

18 October 2021

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

QUARTERLY UPDATE ON ACTIVITIES FOR THE PERIOD TO 30 SEPTEMBER 2021

KEY POINTS:

- **Unaudited oil sales revenue (including VAT) during the Quarter totalled approximately ~\$US978,000 (~31,000 barrels of oil).**
- **The Company changed its oil trading arrangements from 16 October 2021. Arion Trading took over deliveries on a 100% prepaid basis. Other terms and conditions of sale remain consistent with those governing previous oil traders. All oil continues to be sold into the Kazakh domestic oil market.**
- **Jupiter announced the signing of a Framework Agreement with Sleipnir Technologies LLP. The companies are now working together to develop a detailed Project Development Plan designed to achieve 100% gas utilisation on all three of the Company's oilfields during 2023.**
- **The approval process to transition the West Zhetybai oilfield into Commercial Production (under Preparatory Period restrictions) has commenced. The J-58 well will be shut in until all approvals have been received. It is expected that this well will not recommence production until during 2Q 2022.**
- **The Final Reserve Report for the West Zhetybai field was approved by the Kazakh Committee of Geology. This is an important milestone in the approval process of transitioning the West Zhetybai oilfield to Commercial Production.**

- **Jupiter finalised a Joint Field Development Plan for the entire Akkar North accumulation with neighbour MMG. This plan is now under consideration with the Kazakh Ministry of Energy.**
- **Jupiter has opened dialogue with neighbour Ansagan regarding a possible Joint Field Development Plan for a small accumulation adjacent to the West Zhetybai oilfield.**
- **The Company continues with its Strategic Review. Discussions with 3rd parties are now based on the ability of Jupiter to be able to design, build and commission infrastructure to achieve 100% gas utilisation by the end of 1H 2023.**

Jupiter Energy Limited (ASX: "JPR") presents the following update on activities for the 3-month period ending 30 September 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 from well J-58, located on the West Zhetybai field, continued until 31 August 2021. The J-58 well was then shut in as the approval process to transition the West Zhetybai oilfield to Commercial Production commenced. It is expected that this approval process will be completed during 2Q 2022.

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, located on the Akkar North (East Block) oilfield resumed production on 14 July 2021 – its flow rate was constrained as regulated by "Preparatory Period" restrictions issued under the Company's Commercial Production Licence.

Oil Sales:

During the Quarter unaudited oil sales revenue (including VAT) totalled ~\$US978,000 (~\$A1.33m) based on sales of approximately 31,000 barrels of oil (average price of ~\$US31.50/bbl). Kazakh domestic oil pricing reflected the worldwide oil prices during the Quarter.

Cash receipts for the Quarter were ~\$A1.061m. 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 can 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: **5,000 barrels** (the well returned to constrained production under Preparatory Period restrictions on 14 July 2021 and produced at a constant rate of ~8.5 tonnes/~70 barrels per day for the remainder of the Quarter).
- J-58: **11,000 barrels** (this number reflects the fact that the well only operated from 1 July to 31 August 2021, at which time the well was shut in as the West Zhetybai oilfield began the approval process to transition to its Commercial Production Licence).
- 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 ~21 tonnes/~150 barrels per day).

The transition of the West Zhetybai oilfield to Commercial Production:

The West Zhetybai oilfield was shut in from 31 August 2021 as the approval process to transition the field to Commercial Production began.

During September 2021, the Company received approval from the Kazakh Committee of Geology for the Final Reserve Report for the West Zhetybai field, an important milestone in the approval process to transition to a Commercial Production Licence. It is expected that the approval process will be completed during 2Q 2022, at which time the J-58 well will resume constrained production.

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".

During the Quarter, Jupiter Energy and MMG concluded a Joint Development Agreement for the future development of the entire Akkar North oilfield, and this has now been submitted to the Kazakh Ministry of Energy for review. The Company will update shareholders on any material progress with this Agreement.

West Zhetybai Oilfield - Joint Development Plan:

A small part of the West Zhetybai oilfield has an accumulation that is located on an area that is licenced under two separate contracts – one is held by Jupiter Energy and the other is held under licence by Jupiter Energy's neighbour, Ushkuyu LLP, formerly known as Ansagan Petroleum LLP.

The parties are currently in early discussions about a potential Joint Development Plan for this area.

Future 100% Gas Utilisation Plan:

On 16 September 2021, the Company signed a Framework Agreement with Sleipnir Technologies LLP (Sleipnir), a Kazakh registered company that has a background in oil trading and the design and development of oilfield infrastructure.

Under Phase 1 of the Framework Agreement, Sleipnir will work with Jupiter Energy in a Project Management capacity, assisting in the development of a detailed Project Development Plan to achieve 100% gas utilisation on all three of the Company's oilfields (the Plan). A project Team made up of Jupiter and Sleipnir personnel has been formed, and a local Kazakh Institute will shortly be appointed to assist in the documentation of the detailed technical specifications associated with the Plan.

