

18 January 2022

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

QUARTERLY UPDATE ON ACTIVITIES FOR THE PERIOD TO 31 DECEMBER 2021

KEY POINTS:

- **The civil unrest that occurred in Kazakhstan in early January 2022 has abated and operations have, in the main, returned to normal. The health and safety of staff remains the Company's number one priority and there are no issues to report.**
- **Changes within the Kazakh Government, and in particular the Ministry of Energy, may result in delays to a range of approval processes currently underway.**
- **Unaudited oil sales revenue (including VAT) during the Quarter ending 31 December 2021 totalled approximately ~\$US698,000 (~21,200 barrels of oil).**
- **Oil produced and sold during Calendar Year (CY) 2021 totalled ~16,000 tonnes (~120,000 barrels). This reduced production profile was due to the Kazakh regulatory requirement for all wells to be subject to constrained production when operating under Preparatory Period restrictions.**
- **All oil continues to be sold into the Kazakh domestic oil market, as required under Preparatory Period restrictions.**
- **The approval process to transition the West Zhetybai oilfield into Commercial Production (under Preparatory Period restrictions) continues. The J-58 well will be shut in until all approvals have been received. It is expected that this well will not recommence production until the end of 2Q 2022, assuming the approval process is not too disrupted as a result of recent changes in Ministerial personnel.**

- **Jupiter resubmitted a Joint Field Development Plan (JFDP) for the entire Akkar North accumulation to the Kazakh Ministry of Energy. The JFDP was completed with neighbour MMG. It is expected this version of the JFDP will be approved by the Ministry during 1Q 2022, assuming the approval process is not too disrupted as a result of recent changes in Ministerial personnel.**
- **Jupiter completed, with its neighbour Ushkuyu LLP, a Joint Field Development Plan (JFDP) for a small accumulation adjacent to the West Zhetybai oilfield. This JFDP will be submitted to the Kazakh Ministry of Energy for review during 1Q 2022.**
- **The Company made measured progress during the Quarter in developing its Project Development Plan to achieve 100% gas utilisation on all three of the Company's oilfields during CY 2022. This timeframe assumes that the approval process is not too disrupted as a result of recent changes in Ministerial personnel.**
- **The Company continues with its Strategic Review process. Discussions with 3rd parties centre around working with Jupiter to assist with the funding required to achieve 100% gas utilisation, commencing the sale of export oil and undertaking further drilling on the Company's 3 oilfields.**

Jupiter Energy Limited (ASX: "JPR") presents the following update on activities for the 3-month period ending 31 December 2021 (the "Quarter"). Also included in this report are details of any subsequent events that have occurred up to the date of this release, including the impact of the civil unrest experienced in Kazakhstan in early January 2022.

The Quarter in brief:

During the Quarter, there was no production from well J-58, located on the West Zhetybai field. The J-58 well was shut in as the approval process to transition the West Zhetybai oilfield to Commercial Production continued. It is expected that this approval process will be completed during 2Q 2022. It should be noted that there have been recent changes within the Ministry of Energy, post the civil unrest, and this may lead to some delays in this approval process.

Wells J-51, J-52 and 19 continued constrained Commercial Production as regulated by "Preparatory Period" restrictions. These wells are located on the Akkar East field.

The J-50 well, located on the Akkar North (East Block) also continued constrained Commercial Production as regulated by "Preparatory Period" restrictions.

Oil Sales:

During the Quarter unaudited oil sales revenue (including VAT) totalled ~\$US698,000 (~\$A0.96) based on sales of approximately 21,200 barrels of oil (average price of ~\$US33/bbl). Kazakh domestic oil pricing reflected the worldwide oil prices during the Quarter.

Cash receipts for the Quarter were ~\$A1.155m. 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 during the "Preparatory Period" of a Commercial Production Licence.

As covered in earlier announcements, the "Preparatory Period" allows an operator to transition 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", 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 constrained to ensure all excess gas that is produced is used on the field in this manner.

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

- J-50: **6,200 barrels** (the flow rate of this well was constrained due to Preparatory Period restrictions and thus limited to daily production of ~8.5 tonnes/~70 barrels per day)
 - J-51, J-52 and Well 19: **15,000 barrels** (flow rates of these 3 wells were constrained due to Preparatory Period restrictions and thus limited to cumulative production of ~21 tonnes/~150 barrels per day).
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- J-58: **NIL** (the well is shut in as the West Zhetybai oilfield undergoes the approval process to transition to its Commercial Production Licence).

Shut in of Production due to civil unrest:

As announced to shareholders on 07 January 2022, Kazakhstan experienced a range of protests around the country in early January 2022 and the President declared a two-week State of Emergency.

There were several pockets of disorder, including the city of Aktau, where Jupiter Energy's operations are based.

The Board decided to shut in production as roads that allowed access to and from the oilfield were subject to blockades by protestors.

Some on field maintenance was carried out during the shut in period and production resumed on 10 January 2022.

The health and safety of Jupiter's staff is the Company's number one priority at all times and hence why this decision was made.

The transition of the West Zhetybai oilfield to Commercial Production:

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

It is expected that the approval process will be completed during 2Q 2022, at which time the J-58 well will resume constrained production. It should be noted that there have been recent changes within the Ministry of Energy, post the civil unrest, and this may lead to some delays in this approval process.

Akkar North Oilfield - Joint Development Plan:

The Akkar North oilfield area is licenced under two separate contracts – one is held by Jupiter Energy (Akkar North [East Block]) and the remainder of the field is held under licence by Jupiter Energy's neighbour MangistauMunaiGas (MMG).

