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

QUARTERLY UPDATE ON ACTIVITIES FOR THE PERIOD TO 31 MARCH 2022

KEY HIGHLIGHTS:

- **Unaudited oil sales revenue (including VAT) during the Quarter ending 31 March 2022 totalled approximately ~$US839,000 (~19,100 barrels of oil).**

- **All oil continues to be sold into the Kazakh domestic oil market, as required under Preparatory Period restrictions.**

- **The Company has agreed a Debt Restructure Plan with its 4 Noteholders.**

- **The Company has lodged a Technical Development Plan to achieve 100% gas utilisation on all three of the Company's oilfields. It is expected that the approval process will take a few months and then will be followed by the procurement of the requisite infrastructure. It is forecasted that, subject to funding, the Stage 1 infrastructure will be installed and operational before the end of CY 2022.**

- **The approval process to transition the West Zhetybai oilfield into Commercial Production (under Preparatory Period restrictions) continues. The approval process has now been aligned with the commencement of operations under Stage 1 of the Gas Utilisation Program, meaning the J-58 well will not recommence production until 4Q 2022.**

- **The Joint Field Development Plan (JFDP) for the entire Akkar North accumulation, prepared in collaboration with neighbour MMG, has been approved by the Kazakh Ministry of Energy.**

- **Jupiter completed, with its neighbour Ushkuyu LLP, a Joint Field Development Plan (JFDP) for a small accumulation adjacent to the West Zhetybai oilfield. This JFDP was submitted to the Kazakh Ministry of Energy for review in April 2022.**

- **The Company continues with its Strategic Review process. Discussions with 3rd parties centre around working with Jupiter to assist with the funding required to achieve 100% gas utilisation, undertaking further drilling on the Company's 3 oilfields and commencing the sale of export oil.**

Jupiter Energy Limited (ASX: "JPR") presents the following update on activities for the 3-month period ending 31 March 2022 (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, there was no production from well J-58, located on the West Zhetybai field. The J-58 well was shut in as the approval process to transition the West Zhetybai oilfield to Commercial Production continued. It is now expected that this approval process will be completed in 4Q 2022 and will be part of the implementation of 100% gas utilisation 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, located on the Akkar North (East Block) also continued constrained Commercial Production as regulated by "Preparatory Period" restrictions.

Oil Sales:

During the Quarter unaudited oil sales revenue (including VAT) totalled ~$US839,000 (~$A1.159m) based on sales of approximately 19,100 barrels of oil (average price of ~$US44/bbl). Kazakh domestic oil pricing reflected the worldwide oil prices during the Quarter.

Cash receipts for the Quarter were ~$A1.028m. 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 producing 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: **5,800 barrels** (the flow rate of this well was constrained due to Preparatory Period restrictions and thus limited to daily production of ~8 tonnes/~65 barrels per day)

- J-51, J-52 and Well 19: **13,300 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).

- J-58: **NIL** (the well is shut in as the West Zhetybai oilfield undergoes the approval process to transition to its Commercial Production Licence).

The transition of the West Zhetybai oilfield to Commercial Production:

The West Zhetybai oilfield has been shut in since 31 August 2021, when the approval process to transition the field to Commercial Production began.

It is expected that the approval process will now be completed during 4Q 2022, with the installation of 100% gas utilisation infrastructure. The J-58 well should therefore resume production, assuming operation under 100% gas utilisation conditions, at its optimal rate of ~30 tonnes (225 barrels) per day.

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 final version of the Joint Field Development Agreement for the future development of the entire Akkar North oilfield and this version of the Joint Field Development Agreement has been accepted by the Kazakh Ministry of Energy.

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).

During the Quarter, the parties agreed the parameters for a Joint Field Development Plan for this specific area and the Joint Field Development Agreement was submitted to the Kazakh Ministry of Energy for review in mid-April 2022.

The Company will keep shareholders updated with any material progress with this Agreement.

Lodgement of 100% Gas Utilisation Plan:

On 11 March 2022, the Company lodged its detailed 100% Gas Utilisation Development Plan (the Plan) with the relevant Kazakh regulatory authorities.

The Plan has been broken into 2 Stages.

Assuming the Plan is approved, Stage 1 will be based on a decentralised configuration, with a gas to electricity generator being installed at each producing well head. The solution is cost effective, simple to install and will enable the Company to return all 5 wells to optimal production in the shortest possible timeframe.

The limitation of Stage 1 is that it will not scale efficiently in the longer term as the Company drills more production wells. Because of this, Stage 2 of the Plan, will be based on a centralised configuration. This configuration is expected to be built during 2H 2023 and there will be a cutover from the Stage 1 to Stage 2 configuration during 1H 2024.

The Stage 2 configuration will be based on 2 larger gas to electricity generators located on the area close to the Akkar North (East Block) and Akkar East oilfields (Site A) and a 3rd larger generator will be located on the West Zhetybai field (Site B).

All wells on Akkar North (EB) and Akkar East will be linked to Site A and all wells on West Zhetybai will be linked to Site B. The configuration will be able to scale, meaning that additional generators can be added to Site A and/or Site B as more production wells are drilled on the respective oilfields and the associated gas levels therefore increase.

