

23 April 2020

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

QUARTERLY UPDATE ON ACTIVITIES FOR THE PERIOD TO 31 MARCH
2020

KEY POINTS:

- **Unaudited oil sales revenue (including VAT) based on restricted production of 21 days during the Quarter totalled approximately ~\$US117,000 (8,500 barrels of oil) from 2 wells.**
- **Oil production was reduced to 3 weeks in March as the Company had to await the approval by Kazakh authorities of the extensions to its Trial Production licences for the Akkar North (East Block) and West Zhetybai oilfields.**
- **The Company still awaits approval from the Kazakh authorities to move the Akkar East oilfield into Commercial Production.**
- **Aktau operations streamlined to reflect reduced production levels and cost cutting measures implemented, from Board level down, to ensure operations remain economically viable during the COVID-19 pandemic.**
- **A new prepayment contract has been finalised with a local oil trader with all oil to be sold into the Kazakh domestic oil market as per the terms of the Akkar North (East Block) and West Zhetybai Trial Production Licences.**
- **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 March 2020 (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, oil production resumed, during March, from wells J-50 and J-58. Wells J-51, J-52 and 19 remained shut in for the entire Quarter.

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:

When production resumed in March, the Company continued to sell all its oil through one local trader. During the Quarter unaudited oil sales revenue (including VAT) totalled ~\$US117,000 based on sales of approximately 8,500 barrels of oil (average price of ~\$US14/bbl). Pricing reflected the worldwide decline in oil prices, driven by a range of factors including the global impact of the COVID-19 pandemic.

Cash receipts for the Quarter were NIL. 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: 3,600 barrels
J-58: 4,900 barrels
J-51: NIL
J-52: NIL
Well 19: NIL

Extension of Trial Production Licences for Akkar North (East Block) and West Zhetybai:

The Company announced to shareholders on 10 March 2020 that Jupiter had received signed Addendums from the Kazakh Ministry of Energy that approved applications to have the Trial Production period for the Akkar North (East Block) and West Zhetybai oilfields extended.

The Akkar North (East Block) oilfield (J-50 well) will now be able to produce under Trial Production until the end of December 2020. The West Zhetybai oilfield (J-58

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well) will now be able to produce under Trial Production until the beginning of September 2021.

During these respective periods, the Company must prepare both oilfields so that their Final Reserve Reports can be completed, which is a critical step for both the oilfields to make the transition from the Exploration phase to Commercial Production.

Akkar East and approvals to move the oilfield into Commercial Production:

In order to move the Akkar East oilfield 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.

As the Company has advised over several months in various announcements, the Akkar East oilfield, with its Final Reserves Report now approved, must now transition into Commercial Production. However, without the requisite infrastructure detailed above, the Company must seek special approvals to continue production whilst the infrastructure issue is being resolved.

Under the new Sub Surface Code, there is a provision for a field to transition from the Exploration phase to Commercial Production under the so called "Preparatory Period", during which time the operator may produce whilst not having the requisite infrastructure in place to achieve 100% gas utilisation.

Jupiter has applied to produce under this transition period. Discussions with the Kazakh Ministry of Energy have indicated that the level of gas emissions that may be approved for the Akkar East oilfield could mean that production is constrained. The Company will keep shareholders updated on this issue and until the matter is finalised, the producing wells on the Akkar East oilfield (currently J-51, J-52 and well 19) remain shut in.

Go Forward Plan:

The Company announced on 27 March 2020 that it had made a decision to shut in all production from 31 March 2020, as the proposed economics for continuing production were not viable.

Discussions continued into early April 2020 and on 14 April 2020 the Company announced that as a result of a revised prepayment proposal from the local oil trader, as well as further cost cutting measures implemented by the Company, from Board level down, the Company had been able to reconsider this decision, meaning

that a number of Aktau staff, that would have been laid off during April, have been retained.

Whilst staffing levels have still been reduced from 37 to ~25, the Company has been able to retain the bulk of its Aktau workforce in what is an extremely difficult time for the oil sector in Kazakhstan and around the world.

Other than continuing oil production, the focus in Aktau will be on finalising the Commercial Production Contract for the Akkar East oilfield as well as completing the Final Reserves Report for the Akkar North (East Block) oilfield.

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

Half Year Accounts:

The Half Year Accounts were released to shareholders on 16 March 2020.

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 2019	Interest acquired / disposed of during the Quarter	Interest held as at 31 March 2020
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; 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.

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Capital Structure and Finances:

As at 31 March 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 31 March 2020, total Company debt outstanding stood at approximately \$US57.96m through the following funding agreements:

	US\$
2017 Funding Agreement (max \$US5m + an additional commitment of up to \$US5m)	4.26m
2016 Funding Agreement (max \$US5m+overrun)	5.25m
Refinanced Series B Promissory Note	15.61m
Refinanced convertible notes	32.84m
	\$US57.96m

In terms of available short term funding: As at 31 March 2020, the Company had drawn down \$US4.26m¹ under the 2017 Funding Agreement.

As detailed in the Half Year Accounts lodged on 16 March 2020, during the Quarter the largest noteholder, Waterford Finance and Investment Limited, committed a further \$US5m in available funding under the 2017 Funding Agreement, meaning that as at 31 March 2020 a total of \$US5.74m was available to the Company under this Funding Agreement.

As at 31 March 2020, the 2016 Funding Agreement had been fully drawn and had an overrun of \$0.25m. 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 2020, is a nett \$US5.49m.

The Company continues to operate, now under a revised 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 2020.

¹ Including accrued interest

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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 additional oil sales by the local trader.

As detailed in the Half Year Accounts, the repayment dates for the outstanding Convertible Notes have now been extended to 1 July 2021.

Unaudited net cash reserves as at 31 March 2020 stood at approximately \$A0.123m.

Summary:

Progress during the Quarter was constrained as a result of delays in the granting of approvals by the Kazakh authorities. Oil production was limited to 3 weeks in March and only came from the J-50 and J-58 wells. Production was shut in for the entire Quarter from wells J-51, J-52 and 19.

Unaudited revenue from oil sales (including VAT) for the Quarter amounted to ~\$US117,000 which was secured via prepayments from a local oil trader. Cash receipts for the Quarter were NIL. 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 approvals to transition the Akkar East oilfield from Trial to Commercial Production.

As at the date of the release of this report, wells J-50 and J-58 are in production and all other wells on the permit area remain shut in.

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

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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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