As already announced, as part of the approval process of moving Akkar North (East Block) into Commercial Production, the Kazakh Central Commission for Exploration and Development of Hydrocarbon Deposits (the CCED) noted that under the Kazakh Sub

Surface Code (specifically paragraph 1 of Article 151 of the Code) Jupiter Energy and MMG would need to “conclude an agreement on joint exploration and production or production of a deposit or field as a single object”.

During the Quarter, Jupiter Energy and MMG concluded a 2nd version of the Joint Field Development Agreement for the future development of the entire Akkar North oilfield after the 1st version had been rejected by the Kazakh Ministry of Energy, post their review of the agreement.

It is expected that the 2nd version of the Joint Field Development Agreement will be accepted by the Ministry during 1Q 2022. It should be noted that there have been recent changes within the Ministry of Energy, post the civil unrest, and this may lead to some delays in the reviewing of this Agreement.

The Company will update shareholders on any material progress with this Agreement.

West Zhetybai Oilfield - Joint Development Plan:

A small part of the West Zhetybai oilfield has an accumulation that is located on an area that is licenced under two separate contracts – one is held by Jupiter Energy and the other is held under licence by Jupiter Energy’s neighbour, Ushkuyu LLP (formerly known as Ansagan Petroleum LLP).

During the Quarter, the parties agreed the parameters for a Joint Field Development Plan for this specific area and it is expected that a Joint Field Development Agreement will be submitted to the Kazakh Ministry of Energy for review during 1Q 2022.

Future 100% Gas Utilisation Plan:

As previously announced, the Company has signed a Framework Agreement 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 is working 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 is working with a local Kazakh Institute to complete the documentation of the detailed technical specifications associated with the Plan.

It is anticipated that 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.

The Company will keep shareholders updated on material progress with the Plan and any delays in the approval process that may be experienced due to recent changes in Ministry of Energy personnel.

Strategic Review Update:

Jupiter Energy continues to work with VTB Capital in evaluating various opportunities for new sources of funding, with a specific focus on addressing the issue of 100% gas utilisation. As part of its ongoing Strategic Review, the Company will also reassess whether any other opportunities exist to maximise value for its shareholders.

The Company has also opened dialogue with its 4 Noteholders about various ways to address the existing balance sheet debt. If, and when, any binding agreements are reached with the 4 Noteholders on this issue, the Company will announce the material terms of any such signed Agreements.

Forward Drilling Plan:

The Company is currently reviewing its drilling program for 2022 but does not expect to commence any new drilling until the issue of 100% Gas Utilisation has been further advanced.

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 2021	Interest acquired / disposed of during the Quarter	Interest held as at 31 December 2021
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.

Capital Structure and Finances:

As at 31 December 2021, 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 December 2021, total Company debt outstanding (principal + accrued interest) stood at approximately \$US69.92m through the following funding agreements:

Funding Arrangements	US\$
2017 Funding Agreement (max \$US5m + an additional commitment of up to \$US11m)	7.21m
2016 Funding Agreement (max \$US5m + overrun)	6.17m
Refinanced Series B Promissory Note	18.22m
Refinanced convertible notes	38.32m
	\$US69.92

In terms of available short-term funding, as at 31 December 2021, the Company had drawn down \$US7.21m^[1] under the 2017 Funding Agreement. Based on a total of \$US16m being available under this Agreement, \$US8.79m is still available.

As at 31 December 2021, the 2016 Funding Agreement had been fully drawn and had an overrun of \$US1.17m. This overrun will be funded by the 2017 Funding Agreement, meaning that the total additional funding amount available to the Company, as at 31 December 2021, is a net amount of **\$US7.62m**.

Operations Budget:

The Company continues to operate under an approved 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

The Company expects to remain funded at an operational level based on current and forecasted oil production, under differing well production scenarios, through calendar year 2022.

Future drilling work will require access to additional working capital which has been committed by Waterford Finance & Investment Limited as well as securing deferred payment terms with a local Kazakh turnkey drilling operator and/or prepayment of additional oil sales by the local trader.

Unaudited net cash reserves as at 31 December 2021 stood at approximately \$A0.934m.

Summary:

Overall, progress during the Quarter was positive.

The civil unrest that broke out in early January, in various cities within Kazakhstan, appears to have abated and operations have returned to normal. All Aktau staff are safe and there were no health and safety issues to report.

Unaudited revenue from oil sales (including VAT) for the Quarter amounted to ~\$US698,000 (~\$A0.96m) which was secured via prepayments from a local oil trader.

Cash receipts for the Quarter were ~\$A1,155m. 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 continues to work with a local Kazakh Group to finalise a detailed 100% Gas Utilisation Project Plan for submission to the Kazakh Ministry of Energy during 1Q 2022.

The Company continues to work through the approval process to transition the West Zhetybai oilfield from Trial Production to Commercial Production.

The Company has completed a 2nd version of a Joint Field Development Plan for the entire Akkar North oilfield with its neighbour, MMG, and this has been resubmitted to the Kazakh Ministry of Energy for review.

The Company continues with the Strategic Review of its operations and is confident that with a future 100% Gas Utilisation Plan now more clearly articulated, there will be a range of new funding options open to the Company. The Board will keep shareholders informed of any material progress in this area.

Finally, the Company has opened dialogue with all 4 Noteholders on the issue of the current balance sheet debt and what options may be available for a potential restructure of this debt.

It is important for shareholders to note that, post the recent civil unrest, there have been several changes made within the Kazakh Government and specifically to senior personnel making up the Ministry of Energy. It is possible that these changes in personnel may create delays in the various approval processes that are currently underway or are scheduled to begin in the near future.

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 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.
