

04 October 2022

Jupiter Energy Limited (“Jupiter” or the “Company”)

**AMENDED AGREEMENT REACHED WITH NOTEHOLDERS ON A DEBT
RESTRUCTURE PLAN**

The Board of Jupiter Energy Limited (ASX: “JPR”) provides this update regarding its proposed Debt Restructure Plan.

The Company announced on 12 September 2022 that the Debt Restructure Plan originally announced on 04 March 2022 would not proceed and that discussions were ongoing with its four (4) Noteholders regarding an amended Debt Restructure Plan.

The Company is pleased to advise that it has signed an amended Deed of Settlement with each of its 4 Noteholders in relation to a significant restructuring of its existing debt.

Debt Position as at 30 June 2022:

As detailed in the 30 June 2022 Quarterly (the “**Quarterly**”), released on 29 July 2022, the Company had total debt outstanding (principal + accrued interest) of approximately \$US72.86m (~\$A112m¹) with all Notes due for repayment on 1 July 2024.

The breakdown of the \$US72.86m was as follows:

Funding Arrangements	US\$
2017 Funding Agreement (max \$US5m + an additional commitment of up to \$US11m)	7.61m
2016 Funding Agreement (max \$US5m + overrun)	6.42m
Refinanced Series B Promissory Note	18.96m
Refinanced convertible notes	39.87m
	\$US72.86m

¹ Assuming an exchange rate of \$A1=\$US0.65

The 4 Noteholders under the above funding arrangements are:

1. Waterford Finance and Investment Limited (“**Waterford**”);
2. Midocean Holdings Limited (“**Midocean**”);
3. Weighbridge Trust Limited as Trustee of The Blackbird Trust (“**Blackbird**”); and
4. Ayman Asfari.

The Company’s cash balance as at 30 June 2022 was ~\$A1.281m and with respect to short-term funding, as at 30 June 2022, the Company had drawn down \$US7.61m under its 2017 Funding Agreement. Based on a total of \$US16m being available under the 2017 Funding Agreement, and the overrun of \$US1.42m on the 2016 Funding Agreement, a net amount of \$US6.97m was still available, as at 30 June 2022, to further develop the Company’s 100% owned Kazakh acreage.

The debt position has not materially changed since the release of the Quarterly. As at 30 September 2022, the total debt figure stood at \$US74.36m (\$A114.4m¹), meaning a net amount of \$US6.63m was still available under the 2017 Funding Agreement.

The amount that Jupiter will owe each of the Noteholders, as at 30 November 2022 assuming no further drawdowns, is set out below.

Noteholder	Amount Owed (Principal and Interest)
Waterford	US\$51,349,519
Midocean	US\$4,174,749
Blackbird	US\$18,521,432
Mr Asfari	US\$1,307,370
	US\$75,353,070

Key Terms of the Amended Deed of Settlement:

The Company entered into Deeds of Settlement on 3 October 2022 with the Noteholders for the purposes of restructuring the debts owed to the Noteholders.

The Deeds of Settlement included the following terms:

- Each Noteholder will convert ~30% of their total debt outstanding to new shares (“**Conversion Shares**”) in the Company at the settlement date - which will be 30 November 2022 (“**Settlement Date**”);
- Each Noteholder will write off the remaining principal and all accrued interest – equivalent to ~50% of their total debt outstanding as at the Settlement Date (**Waived Amount**); and
- Each Noteholder will retain ~20% of the total debt outstanding and the Company will repay this amount in tranches, with all the outstanding debt expected to be repaid on or before 31 December 2024 (**Retained Amount**).

The debt outstanding will be interest free from 01 December 2022, however any amount of debt that has not been repaid by 31 December 2024, will attract an interest rate equivalent to 15% per annum from 1 January 2025.

The debt restructure will be subject to the receipt of all relevant ASX and Kazakh regulatory approvals.

Conversion Shares issued to the Noteholders as part of the debt for equity conversion will be subject to voluntary escrow for the following periods unless the Board agree to vary these periods:

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

Jupiter will seek shareholder approval with respect to the issue of the Conversion Shares and the proposed voluntary escrow arrangements at its upcoming Annual General Meeting (“**AGM**”), which will be held in late November 2022.

If the required shareholder approvals are obtained at the AGM, on the Settlement Date Jupiter will issue the debt conversion shares and the Noteholders will forgive the Waived Amount.

Following the Settlement Date, the Retained Amount will remain payable, and must be paid by Jupiter in part or in full at any time. As set out above, no accrued interest will be payable for the period between 1 December 2022 until 31 December 2024. If any of the Retained Amount remains unpaid on 1 January 2025, a penalty interest rate equal to 15% per annum, compounded daily, will accrue on the unpaid Retained Amount until it is repaid in full.

Remaining Debt and Repayment Strategy:

In broad terms the amended debt restructure, if supported by shareholders, would see Jupiter significantly reduce its debt from ~\$A114.4m, as at 30 September 2022, to ~\$A25.5m as at 30 November 2022 (assuming an exchange rate of \$A1=\$US0.65).

The Company should be in a position, during 2023 and 2024, to not only be able to fund some of the repayment of the outstanding ~\$A25.5m debt from operations but also raise additional new equity, based on both a much-improved balance sheet and an anticipated improved operational performance.

