at the wellhead is permitted. When producing under an Exploration Licence, an operator is able to seek approval to flare any excess gas.

Infrastructure requirements for operating under full Commercial Production at the Company's oilfield would include either getting access to a Central Processing Facility and a Gas Separation Plant situated at a neighbouring producer or building this equipment on site. The Company does not currently have this infrastructure in place and continues to discuss potential infrastructure sharing options with other operators in the area.

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Post the Ecology approval received on 11 September 2020, the Akkar East wells are now producing in what is known under Kazakhstan's Sub Surface Code as the "Preparatory Period".

The "Preparatory Period" allows an operator to transition between Trial Production (during which time excess gas from production can be flared) to Commercial Production, when an operator must have access to the requisite infrastructure to provide for 100% utilisation of all excess gas produced during production.

During the "Preparatory Period", Jupiter Energy can produce from these 3 Akkar East wells, without having the requisite gas utilisation infrastructure in place, as long as all excess gas that is produced during production is used on the field for power, heating and the like.

The requirement to be able to utilise all the excess gas from production means that it is expected that the 3 wells will not be able to produce at full capacity as the gas that would be produced if the wells were operating at this level would be more than can be utilised on the field. Over the past few weeks, the 3 wells have achieved a stabilised cumulative rate of ~150 barrels (20 tonnes) per day and the Board expects this cumulative rate to be sustained.

Forward Plan for Akkar North (East Block) and West Zhetybai oilfields:

It is Jupiter Energy's intention to transition its other two oilfields, Akkar North (East Block) and West Zhetybai, to Commercial Production as their respective Trial Production Licences expire. The current plan is to transition the Akkar North (East Block) oilfield to Commercial Production during 1st Quarter 2021 and the West Zhetybai oilfield should transition during the 4th Quarter of 2021.

In order for these two fields to transition to Commercial Production, they will need to go through the same approval process that the Akkar East field has just completed.

A Final Reserves Report will need to be approved for each field and each field will need to have the other necessary approvals to produce during the "Preparatory Period".

The Akkar North (East Block) is in the process of getting its Final Reserves Report approved and the Kazakh Committee of Committee of Geology is expected to evaluate the Report submitted by the Company during November 2020. It is expected that the Akkar North (East Block) Final Reserves Report approval process will be completed by the end of 2020.

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The Company believes that the West Zhetybai field still needs to have at least 2 more exploration wells drilled before its Final Reserves Report is completed and the plan is for these wells to be drilled in the 1st half of 2021.

Strategic Review:

As announced on 21 July 2020, the Company is undertaking a Strategic Review as to all funding opportunities available to further develop the Akkar East field, as well as the Akkar North (East Block) and West Zhetybai oilfields. This review is expected to be completed by the end of 2020 and it is hoped that, once it is completed, the Company will be able to provide shareholders with details on what funding options are available to address both the issue of gaining access to gas utilisation infrastructure as well as the completion of the planned 2021 drilling program on the West Zhetybai oilfield.

The Company will keep shareholders updated on progress with the Strategic Review.

Forward Drilling Plan:

The Company is currently reviewing its drilling program for 2020/2021 as well as field operations in general.

As outlined in the Annual Accounts lodged on 07 October 2020 (unaudited Accounts were lodged on 30 September 2020), in late September 2020 the Company received a commitment to increase the funding available under its 2017 Funding Agreement with Waterford Finance & Investment Limited by a further $US6m and this money is intended to be used to fully explore the West Zhetybai oilfield before the end of its Exploration Licence period at the beginning of September 2021.

A lack of further drilling could mean some of the West Zhetybai Contract Area is relinquished and thus further drilling on the West Zhetybai oilfield is scheduled for 2021, with two wells being planned.

Licence Information:

As is required under ASX disclosure rules, the Company confirms that it currently holds the following licence:

Country	Block / Licence	Interest held as at 30 June 2020	Interest acquired / disposed of during the Quarter	Interest held as at 30 September 2020
Kazakhstan	Contract 2275	100%	Nil	100%

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Payments to Related Parties:

Payments made to related parties and their associates during the Quarter were:

- Fees paid to Geoff Gander, Baltabek Kuandykov and Alexey Kruzhkov for Consulting Services provided to the Company; and
- Professional Fees paid to Grange Consulting for financial management and company secretarial services, in addition to office rent. Grange Consulting is an entity in which Phil Warren, a Non Executive Director of the Company, has a relevant interest.

Capital Structure and Finances:

The Company lodged its Annual Accounts on 7 October 2020 after having lodged its unaudited accounts on 30 September 2020. There were no material differences between the unaudited figures lodged on 30 September 2020 and the audited accounts lodged on 7 October 2020.

As at 30 September 2020, the Company had 153,377,693 listed shares trading under the ASX ticker "JPR".

