

23 January 2023

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

**QUARTERLY UPDATE ON ACTIVITIES FOR THE PERIOD TO 31 DECEMBER**  
**2022**

**KEY HIGHLIGHTS:**

- **Unaudited oil sales revenue (including VAT) during the Quarter ending 31 December 2022 totalled approximately ~\$US556k (~20,000 barrels of oil).**
- **All oil continues to be sold into the Kazakh domestic oil market, as required under Preparatory Period restrictions.**
- **A significant debt restructure was approved by shareholders at the 09 December 2022 AGM. Debt of ~\$US75.34m has been reduced to ~\$US16.57m. This outstanding debt will be carried interest free until 31 December 2024. The Company intends to fully repay this debt, via instalments from the proceeds of oil sales, before this date.**
- **The Company continues to make material progress with regards the installation and approval of the requisite infrastructure to achieve 100% gas utilisation on its 3 oilfields.**
- **The current expectation is that the production wells located on the Akkar East and West Zhetybai oilfields will return to optimal production (~85 tonnes / ~640 barrels per day) in March 2023. Current cumulative constrained production from these fields in ~30 tonnes / ~225 barrels per day.**
- **The Akkar North field was shut in on 31 December 2022 and is currently awaiting the final approval of a Joint Development Plan submitted by Jupiter and its neighbour, MMG. Once all sign offs have been received (expected to occur during 2Q 2023) the J-50 well should**

**also return to optimal production, taking Jupiter's cumulative daily production to ~100 tonnes / ~750 barrels per day.**

- **Once 100% gas utilisation has been achieved and optimal production levels resume, the Company will apply to the Ministry of Energy for an Export Oil quota.**
- **Recent changes to Kazakh legislation, including laws covering the sale of oil, means that the Company is reviewing a range of opportunities to develop broader commercial relationships, involving the sale of its oil into both the domestic and export markets.**

Jupiter Energy Limited (ASX: "JPR") presents the following update on activities for the 3-month period ending 31 December 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, wells J-51, J-52 and 19, located on the Akkar East field, continued constrained Commercial Production, as regulated by "Preparatory Period" restrictions. The cumulative, constrained, rate from these wells was ~22 tonnes / ~165 barrels per day.

Wells J-51, 52 and 19 will return to optimal production (~55 tonnes / ~415 barrels per day) once the requisite infrastructure to achieve 100% gas utilisation has been installed on the field and is approved to operate. This is expected to occur during March 2023.

The J-50 well, located on the Akkar North (East Block) field, also continued constrained Commercial Production as regulated by "Preparatory Period" restrictions. The well produced at a rate of ~8 tonnes / ~60 barrels per day.

The J-50 well was shut in as at 31 December 2022 and now awaits the approval of the Akkar North Joint Production Plan, submitted by both Jupiter and its neighbour, MangistauMumaiGas (MMG). The plan has already received approval from the Central Commission for Exploration & Development (CCED) and is now awaiting final approvals from the departments of Ecology and Emissions.

During the Quarter, there was no production from well J-58, located on the West Zhetybai field.

On 19 January 2023, the final regulatory approvals were granted to commence constrained production from the J-58 well, as regulated by "Preparatory Period" conditions. The well is currently producing at a constrained production rate of ~9 tonnes / ~70 barrels per day.

J-58's return to optimal production (~30 tonnes / ~225 barrels per day) will occur once the requisite infrastructure that achieves 100% gas utilisation has been installed on the field and has been approved to operate. This is expected to occur during March 2023.

#### **4Q 2022 Oil Sales:**

During the Quarter unaudited oil sales revenue (including VAT) totalled ~\$US556k (~\$A830k) based on sales of approximately 20,000 barrels of oil (average price of ~\$US28/bbl). All oil was sold into the Domestic market, as is required under Kazakh law, when wells are producing during the "Preparatory Period" of a Commercial Production Licence.

Cash receipts for the Quarter were ~\$A2.166m. The variance between revenue recognised and cash receipts is due to the timing of the receipt of oil prepayments that are then amortised over one to two months of oil deliveries, as well as the receipt of funds in relation to the prepayment associated with the purchase of gas utilisation infrastructure.

