

23 July 2020

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

QUARTERLY UPDATE ON ACTIVITIES FOR THE PERIOD TO 30 JUNE 2020

KEY POINTS:

- **Unaudited oil sales revenue (including VAT) during the Quarter totalled approximately ~\$US463,500 (31,700 barrels of oil) from 2 wells.**
- **Oil production remains limited to 2 wells as the Company continues to await the final regulatory approvals to commence Commercial Production from the Akkar East oilfield.**
- **The Company expects the final regulatory approvals, that will enable the Akkar East oilfield to commence Commercial Production, to be granted in the next few weeks.**
- **Oil continues to be sold via a prepayment contract 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 announced the engagement of VTB Capital to assist with a Strategic Review of the Kazakh operations and in particular to assist the Board in considering various options to enable the ongoing development of Block 31.**

Jupiter Energy Limited (ASX: "JPR") presents the following update on activities for the 3 month period ending 30 June 2020 (the "Quarter"). Also included in this report are details of subsequent events that have occurred up to the date of this release.

The Quarter in brief:

During the Quarter, oil production continued from wells J-50 and J-58. Wells J-51, J-52 and 19 remained shut in for the entire Quarter.

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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:

During the Quarter unaudited oil sales revenue (including VAT) totalled ~\$US463,500 based on sales of approximately 31,700 barrels of oil (average price of ~\$US14/bbl). Pricing reflected the worldwide oil prices during the Quarter.

Cash receipts for the Quarter were \$US694,415. 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 under a Trial Production Licence.

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

J-50: 9,700 barrels
J-58: 22,000 barrels
J-51: NIL
J-52: NIL
Well 19: NIL

Preparation of Akkar North (East Block) to transition into Commercial Production:

As previously announced, the Akkar North (East Block) oilfield (J-50 well) is able to produce under Trial Production until the end of December 2020.

The Company is currently in the process of preparing a Final Reserve Reports for the Akkar North (East Block) oilfield and expects to present the report to the relevant regulatory authorities during the 3rd Quarter. Approval of the Final Reserves is a critical step in enabling the transition of this oilfield from the Exploration phase to Commercial Production.

The Company will keep shareholders updated on progress with the approval of the Final Reserves Report for Akkar North (East Block).

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Approvals to transition the Akkar East 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 and is in the final phase of completing all the necessary regulatory approvals. 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.

Strategic Review:

The Company announced on 21 July 2020 that it had engaged JSC VTB Capital as financial advisor to the Company to assist in a Strategic Review to analyse all of its options regarding the future development of its acreage in Kazakhstan.

JSC VTB Capital is part of the VTB Group, the Russian financial conglomerate, made up of more than 20 credit and financial companies operating in all segments of financial markets including capital market transactions, M&A advisory, financing and the like.

With an improving global oil price, funding options that may be considered will include taking on additional debt, raising equity, a combination of both, a restructure of equity and debt or the potential sale of part or all of the asset. Most of these options will require shareholder approval as well as the consent of the relevant Kazakh regulatory authorities.

The Company will keep shareholders updated on progress with the Strategic Review.

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Forward Plan:

Other than carrying out the Strategic Review, the Company will continue oil production from the Akkar North (East Block) and West Zhetybai oilfields.

It is anticipated that the Akkar East oilfield will commence production under its Commercial Licence during August.

Work will continue on completing the Final Reserves Report for the Akkar North (East Block) oilfield and once this Report has been approved, the approval process to move this oilfield into Commercial Production will commence.

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

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 2020	Interest acquired / disposed of during the Quarter	Interest held as at 30 June 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.

Capital Structure and Finances:

As at 30 June 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 30 June 2020, total Company debt outstanding stood at approximately \$US59.62m through the following funding agreements:

	US\$
2017 Funding Agreement (max \$US5m + an additional commitment of up to \$US5m)	4.64m
2016 Funding Agreement (max \$US5m+overrun)	5.38m
Refinanced Series B Promissory Note	15.98m
Refinanced convertible notes	33.62m
	\$US59.62m

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

In terms of available short term funding: As at 30 June 2020, the Company had drawn down \$US4.64m¹ under the 2017 Funding Agreement.

As at 30 June 2020, a total of \$US5.36m was available to the Company under the 2017 Funding Agreement, including the additional \$US5m committed by Waterford Finance and Investment Limited in March 2020.

As at 30 June 2020, the 2016 Funding Agreement had been fully drawn and had an overrun of \$0.38m. 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 2020, is a nett \$US4.98m.

On 2 July 2020 a Deed of Assignment was signed between Jupiter Energy Limited, Mobile Energy Limited and Weighbridge Trust as Trustee of the Blackbird Trust, whereby the outstanding Notes held by Mobile Energy Limited, totalling \$US15,119,458 as at 30 June 2020 (principal and accrued interest), were assigned to Weighbridge Trust as Trustee of the Blackbird Trust. The terms of the Notes remain the same.

Operations Budget:

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.

¹ Including accrued interest

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The Company expects to remain funded at an operational level based on current and forecasted oil production, under differing well production scenarios, for the remainder of 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 additional oil sales by the local trader.

Unaudited net cash reserves as at 30 June 2020 stood at approximately \$A0.15m.

Summary:

Progress during the Quarter continued to be constrained as a result of delays in the granting of approvals by the Kazakh authorities for the Akkar East oilfield to transition into Commercial Production. Oil production was limited to the J-50 and J-58 wells and 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 ~\$US463,500 which was secured via prepayments from a local oil trader. Cash receipts for the Quarter were \$US694,415. 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 is continuing the process of applying for approvals to transition the Akkar East oilfield from Trial Production 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.

The Company, working with JSC VTB Capital, has commenced a Strategic Review of its operations and will keep shareholders informed of material progress.

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.

About JSC VTB Capital:

JSC VTB Capital is part of the VTB Group, the Russian financial conglomerate, made up of more than 20 credit and financial companies operating in all segments of financial markets.

Between 2016-2019, VTB Capital advised on ~US\$38bn of oil & gas transactions and during that time also successfully executed a large number of transactions with companies from Kazakhstan in a wide range of investment banking products, including capital market transactions, M&A advisory, financing and the like.

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