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

QUARTERLY UPDATE ON ACTIVITIES FOR THE PERIOD TO 30 SEPTEMBER 2022

KEY HIGHLIGHTS:

- **Unaudited oil sales revenue (including VAT) during the Quarter ending 30 September 2022 totalled approximately ~$US573,000 (~20,000 barrels of oil).**

- **All oil continues to be sold into the Kazakh domestic oil market, as required under Preparatory Period restrictions.**

- **The Company continues to make material progress with regards the implementation of its 100% Gas Utilisation Plan.**

- **Post installation of the requisite infrastructure, including five gas to electricity generators, the Company expects to return to optimal production levels of ~100 tonnes (~750 barrels) per day during 1Q 2023.**

- **The approval process to transition the West Zhetybai oilfield into Commercial Production continues.**

- **ASIC has granted an extension to the date on which the Company's Annual General Meeting must be held – the new date for the AGM will be 09 December 2022. This extension will enable shareholders to vote on Resolutions associated with the proposed debt restructure plan, avoiding the need to hold a General Meeting in December 2022.**

Jupiter Energy Limited (ASX: "JPR") presents the following update on activities for the 3-month period ending 30 September 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, there was no production from well J-58, located on the West Zhetybai field. The J-58 well remains shut in as the approval process to transition the West Zhetybai oilfield to Commercial Production continues. It is now expected that this approval process will be completed in 4Q 2022 and the well's return to production will be part of the implementation of 100% gas utilisation on the West Zhetybai field, expected to be operational during 1Q 2023.

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 ~$US573,000 (~$A0.91m) based on sales of approximately 20,000 barrels of oil (average price of ~$US29/bbl).

Cash receipts for the Quarter were ~$A1.614m. The variance between revenue recognised and cash receipts is due to both 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.

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 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 constrained to ensure all associated 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: **5,600 barrels** (the flow rate of this well was constrained due to Preparatory Period restrictions and thus limited to daily production of ~8 tonnes/~65 barrels per day)

- 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 ~21.5 tonnes/~160 barrels per day).

- J-58: **NIL** (the well is shut in as the West Zhetybai oilfield undergoes the approval process to transition to its Commercial Production Licence).

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 now be completed during 4Q 2022 and J-58’s return to production will form part of the installation of 100% gas utilisation infrastructure on the West Zhetybai field. The J-58 well should therefore resume production, assuming operation under 100% gas utilisation conditions, at its optimal rate of ~30 tonnes (225 barrels) per day, during 1Q 2023.

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).

The parties submitted the Joint Field Development Agreement for this area in April 2022 and it remains under review by the Kazakh Ministry of Energy.

The Company will keep shareholders updated with any material progress with this Agreement.

Progress with implementation of 100% Gas Utilisation Plan:

On 26 October 2022, the Company released an update with regards the implementation of its 100% Gas Utilisation Plan (the Plan).

In summary, the announcement confirmed that the relevant Kazakh regulatory authorities had approved the Plan and the Company could now move to the construction phase.

As detailed in Jupiter's 15 March 2022 announcement to shareholders, Stage 1 of the 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 5 gas to electricity generators are expected to be delivered to the field(s) in two shipments – one in mid December 2022 (3 generators) and the other in mid January 2023 (2 generators).

A tendering process is complete and local contractors have been selected to build the field infrastructure that is required to install the gas generators. Work is scheduled to commence by mid November 2022 and is expected to be completed by mid January 2022.

All infrastructure will be connected as soon as feasible after delivery of the generators and assuming the timelines are achieved and there are no delays as a result of poor weather or final inspection approvals, optimal production levels should return during 1Q 2023.

Update on 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.

On 04 October 2022, the Company announced that it had signed an amended Deed of Settlement with each of its 4 Noteholders in relation to a significant restructuring of its existing debt.

The amended Deed of Settlement has the following key 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; 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.

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.

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). Details regarding the AGM are provided below.

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 (using 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 the repayment of the outstanding ~$A25.5m debt from operations but also raise additional new equity to further develop its three oilfields.

Annual General Meeting:

As announced on 24 October 2022, the Company was granted an extension by the Australian Securities and Investment Commission (ASIC) to the date on which it must hold its Annual General Meeting (AGM). The AGM will now be held on Friday 09 December 2022.

The reason for the extension is to allow shareholders to consider resolutions concerning the proposed debt restructure, announced by the Company on 04 October 2022. By providing the extension ASIC has enabled the Company to hold one meeting rather than have two shareholder meetings in less than a month – saving time and money.

The Notice of Meeting for the AGM will be dispatched to shareholders in the near future. The meeting will be conducted online. Details on how to attend the AGM online will be contained in the Notice of Meeting.

Annual Accounts:

On 30 September 2022 the Company lodged its audited Financial Accounts for the year ended 30 June 2022. Shareholders are encouraged to review the document.

Strategic Review Update:

As the Company achieves 100% gas utilisation and restructures its Balance Sheet over the coming months, so should it be able to reassess opportunities to maximise value for its shareholders.

Forward Drilling Plan:

The Company does not plan to commence any new drilling until 2023.

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 June 2022**	**Interest acquired / disposed of during the Quarter**	**Interest held as at 30 September 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 Alexey Kruzhkov for Consulting Services provided to the Company.

Capital Structure and Finances:

As at 30 September 2022, 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 September 2022, total Company's debt outstanding (principal + accrued interest) stood at approximately $US74.36m through the following funding agreements:

Funding Arrangements	US$
2017 Funding Agreement (max $US5m + an additional commitment of up to $US11m)	7.81m
2016 Funding Agreement (max $US5m + overrun)	6.56m
Refinanced Series B Promissory Note	19.33m
Refinanced convertible notes	40.66m
	$US74.36m

In terms of available short-term funding, as at 30 September 2022, the Company had drawn down $US7.81m[1] under the 2017 Funding Agreement. Based on a total of $US16m being available under this Agreement, ~$US8.19m is still available.

As at 30 September 2022, the 2016 Funding Agreement had been fully drawn and had an overrun of $US1.56m. This overrun will be funded by the 2017 Funding Agreement, meaning that the total additional funding amount available to the Company, as at 30 September 2022, is a net amount of ~**$US6.63m**.

[1] Including accrued interest

Operations Budget:

The Company continues to operate under an approved Operations Budget using the net revenues from prepaid oil sales. It has not drawn down on its available debt facility since January 2022.

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.

Procurement of the Stage 1 gas utilisation infrastructure has been funded from pre paid oil sales.

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 30 September 2022 stood at approximately $A1.628m.

Summary:

Progress during the Quarter was positive.

Unaudited revenue from oil sales (including VAT) for the Quarter amounted to ~$US573,000 (~$A0.91m) which was secured via prepayments from a local oil trader.

Cash receipts for the Quarter were ~$A1.614m. The variance between revenue recognised and cash receipts is due to both 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.

The Company continued to make good progress with its plans to implement 100% gas utilisation infrastructure, which is now expected to be achieved during 1Q 2023. Delivery of the 5 gas to electricity generators will occur in two stages – 3 to be delivered in mid December 2022 and 2 to be delivered in mid January 2023. These generators are an integral part of the infrastructure that is required to implement the 100% Gas Utilisation Plan.

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

Jupiter’s AGM will now be held on Friday 09 December 2022. This new date will allow shareholders to consider resolutions concerning its proposed debt structure, announced by the Company on 04 October 2022.

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.