As already detailed in announcements released on 15 March and 26 July 2022, the Company is well progressed with its plans to achieve 100% Gas Utilisation and return to optimal production levels during 1Q 2023. This will be a key milestone for the Company, both in terms of improved cashflow as well as positioning the Company to apply to the Kazakh authorities to begin the sale of its oil into the export market.

Shareholder Approval Process:

As mentioned above, resolutions to approve the issue of the Conversion Shares will be put to shareholders at the November 2022 AGM.

A Notice of Meeting and accompanying Explanatory Statement will be dispatched to shareholders in late October 2022. Under Australian Corporations Act section 611 (section 7), an Independent Expert Report ("**IER**") will need to be prepared for shareholders and distributed with Notice of Meeting and Explanatory Statement.

The IER will be required because, as a result of the debt to equity conversion, there will be an issue of shares to two of the Noteholders, whereby the Noteholder's voting power in the Company will increase from either under 20% to over 20% (Blackbird) or increase from a starting point that is above 20% and below 90% (Waterford).

Jupiter has engaged BDO Corporate Finance (WA) Pty Ltd to prepare the IER and in turn BDO has engaged RISC Advisory Pty Ltd to carry out the technical evaluation of Jupiter's Kazakh assets as part of the IER process.

The objective of the IER is to express an opinion as to whether the proposed Debt for Equity conversion and the associated write off of all accrued interest is fair and reasonable to Jupiter shareholders, particularly taking into account that major Jupiter shareholder,

Waterford, will see its shareholding increase from under 30% to ~62.5% and Blackbird will go from having no shareholding in the Company to holding ~21.5% of the Jupiter shares on issue.

The IER will also express an opinion on the fairness and reasonableness of the proposed voluntary escrow arrangements.

The Company will seek shareholder approval to issue securities to Midocean and Mr Asfari under ASX Listing Rule 7.1.

ASX Listing Rules 7.1 and 10.11 do not apply to an issue of securities approved for the purpose of Item 7 of Section 611 of the Corporations Act. Jupiter will seek shareholder approval to issue securities to Waterford and Blackbird under Item 7 of Section 611 of the Corporations Act. Accordingly, shareholders are not being asked to approve these securities issues under ASX Listing Rules 7.1 or 10.11.

For completeness, the Company notes that it does not consider the issue of securities to Waterford or Blackbird to require Listing Rule 10.11 approval (which would apply to a party holding 30%+ in Jupiter or a person who holds 10%+ and has nominated a director to the Jupiter Board), however ASX has discretion under ASX Listing Rule 10.11.5 that such approval is required.

Post the successful implementation of the agreed debt restructure plan (the **Transaction**), a snapshot of the new capital structure and balance sheet of Jupiter would be as follows – assuming a debt for equity conversion at \$A0.03.

Shareholders should note that a conversion price of \$A0.03 would represent a 16.66% premium to Jupiter's closing share price of \$A0.025 on 3 October 2022.

Shares on issue and to be issued as part of the Transaction	Number of shares	Post the issue of shares – the % ownership held by current shareholders
Shares currently on issue	153,377,693	100%
Shares issued at \$A0.03 per share to convert \$A32.294m of existing debt to equity ¹	1,076,472,429	
TOTAL Shares on issue post the Transaction²	1,229,850,122	~72.1%

Notes:

- Existing shareholder Waterford Finance and Investment (**WFI**) is also a Noteholder. WFI currently holds ~35.8m shares (~23.4% of the Company) and will be issued a further ~733.5m shares to convert ~\$A22m of its debt to equity. WFI will hold ~769.3m shares post completion of the Transaction – which equates to ~62.5% of the Company.
- This calculation is based on WFI holding ~769.4m shares post completion of the Transaction, meaning that existing shareholders will hold a total of 886,942,250 shares in the new structure or ~72.1% of the Company.

Transaction Timetable:

On the basis shareholders approve the Transaction at the upcoming AGM, the proposed timetable for the issue of the Conversion Shares is as follows:

Event	Date
Announcement of debt settlement	4 October 2022
AGM materials distributed to shareholders	28 October 2022
AGM held	29 November 2022
Issue of Conversion Shares	30 November 2022

Kazakh Regulatory Approval:

Under Kazakh law, listed companies with assets in Kazakhstan are required to receive prior approval from the relevant Kazakh regulatory authorities before issuing any new capital.

As announced on 29 July 2022, the Company has already received approval from these authorities to issue new shares in relation to this matter, on the condition that these shares are issued prior to 30 June 2023.

Summary:

The Board see this as an extremely positive step forward and thanks the 4 Noteholders for their continued support and agreement to the amended debt restructure plan.

If shareholders have any questions regarding this announcement, they are welcome to contact the Company on +61 3 9592 2357.

Geoff Gander
Chairman/CEO

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Authorised by the Jupiter Energy Limited Board

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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, 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.

About BDO:

BDO in Western Australia is a full service accounting firm which is part of the BDO global network which extends across 164 countries and territories, with over 95,000 people working out of more than 1,713 offices. BDO in Australia is a leading provider of Independent Expert Reports (IERs) and has consistently ranked number one in rankings of IER providers by providing IERs for all types of transactions and across many industries.

About RISC:

RISC is a respected and independent advisory firm to the petroleum and energy sectors and is headquartered in Perth, Western Australia. RISC provides impartial advice to a broad range of clients in the energy industry including E&P companies, banks, private equity and other financial institutions downstream industries, governments, and regulators. RISC has carried out over 2,000 assignments in over 90 countries for more than 500 clients.
