

16 September 2021

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

STRATEGIC INITIATIVE: COMMENCEMENT OF 100% GAS UTILISATION PROJECT

The Board of Jupiter Energy Limited (ASX: “JPR”) is pleased to provide this update regarding the signing of a legally binding Framework Agreement which sets out the timetable for the development and lodgement of a detailed Project Development Plan focused on providing the Company with the appropriate infrastructure to achieve 100% gas utilisation on the Akkar North (East Block), Akkar East and West Zhetybai oilfields.

Importance of 100% Gas Utilisation Infrastructure:

As previously announced to shareholders, all oil currently produced by Jupiter is sold into the Kazakhstan domestic oil market, as is required by Kazakh laws, when wells are either producing under a Trial Production Licence or during the “Preparatory Period” of a Commercial Production Licence.

The “Preparatory Period” applies to an operator that is transitioning between Trial Production (during which time excess 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 excess gas produced whilst wells are in production.

During the “Preparatory Period”, Jupiter is able to produce from any well located on a field 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 already currently constrained on the Akkar North (East Block) and Akkar East fields as both fields are operating under “Preparatory Period” restrictions.

The West Zhetybai field has just commenced the approval process to transition from Trial Production to Commercial Production and when this approval process is complete, the

West Zhetybai field will return to production, also under “Preparatory Period” restrictions, until the appropriate 100% gas utilisation infrastructure is in place.

Implementation of a cost effective 100% gas utilisation is therefore clearly pivotal to the ongoing viability of Jupiter’s future Kazakh operations and will also need to be in place if the Company is to be granted approval by the Kazakh Ministry of Energy to sell its oil into the export market.

Summary of the Framework Agreement:

The Framework Agreement has been signed with Sleipnir Technologies LLP (Sleipnir), a Kazakh registered company that has a background in oil trading and the design and development of oilfield infrastructure.

Under Phase 1 of the Framework Agreement, Sleipnir will work with Jupiter Energy in a Project Management capacity, assisting in the development of a detailed Project Development Plan to achieve 100% gas utilisation on all three of the Company’s oilfields (the Plan). A project team made up of Jupiter and Sleipnir personnel will be formed, and a local Kazakh Institute will also be appointed to assist in the documentation of the detailed technical specifications associated with the Plan.

Sleipnir will also play an active role in the proposed construction phase (Phase 2), if and when the Plan is approved by the Kazakh Ministry of Energy (and other associated regulatory bodies) and will also assist Jupiter with any of the regulatory approvals that may be required during Phase 2.

In summary, the Framework Agreement sets out the terms and conditions under which Jupiter and Sleipnir will work to complete and lodge the Plan with the Kazakh Ministry of Energy by early 1Q 2022.

The key elements of Phase 1 of the Framework Agreement are:

- Development of a detailed Gas Utilisation Project Development Plan
 - Submission of the Project Development Plan to the Kazakh Ministry of Energy
 - Gaining approval from the Ministry of Energy (and other relevant regulatory bodies) for the Gas Utilisation Project Development Plan
 - Confirming a detailed budget for the building of the approved Gas Utilisation infrastructure
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Ongoing Operations and Future Outlook:

Current production from the Akkar East and Akkar North (East Block) fields is ~225 barrels (~30 tonnes) per day. When the West Zhetybai field is approved for Commercial Production (under "Preparatory Period restrictions) and returns to production, cumulative daily production from the three oilfields should increase to 340 barrels (~45 tonnes) per day.

The successful construction and commissioning of the gas utilisation infrastructure should see the Company return to optimal production levels with cumulative daily production from the current wells expected to increase to ~700 barrels (~95 tonnes) per day. Additional oil production could then come from future, successful, drilling on the three fields.

The expected timeline from now to the commissioning of any gas utilisation infrastructure will be dependent on a number of variables, most importantly the approval processes in Kazakhstan and the time required for construction of the facility.

The Company would expect a minimum period of 12 months for the entire process to be completed, and announcements will be made as material milestones are met.

Changes to Oil Trading Arrangements:

In addition to the development of Project Development Plan for Gas Utilisation, Sleipnir affiliate Arion Trading has signed an agreement for the purchase of 100% of Jupiter's domestic oil supply under terms consistent with those that other Jupiter oil trading partners have signed in the past. This will include 100% prepayment for all oil, with deliveries to Arion Trading expected to commence within the next 30 days.

Commenting on the signing of the two agreements, the Company said: "Jupiter welcomes this new relationship with Sleipnir Technologies and its affiliates. Achieving 100% gas utilisation in a reasonable timeframe under a realistic budget is a critical milestone for Jupiter Energy and the Aktau management team will commence work as soon as possible with Sleipnir Technologies to ensure that no time is lost in progressing this important initiative."

If shareholders have any questions regarding this update 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

Enquiries:

Jupiter Energy (+61 3 9592 2357)
Geoff Gander (geoff@jupiterenergy.com)

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. The forward plan will see Jupiter develop a group production facility on Block 31 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.
