

16 July 2021

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

QUARTERLY UPDATE ON ACTIVITIES FOR THE PERIOD TO 30 JUNE 2021

KEY POINTS:

- **Unaudited oil sales revenue (including VAT) during the Quarter totalled approximately ~\$US921,500 (~32,000 barrels of oil).**
- **Oil continues to be sold via a prepayment contract with a local oil trader with all oil sold into the Kazakh domestic oil market.**
- **The approval process to transition the Akkar North (East Block) field into Commercial Production (under Preparatory Period restrictions) is now complete. The J-50 well resumed constrained production on 14 July 2021 and is currently producing ~50 barrels per day.**
- **Jupiter continues to work with neighbour MMG on finalising a Joint Field Development Plan for the entire Akkar North accumulation.**
- **The Final Reserve Report for the West Zhetybai field has been submitted to the Kazakh Committee of Geology for review and it is expected that the Report will be ready for final approval during 3Q 2021.**
- **The Company continues with its Strategic Review. Discussions with 3rd parties are currently focussed on the key issues of the design and implementation of a 100% gas utilisation infrastructure plan as well as the ongoing funding of the future drilling program.**

Jupiter Energy Limited (ASX: "JPR") presents the following update on activities for the 3-month period ending 30 June 2021 (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, Trial Production continued from well J-58, located on the West Zhetybai field. Wells J-51, J-52 and 19 continued constrained Commercial Production as regulated by "Preparatory Period" restrictions. These wells are located on the Akkar East field.

The J-50 well was shut in for the entire Quarter. The approval process to transition the Akkar North (East Block) field to Commercial Production was completed on 14 July 2021.

The J-58 well experienced some flow rate issues during the latter part of the Quarter due to paraffin build up in the tubular and an acid stimulation was carried out in late June to clear this blockage. Post the acid stimulation, J-58 has returned to its optimal production rate of ~250 barrels per day.

Oil Sales:

During the Quarter unaudited oil sales revenue (including VAT) totalled ~\$US921,500 (~\$A1.196m) based on sales of approximately 32,000 barrels of oil (average price of ~\$US29/bbl). Kazakh domestic oil pricing reflected the worldwide oil prices during the Quarter.

Cash receipts for the Quarter were ~\$A1.408m. 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.

As covered in earlier announcements, 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 whilst wells are in production.

During the "Preparatory Period", the Company is able to produce from any well, or wells, located on fields with an approved Commercial Production Licence without having the requisite gas utilisation infrastructure in place, only if all excess gas that is produced during production is used on the field for power, heating and the like. Jupiter's production is therefore constrained to ensure all excess gas that is produced is used on the field in this manner.

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

J-50: **NIL** (the well returned to constrained production under Preparatory Period restrictions on 14 July 2021)

J-58: **17,000 barrels** (this number reflects a reduced production rate for almost all of June 2021, which was rectified by acid stimulation of the well in late June 2021)

J-51, J-52 and Well 19: **15,000 barrels** (flow rates of these 3 wells were constrained due to Preparatory Period restrictions and thus limited to cumulative production of ~150 barrels per day)

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

As previously announced, the Akkar North (East Block) oilfield (J-50 well) was able to produce under Trial Production until the end of December 2020. The well was shut in from late December 2020, as the approval process to transition the field to Commercial Production began.

On 14 July 2021, the Company received the final approval required (from the Ecology Commission) to enable the Akkar North (East Block) field to transition to Commercial Production under "Preparatory Period" restrictions.

Currently there is only one well located on the Akkar North (East Block) field and that well (J-50) is now producing ~50 barrels per day, thereby meeting Preparatory Period restrictions.

Akkar North Oilfield - Joint Development Plan:

The Akkar North oilfield area is licenced under two separate contracts – one is held by Jupiter Energy (Akkar North [East Block]) and the remainder of the field is held under licence by Jupiter Energy's neighbour MangistauMunaiGas (MMG).

As already announced, as part of the approval process of moving Akkar North (East Block) into Commercial Production, the Kazakh Central Commission for Exploration and Development of Hydrocarbon Deposits (the CCED) noted that under the Kazakh Sub Surface Code (specifically paragraph 1 of Article 151 of the Code) Jupiter Energy and MMG would need to "conclude an agreement on joint exploration and production or production of a deposit or field as a single object".

Jupiter Energy and MMG have been in discussions during the Quarter regarding the actions needed to conclude a Joint Development Agreement for the future

development of the entire Akkar North field and the parties remain on target to meet the requirement of the CCED to submit a single project document for consideration, by the CCED, before the end of 2022.

Commercial Production from the Akkar East oilfield:

The Akkar East oilfield is producing under its Commercial Production Licence and during the Quarter constrained production from wells J-51, 52 and 19 amounted to a cumulative total of ~150 barrels per day. The rules for constrained production are governed by the restrictions set for operating under the Preparatory Period regime, as covered earlier in this Report.

