

31 January 2020

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

QUARTERLY UPDATE ON ACTIVITIES FOR THE PERIOD TO 31 DECEMBER
2019

KEY POINTS:

- **Oil production remained steady from the Akkar East, West Zhetybai and Akkar North (East Block) fields during the Quarter.**
- **Unaudited oil sales revenue (including VAT) for the Quarter totalled approximately ~\$US1.83m based on sales of approximately 65,000 barrels of oil from 5 wells. Cash receipts for the Quarter were ~\$US1.312m (~\$A1.921m). The variance between revenue recognised and cash receipts is due to oil prepayments that are amortised over several months of oil deliveries.**
- **All oil was sold into the Kazakh domestic oil market as per the terms of the various Trial Production Licences.**
- **All wells were shut in as at 29 December 2019 pending approval of extensions to Trial Production Licences (TPL's) for the Akkar North (East Block) and West Zhetybai oilfields.**
- **The Akkar East oilfield is in the process of moving from Trial to Commercial Production and is seeking approval from the Ministry of Energy to continue to flare gas during this transition period. All Akkar East wells are shut in until this matter is resolved.**
- **The Company continues to work on various options to provide long term funding for the ongoing development of Block 31.**

Jupiter Energy Limited (ASX: "JPR") presents the following update on activities for the 3 month period ending 31 December 2019 (the "Quarter"). Also included in this report are details of subsequent events that have occurred up to the date of this release.

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The Quarter in brief:

During the Quarter production continued from wells J-50, J-51, J-52, 19 and J-58. 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. J-50 is located on the Akkar North (East Block) field.

Oil Sales:

The Company continues to sell all its oil through one local trader. During the Quarter unaudited oil sales revenue (including VAT) totalled ~\$US1.83m based on sales of approximately 65,000 barrels of oil (average price of ~\$US28/bbl).

Cash receipts for the Quarter were ~\$US1.312m (~\$A1.921m). The variance between revenue recognised and cash receipts is due to oil prepayments that are 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 under a Trial Production Licence.

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

J-50: 8,200 barrels
J-51: 11,000 barrels
J-52: 12,500 barrels
Well 19: 14,700 barrels
J-58: 18,600 barrels

Extension of Trial Production Licences beyond 29 December 2019:

During the Quarter, the Company continued its discussions with the relevant Kazakh authorities regarding extensions to the Trial Production Licences (TPL's) for the Akkar North (East Block), Akkar East and West Zhetybai oilfields.

The Company announced to shareholders on 31 December 2019 that all wells on the permit area had been shut in on 29 December 2019, pending approval of the extension to the TPL's for the Akkar North (East Block) and West Zhetybai oilfields.

With regards the Akkar East oilfield, as also reported on 31 December 2019, after consultation with the Kazakh authorities it has been decided that the Block 31 permit will be broken into two areas and the area containing the Akkar East oilfield will move from the Trial Production phase to Commercial Production.

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Move to Commercial Production:

The current issue facing the Company is that in order to move Akkar East into Commercial Production, the oilfield must have access to infrastructure that enables it to achieve 100% gas utilization – ie the flaring of excess gas produced during oil production, that is allowed during Trial Production, is not allowed when producing under Commercial Production.

Under the new Kazakh Sub Surface Code, there is a provision to allow the operator to still flare the gas produced during oil production for a transitional period, provided the necessary approvals have been obtained from the Ministry of Energy.

The Company has therefore applied for the Akkar East oilfield to be allowed to operate whilst flaring gas and is awaiting the outcome of this application. Until this matter is resolved, the producing wells on the Akkar East oilfield (currently J-51, J-52 and well 19) remain shut in.

Go Forward Plan:

The Company is currently reviewing its drilling work for 2020 and once the licence issues discussed above are resolved, the Company expects to return wells J-50 and J-58 to production for a period of time before performing acid stimulations on both wells, with the expectation of increasing production from these wells post this stimulation work.

This work is expected to be carried out before the end of 1Q 2020 and is subject to the requisite approvals to return to Trial Production being obtained as well as funding being available for the acid stimulation work.

Outstanding Work Program Fines:

During the Quarter, the Company resolved all matters regarding outstanding fines relating to work programs between 2015 and 2017.

2019 Annual General Meeting:

The 2019 Annual General Meeting was held on 27 November 2019. All resolutions were passed on a show of hands.

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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 September 2019	Interest acquired / disposed of during the Quarter	Interest held as at 31 December 2019
Kazakhstan	Contract 2275	100%	Nil	100%

New Appointment:

The Company is pleased to announce that Mrs Silfia Morton has been appointed as Chief Financial Officer, following the resignation of Mr Edward Meagher. Silfia is also part of the Grange Consulting Group that provides financial and corporate services to the Company.

Silfia has over 12 years' experience in the industry and before joining Grange in 2019, spent twelve years as a senior audit manager at a leading international accounting firm.

Edward Meagher resigned in order to pursue a new career opportunity. The Board thanks Mr Meagher for his contribution and wishes him all the best with his future endeavours.

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:

As at 31 December 2019, the Company had 153,377,693 listed shares trading under the ASX ticker "JPR".

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

As at 31 December 2019, total Company debt outstanding stood at approximately \$US56.23m through the following funding agreements:

	US\$
2017 Funding Agreement (max \$US5m)	3.81m
2016 Funding Agreement (max \$US5m)	5.12m
Refinanced Series B Promissory Note	15.24m
Refinanced convertible notes	32.06m
	\$US56.23m

In terms of available short term funding: As at 31 December 2019, the Company had drawn down \$US3.81m¹ under the \$US5.0m 2017 Funding Agreement meaning \$US1.19m is still available under this funding agreement.

The Company has no further funds to access under the 2016 Funding Agreement.

The Company continues to operate under an agreed Operations Budget. Based on this Operations Budget, using the combined net revenues from oil sales and the remaining debt facility available through the 2017 Funding Agreement less any overrun on the 2016 Funding Agreement (as at 31 December 2019 this amount was \$US1.07m), the Company expects to remain funded at an operational level based on current and forecasted oil production, under differing well production scenarios for 2020.

Future drilling work will require access to additional working capital and/or agreement to deferred payment terms with a turnkey drilling operator and/or prepayment of oil sales by the local trader.

The repayment dates for the outstanding Convertible Notes are 1 July 2020 and 31 July 2020, except for an amount of ~\$US136,000 which was due for repayment on 31 December 2019.

The 31 December 2019 Noteholder has agreed not to demand payment at this time and major shareholder and major noteholder, Waterford Finance & Investment Limited, has committed to cover this repayment should it be demanded.

Unaudited net cash reserves as at 31 December 2019 stood at approximately \$A0.679m.

¹ Including accrued interest

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Summary:

Progress during the Quarter was steady. The Company produced approximately 65,000 barrels of oil from the J-50, J-51, J-52, 19 and J-58 wells.

Unaudited revenue from oil sales (including VAT) for the Quarter amounted to ~\$US1.83m which was secured via prepayments from a local oil trader. Cash receipts for the Quarter were ~\$US1.312m (~\$A1.921m). The variance between revenue recognised and cash receipts is due to oil prepayments that are amortised over several months of oil deliveries.

The Company is continuing the process of applying for extensions to its Trial Production Licences (TPL's) on the Akkar North (East Block) and West Zhetybai oilfields. The Company is also in the process of transitioning the Akkar East field from Trial to Commercial Production.

As at the date of the release of this report, all wells on the permit area remain shut in awaiting the various approvals required to resume production. The Company will keep shareholders updated on the status of these approvals.

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.

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.

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