The Company has no options or Performance Shares, listed or unlisted, on issue.

As at 30 September 2020, total Company debt outstanding stood at approximately $US61.29m through the following funding agreements:

	US$
2017 Funding Agreement (max $US5m + an additional commitment of up to $US11m)	5.02m
2016 Funding Agreement (max $US5m+overrun)	5.51m
Refinanced Series B Promissory Note	16.36m
Refinanced convertible notes	34.41m
	$US61.29m

As detailed in the Annual Accounts lodged on 7 October 2020, the repayment dates for the outstanding Convertible Notes have now been extended to 1 July 2022.

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In terms of available short term funding: As at 30 September 2020, the Company had drawn down $US5.02m[1] under the 2017 Funding Agreement.

As at 30 September 2020, a total of $US10.98m was available to the Company under the 2017 Funding Agreement, including the additional $US6m committed by Waterford Finance and Investment Limited in September 2020 and the $US5m committed in March 2020.

As at 30 September 2020, the 2016 Funding Agreement had been fully drawn and had an overrun of $US0.51m. This overrun will be funded by the 2017 Funding Agreement, meaning that the total additional funding amount available to the Company, as at 30 September 2020, is a nett $US10.47m.

Operations Budget:

The Company continues to operate under an approved Operations Budget using the combined net revenues from prepaid oil sales and the remaining debt facility available (and committed) through the 2017 Funding Agreement.

The Company expects to remain funded at an operational level based on current and forecasted oil production, under differing well production scenarios, for the remainder of 2020 and into 2021.

Future drilling work will require access to additional working capital which has now been committed by Waterford Finance & Investment Limited as well as securing deferred payment terms with a local Kazakh turnkey drilling operator and/or prepayment of additional oil sales by the local trader.

Unaudited net cash reserves as at 30 September 2020 stood at approximately $A0.307m.

Summary:

Progress during the Quarter was bolstered by the granting of the final Ecology approval that enabled the Akkar East oilfield to transition into Commercial Production. Oil production was limited, for almost the entire Quarter, to the J-50 and J-58 wells with minimal (~ 2.5 weeks) contribution from wells J-51, J-52 and 19.

Unaudited revenue from oil sales (including VAT) for the Quarter amounted to ~$US693,000 which was secured via prepayments from a local oil trader.

[1] Including accrued interest

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Cash receipts for the Quarter were ~$US530,000. The variance between revenue recognised and cash receipts is due to the timing of the receipt of oil prepayments that are then amortised over several months of oil deliveries.

The Company is continuing the process of getting the Akkar North (East Block) Final Reserve Report approved and once this approval is obtained, the Companywil begin the approval process of transitioning the Akkar North (East Block) oilfield from Trial Production to Commercial Production.

The Company, working with JSC VTB Capital, has commenced a Strategic Review of its operations and will keep shareholders informed of material progress.

If there are any questions regarding this Quarterly report, shareholders are welcome to contact the Company on +61 89 322 8222.

Geoff Gander
Chairman/CEO

ENDS

Authorised by the Board of Jupiter Energy Limited

Competent Persons Statement:

Alexey Glebov, PhD, with over 33 years' oil & gas industry experience, is the qualified person who has reviewed and approved the technical information contained in this report. Alexey PhD's in technical science (1992) and geology science (2006), an Honors Degree in Geology and Geophysics (1984) from Novosibirsk State University and a Gold Medal (1985) from USSR Academy of Sciences. He is a member since 2001 of the European Association of Geoscientists & Engineers (EAGE #M2001-097) and was made an Honorary Oilman in 2011 by the Ministry of Energy of the Russian Federation. Alexey Glebov is qualified in accordance with ASX Listing Rule 5.41.

About the Company:

Jupiter Energy Limited is an oil exploration and production company, quoted on the ASX. The Company is focused on developing its onshore assets in western Kazakhstan. In 2008 the Company acquired 100 per cent of the Block 31 permit (Contract 2275), located in the oil-rich Mangistau Basin, close to the port city of Aktau.

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Jupiter has a proven in-country management team, led by an experienced, international Board, together possessing the skills, knowledge, network and attention to detail needed to operate successfully in Kazakhstan. The forward plan will see Jupiter gain access to a group production facility to process, store and export oil. This topside infrastructure is a key element in moving to long-term production and the achievement of self-funding for further development of Block 31.

About JSC VTB Capital:

JSC VTB Capital is part of the VTB Group, the Russian financial conglomerate, made up of more than 20 credit and financial companies operating in all segments of financial markets.

Between 2016-2019, VTB Capital advised on ~US$38bn of oil & gas transactions and during that time also successfully executed a large number of transactions with companies from Kazakhstan in a wide range of investment banking products, including capital market transactions, M&A advisory, financing and the like.