Future 100% Gas Utilisation Plan:

Infrastructure requirements for operating under full Commercial Production at the Company's oilfields will require either getting access to a Central Processing Facility and a Gas Separation Plant situated at a neighbouring producer or building the requisite equipment on site to achieve 100% gas utilisation. The Company does not currently have this infrastructure in place and continues to discuss potential infrastructure sharing options with other operators in the area.

Discussions regarding a potential solution to this issue have formed part of the Strategic Review process and there has been good progress made in this area during the Quarter. If and when a binding agreement covering a 100% Gas Utilisation Plan is concluded, the Company will release details of this agreement and its implementation timetable and expected costs.

Forward Plan for the West Zhetybai oilfield:

It is Jupiter Energy's intention to transition the West Zhetybai oilfield to Commercial Production when its Trial Production Licences expires at the beginning of September 2021. The current plan is to begin to transition the West Zhetybai oilfield to Commercial Production, under Preparatory Period restrictions, during the 4th Quarter of 2021.

In order for West Zhetybai oilfield to make this transition to Commercial Production a Final Reserves Report will first need to be approved for the field and the field will then need to be granted all the other necessary approvals to produce during the "Preparatory Period".

These approvals are the same as those that have already been granted for the Akkar East and Akkar North (East Block) fields.

During the Quarter, the Company completed its West Zhetybai Final Reserve Report. This Report was then reviewed by the regional authority Zapkaznedra. Post the completion of this review, the Final Reserves Report was then submitted to the Kazakh Committee of Geology for their final evaluation.

It is expected that that final version of the West Zhetybai Final Reserves Report will be presented to the Kazakh Committee of Geology during 3Q 2021 and this should see the Kazakh Ministry of Energy announce the approved Final Reserves for the West Zhetybai field during 4Q 2021.

Strategic Review:

The Company is continuing with its Strategic Review process. The Company is in discussions regarding the designing and implementing of a 100% Gas Utilisation Plan. This is a critical milestone in enabling the Company to move to full Commercial Production and to begin selling oil into the export market.

The Company is also in discussions regarding the funding of the future development of Jupiter Energy's licence area in Kazakhstan. It is clear that the resolution of 100% Gas Utilisation is a key factor in determining the outcome of the future funding discussions.

Whilst discussions have been ongoing regarding a 100% Gas Utilisation Plan, the Board has yet to be presented with a detailed and binding offer that can then be taken to a final stage of evaluation. If and when this occurs, the Company will make an appropriate announcement.

Forward Drilling Plan:

The Company is currently reviewing its drilling program for the 2H 2021 and 2022, as well as field operations in general.

As previously announced, the Company has 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 has been used, in part, to complete the field work required prior to the completion of the West Zhetybai Final Reserves Report.

It should be noted that a lack of further drilling could mean some of the West Zhetybai Contract Area is relinquished.

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 31 March 2021	Interest acquired / disposed of during the Quarter	Interest held as at 30 June 2021
Kazakhstan	Contract 2275	100%	Nil	100%

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.

Capital Structure and Finances:

As at 30 June 2021, 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 June 2021, total Company debt outstanding (principal + accrued interest) stood at approximately \$US66.51m through the following funding agreements:

	US\$
2017 Funding Agreement (max \$US5m + an additional commitment of up to \$US11m)	6.39m
2016 Funding Agreement (max \$US5m+overrun)	5.90m
Refinanced Series B Promissory Note	17.47m
Refinanced convertible notes	36.75m
	\$US66.51m

The current repayment date for all the outstanding Convertible Notes is 1 July 2022.

In terms of available short-term funding: As at 30 June 2021, the Company had drawn down \$US6.39m^[1] under the 2017 Funding Agreement. Based on a total of \$US16m being available under this Agreement, \$US9.61m is still available.

As at 30 June 2021, the 2016 Funding Agreement had been fully drawn and had an overrun of \$US0.90m. This overrun will be funded by the 2017 Funding Agreement, meaning that the total additional funding amount available to the Company, as at 30 June 2021, is a net amount of **\$US8.71m**

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, into 2022.

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 June 2021 stood at approximately \$A0.687m.

Summary:

Progress during the Quarter was measured.

Unaudited revenue from oil sales (including VAT) for the Quarter amounted to ~\$US921,500 (~\$A1.196m) which was secured via prepayments from a local oil trader.

Cash receipts for the Quarter were ~\$A1.408m. 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 has now finalised the approval process of transitioning the Akkar North (East Block) oilfield from Trial Production to Commercial Production and the J-50 well has resumed constrained Commercial Production. The Company continues discussions

^[1] Including accrued interest

with its neighbour, MMG, regarding agreement on a Joint Development Plan for the entire Akkar North field.

The Company continues with the Strategic Review of its operations with a particular focus on resolving a future 100% Gas Utilisation Plan. The Board will keep shareholders informed of any material progress in this area.

If there are any questions regarding this Quarterly report, shareholders are welcome to contact the Company on +61 3 9592 2357.

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.

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.