As covered in earlier announcements, the "Preparatory Period" allows an operator to transition between Trial Production (during which time associated 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 associated 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 currently constrained to ensure all associated gas that is produced during production is used on the field in this manner.

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

- J-50: **5,600 barrels** (the flow rate of this well was constrained due to Preparatory Period restrictions and was limited to daily production of ~8 tonnes / ~60 barrels per day) The well was shut in on 31 December 2022. It is not expected to recommence production until during 2Q 2023.

- J-51, J-52 and Well 19: **14,400 barrels** (flow rates of these 3 wells were constrained due to Preparatory Period restrictions and thus limited to cumulative production of ~22 tonnes / ~160 barrels per day).
- J-58: **NIL** (the well was shut in during the Quarter as the West Zhetybai oilfield continued to progress the approval process to transition to its Commercial Production Licence).

### **The transition of the West Zhetybai oilfield to Commercial Production:**

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

On 19 January 2023 the Company received the final approval required to commence constrained production on the field. The J-58 well is currently producing ~9 tonnes / ~70 barrels per day and when it returns to optimal production, under 100% gas utilisation conditions, this production level should increase to ~30 tonnes / ~225 barrels per day.

The return to optimal production is expected to occur during March 2023.

### **West Zhetybai Oilfield - Joint Development Plan:**

During the Quarter it was resolved by the Ministry of Energy that a Joint Development Agreement covering a small part of the West Zhetybai oilfield that had an accumulation licenced under two separate contracts – one held by Jupiter Energy and the other held under licence by Jupiter Energy's neighbour, Ushkuyu LLP (formerly known as Ansagan Petroleum LLP) – would not be required.

This matter is now deemed closed.

### **Progress with the implementation of Jupiter's 100% Gas Utilisation Plan:**

As detailed in earlier announcements to shareholders, Stage 1 of the 100% Gas Utilisation Plan 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, reasonably simple to install and will enable the Company to return all five (5) wells to optimal production in the shortest possible timeframe.

The resurgence in COVID lockdowns in China delayed the completion and subsequent shipment of the 5 generators from the manufacturer. The generators are currently expected to reach Aktau in early/mid February 2023.

All infrastructure will be connected as soon as feasible after delivery of the generators to the oilfields. Assuming there are no delays in installation or the granting of final approvals post inspection, optimal production levels on the Akkar East and West Zhetybai oilfields should commence during March 2023.

It is expected that the cumulative rate of optimal production from wells 51, 52, 19 and 58 will be ~85 tonnes / ~640 barrels per day.

The J-50 well is expected to return to production during 2Q 2023 and this additional ~15 tonnes / ~115 barrels per day will take total cumulative, optimal, production from Jupiter's 5 production wells to ~100 tonnes / 755 barrels per day.

### **Update on Corporate Structure and Debt Restructure Plan:**

As detailed in Jupiter's 12 December 2022 announcement to shareholders, all resolutions pertaining to the Debt Restructure Plan were carried at the 09 December 2022 Annual General Meeting (AGM).

On 21 December 2022, a total of 1,076,472,428 shares were issued to convert ~\$US22.6m of debt to equity and a total of ~\$US36.17m of debt was written off. The remaining ~\$US16.57m of balance sheet debt will be carried interest free until 31 December 2024, and the Company expects to pay this debt off in full, on or before that date.

The 1,076,472,428 new shares that have been issued are subject to voluntary escrow with 25% under escrow for 6 months from the date of issue, 50% under escrow for 12 months from the date of issue and 25% under escrow for 18 months from the date of issue. The conditions of voluntary escrow may be amended, at the absolute discretion of the Jupiter Board of Directors.

As a result of the completion of the issue of the new shares, the corporate structure of the Company is now as follows:

- Shares on Issue: 1,229,850,121
- Market Capitalisation: ~\$A30.75m (based on Jupiter's closing share price of \$A0.025 on 20 January 2023)
- Balance Sheet Debt: ~\$A24.27m (based on \$A1 = \$US0.69)
- Enterprise Value: ~\$A55m

The Company intends to use increased revenues from oil sales to begin the repayment of the outstanding ~\$US16.5m in debt and will also focus on establishing the necessary funding channels to further develop its three oilfields.