The design of Stage 2 should see the generation of more electrical power than is required by the Company to support field operations. As a result, the Company is in discussions with 3rd parties that have a business need for this excess power and can use the power to develop a business that is consistent with the focus in Kazakhstan to support renewable energy initiatives and the country's Sustainable Development Goals.

A tender for the Stage 1 distributed solution has been let and it closed on 14 April 2022. The Company is currently considering the various responses.

Assuming the necessary funding to procure the infrastructure is secured, the current forecast is for Stage 1 to be installed and operational in November 2022, based on the Company finalising the funding of the equipment by late 2Q 2022.

A timely approval process will be key to this timeline and the Company will work with its partners to provide the relevant regulatory bodies with all the necessary information to ensure approvals are forthcoming and that the forecasted timelines are met.

The Company will keep shareholders updated with any material progress with the Stage 1 procurement process.

Debt Restructure Plan:

On 04 March 2022, the Company announced that it had reached agreement in terms of the parameters for a significant restructure of the existing debt held with all four (4) of its Noteholders.

The Agreements were based on the following terms:

- The Company to pay each Noteholder 20% of their total debt outstanding in cash at the settlement date
- The Noteholder to convert 30% of their total debt outstanding to new shares in the Company at the settlement date
- The Noteholder to write off the remaining principal and all accrued interest – equivalent to 50% of their total debt outstanding at the settlement date

In order for the Company to fund the contemplated debt payout, the Company advised that it intended to raise a minimum of $A35m via the issue of new shares (**Capital Raising**).

The issue price used to raise new equity will also be the price used to calculate the number of shares to be issued to the Noteholders to satisfy the debt for equity portion of the Deeds of Settlement.

The debt restructure is subject to the following conditions precedent:

- completion of the Capital Raising; and
- receipt of all relevant ASX and Kazakh regulatory approvals.

Shares issued to the Noteholders as part of the debt for equity conversion will be subject to voluntary escrow for the following periods:

- 25% of the shares will be escrowed for 6 months;
- 50% of the shares will be escrowed for 12 months; and
- 25% of the shares will be escrowed for 18 months.

In broad terms, the debt restructure, if successfully completed, would see Jupiter become debt free and with sufficient working capital to complete its plans to achieve 100% Gas Utilisation on its 3 oilfields during 2023 as well as fund a drilling campaign for the 2023 and 2024 calendar years.

The Company will keep shareholders updated on progress with the Capital Raising.

Strategic Review Update:

Jupiter Energy continues to evaluate various opportunities for new sources of funding, with a specific focus on addressing 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 does not plan to commence any new drilling until 2023.

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 December 2021	Interest acquired / disposed of during the Quarter	Interest held as at 31 March 2022
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 31 March 2022, 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 31 March 2022, total Company debt outstanding (principal + accrued interest) stood at approximately $US71.38m through the following funding agreements:

Funding Arrangements	US$
2017 Funding Agreement (max $US5m + an additional commitment of up to $US11m)	7.41m
2016 Funding Agreement (max $US5m + overrun)	6.29m
Refinanced Series B Promissory Note	18.59m
Refinanced convertible notes	39.09m
	$US71.38m

In terms of available short-term funding, as at 31 March 2022, the Company had drawn down $US7.41m[1] under the 2017 Funding Agreement. Based on a total of $US16m being available under this Agreement, $US8.59m is still available.

As at 31 March 2022, the 2016 Funding Agreement had been fully drawn and had an overrun of $US1.29m. This overrun will be funded by the 2017 Funding Agreement, meaning that the total additional funding amount available to the Company, as at 31 March 2022, is a net amount of **$US7.3m**.

As detailed in the "Going Concern" note in the Half Yearly Accounts lodged with the ASX on 16 March 2022, given the current geopolitical environment, there may be some uncertainty as to whether this undrawn amount is readily available. The Company is therefore managing its finances accordingly.

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.

Procurement of the Stage 1 Gas Utilisation Infrastructure is subject to additional funding and the Company is looking at various funding options at this time.

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 turnkey drilling operator and/or prepayment of additional oil sales by the local oil trader.

[1] Including accrued interest

Unaudited net cash reserves as at 31 March 2022 stood at approximately $A0.866m.

Summary:

Progress during the Quarter was positive.

Unaudited revenue from oil sales (including VAT) for the Quarter amounted to ~$US839,000 (~$A1.159m) which was secured via prepayments from a local oil trader.

Cash receipts for the Quarter were ~$A1.028m. 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 agreed the terms of a Debt Restructure Plan with its 4 Noteholders during the Quarter.

The Company lodged a detailed 100% Gas Utilisation Project Plan with the Kazakh Ministry of Ecology during the Quarter.

The Company continues to work through the approval process to transition the West Zhetybai oilfield from Trial Production to Commercial Production.

The Company and its Akkar North oilfield neighbour, MMG, had their Joint Field Development Plan for the entire Akkar North oilfield accepted by the Kazakh Ministry of Energy.

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.