Sleipnir will also play an active role in the proposed construction phase (Phase 2), if and when the Plan is approved by the Kazakh Ministry of Energy (and other associated regulatory bodies) and will also assist Jupiter with any of the regulatory approvals that may be required during Phase 2.

In summary, the Framework Agreement sets out the terms and conditions under which Jupiter and Sleipnir will work to complete and lodge the Plan with the Kazakh Ministry of Energy during Q1 2022.

The key elements of Phase 1 of the Framework Agreement are:

- Development of a detailed Gas Utilisation Project Development Plan;
- Submission of the Project Development Plan to the Kazakh Ministry of Energy;
- Gaining approval from the Ministry of Energy (and other relevant regulatory bodies) for the Gas Utilisation Project Development Plan; and
- Confirming a detailed budget for the building of the approved Gas Utilisation infrastructure.

Change in Oil Trading Arrangements:

On 16 September 2021 the Company also announced that Sleipnir affiliate, Arion Trading, also signed an agreement for the purchase of 100% of Jupiter's domestic oil supply under terms consistent with those that other Jupiter oil trading partners have signed in the past. This agreement will be based on 100% prepayment for all oil from the wellhead. Deliveries to Arion Trading commenced on 16 October 2021.

Strategic Review Update:

The Company updated shareholders on progress with the Strategic Review in December 2020, in April 2021 and again in July 2021. In summary VTB Capital's work, as yet, has not been able to identify any suitable partner for Jupiter Energy. Some organisations looked at a possible investment in the Company and several organisations were approached in terms of the possibility of creating some form of gas utilisation

infrastructure sharing partnership, however nothing progressed with any of these initial discussions.

It appears that the key impediment for potential investors was the timing and cost of achieving 100% Gas Utilisation and to that end, the Company has now announced its own plans to achieve this goal.

Jupiter Energy will continue to work with VTB Capital over the coming months to see whether further opportunities for new sources of funding emerge, now that there is a more definitive plan in place to address the issue of 100% gas utilisation. As part of its ongoing Strategic Review, the Company will also reassess whether any other opportunities exist to maximise value for its shareholders.

Forward Drilling Plan:

The Company is currently reviewing its drilling program for the remainder of 2021 and 2022.

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 2021	Interest acquired / disposed of during the Quarter	Interest held as at 30 September 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 September 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 September 2021, total Company debt outstanding (principal + accrued interest) stood at approximately \$US68.13m through the following funding agreements:

Funding Arrangements	US\$
2017 Funding Agreement (max \$US5m + an additional commitment of up to \$US11m)	6.72m
2016 Funding Agreement (max \$US5m + overrun)	6.03m
Refinanced Series B Promissory Note	17.85m
Refinanced convertible notes	37.53m
	\$US68.13m

During September 2021, all 4 Noteholders agreed to an extension to the repayment date on all the outstanding Convertible Notes to 1 July 2024. The repayment date on all Notes had been 1 July 2022.

In terms of available short-term funding, as at 30 September 2021, the Company had drawn down \$US6.72m^[1] under the 2017 Funding Agreement. Based on a total of \$US16m being available under this Agreement, \$US9.28m is still available.

As at 30 September 2021, the 2016 Funding Agreement had been fully drawn and had an overrun of \$US1.03m. 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 2021, is a net amount of **\$US8.25m**.

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, through calendar year 2022.

Future drilling work will require access to additional working capital which has 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.

^[1] Including accrued interest

Unaudited net cash reserves as at 30 September 2021 stood at approximately \$A0.954m.

Summary:

Overall, progress during the Quarter was positive.

Unaudited revenue from oil sales (including VAT) for the Quarter amounted to ~\$US978,000 (~\$A1.33m) which was secured via prepayments from a local oil trader.

Cash receipts for the Quarter were ~\$A1.061m. 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 announced a plan to address the critical issue of 100% Gas Utilisation and is now working with a local Kazakh Group to finalise a detailed Project Plan for submission to the Kazakh Ministry of Energy during 1Q 2022.

The Company has also changed its oil trading arrangements under terms that are consistent with other oil trading agreements, and most importantly the Company continues to sell its oil, from the wellhead, on a 100% prepaid basis.

The Company has commenced the approval process to transition the West Zhetybai oilfield from Trial Production to Commercial Production.

The Company has completed a Joint Development Plan for the entire Akkar North oilfield with its neighbour, MMG, and this has been submitted to the Kazakh Ministry of Energy for review.

The Company continues with the Strategic Review of its operations and is confident that with a future 100% Gas Utilisation Plan now more clearly articulated, there will be a range of new funding options open to the Company. The Board will keep shareholders informed of any material progress in this area.

Finally, all 4 Noteholders agreed to extend the repayment date on all outstanding Notes to 1 July 2024.

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.