### **Forward Drilling Plan:**

The Company is currently reviewing its drilling plan for 2023.

### **Changes to legislation covering the sale of oil in Kazakhstan:**

In early January 2023 the Kazakh Government announced a range of amendments to Kazakh Law, some of which will impact the oil sector.

These relevant amendments introduced a new concept of an approved "oil supplier". Under the new legislation, the use of a local trader as the middleman between oil producer and an approved refinery will change and Jupiter has the option to form a Joint Venture with a trading company as part of the new oil sales process.

The new Joint Venture is expected to be established on a 50/50 basis between the sub soil user (in this case, Jupiter) and the oil trader.

The Company is currently in dialogue with various entities regarding the creation of such a Joint Venture vehicle and expects this new arrangement to result in better margins from the sale of oil, thus benefiting Jupiter.

### **Annual General Meeting:**

Jupiter's AGM was held on Friday 09 December 2022 and all resolutions were carried.

### **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 2022	Interest acquired / disposed of during the Quarter	Interest held as at 31 December 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 Alexander Kuzev for Consulting Services provided to the Company.

### **Capital Structure and Finances:**

As at 31 December 2022, the Company had 1,229,850,121 listed shares trading under the ASX ticker "JPR". On 21 December 2022, a total of 1,076,472,428 shares were issued to convert ~\$US22.6m of debt to equity. Shares were issued at \$A0.03 per share.

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

As at 31 December 2022, the Company's total debt outstanding stood at ~\$US16.57m – this amount is down from ~\$US75.34m as at 30 November 2022.

The ~\$US16.57m outstanding debt will now be carried interest free until 31 December 2024. The Company expects to repay this debt in full, via instalments using \$US generated from oil sales, on or before 31 December 2024.

In terms of available short-term funding: as at 31 December 2022, the Company had ~\$US6.4m available to it under its 2017 Funding Agreement with Waterford Finance & Investment Limited (Waterford). The Company has not drawn down on this funding facility since January 2022 and intends to remain self funded going forward.

Waterford has agreed that this funding facility can still be accessed as long as any amount drawn down, post 21 December 2022, is repaid in priority to the existing ~\$US16.57m of balance sheet debt.

### **Operations Budget:**

The Company continues to operate under an approved Operations Budget using the net revenues from prepaid oil sales. The Company expects to remain funded at an operational level based on current and forecasted oil production, under differing well production scenarios, for the foreseeable future.

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

Unaudited net cash reserves as at 31 December 2022 stood at approximately \$A1.371m.

### **Summary:**

Progress during the Quarter continued to be positive.

Unaudited revenue from oil sales (including VAT) for the Quarter amounted to ~\$US556k (~\$A830k) which was secured via prepayments from a local oil trader.

Cash receipts for the Quarter were ~\$A2.166m. The variance between revenue recognised and cash receipts is due to the timing of the receipt of oil prepayments that are then amortised over one to two months of oil deliveries, as well as the receipt of funds in relation to the prepayment associated with the purchase of gas utilisation infrastructure.

Jupiter's AGM was held on Friday 09 December 2022 and all resolutions were carried. As a result, Balance Sheet debt has been reduced from ~\$US75.34m to ~\$US16.57m and this remaining debt will be carried interest free until 31 December 2024. The Company expects to repay the \$US16.57m in full, via instalments, on or before 31 December 2024.

The Company continues with its implementation of Stage 1 100% gas utilisation infrastructure. Delivery of the 5 gas to electricity generators is expected in Aktau by early/mid February 2023 and wells on the Akkar East and West Zhetybai oilfields are expected to return to optimal production during March 2023.

The West Zhetybai field returned to constrained production in January 2023, replacing production lost from the Akkar North (East Block) field. The J-50 well was shut in on 31 December 2022 and is expected to return to optimal production during 2Q 2023.

Recent amendments in Kazakh legislation is expected to result in changes to the way that Jupiter sells its oil and it is expected that these changes will be beneficial to Jupiter's bottom line.

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 35 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.