

31 July 2019

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

## **QUARTERLY UPDATE ON ACTIVITIES FOR THE PERIOD TO 30 JUNE 2019**

### **KEY POINTS:**

- Oil production remained steady from the Akkar East, West Zhetybai and Akkar North (East Block) fields.
- Unaudited oil sales revenue (including VAT) for the Quarter totalled approximately ~\$US2.155m based on sales of approximately 67,150 barrels of oil from 5 wells. Cash receipts from the sale of oil totalled ~\$US2.285m. All oil was sold into the Kazakh domestic oil market as per the terms of the various Trial Production Licences.
- Jupiter plans to complete a side track of the J-53 well and to drill its 10<sup>th</sup> well (J-60) during the 4<sup>th</sup> quarter of 2019. Funding will come from operations as well as a prepayment of \$US3m against future oil sales.
- A workover of the J-59 well located on the West Zhetybai field has indicated potential oil bearing horizons.
- Jupiter is in discussions with the Kazakh Ministry of Energy regarding an extension to its Exploration Licence. The current Exploration Licence expires on 29 December 2019.
- Jupiter has been served notice of a fine relating to under performance of its 2015 Work Program. Jupiter will appeal this decision.
- Jupiter has completed its delisting from the Kazakhstan Stock Exchange (KASE).
- The Company continues to work on various options to provide long term funding for the ongoing development of Block 31.

Jupiter Energy Limited (ASX: "JPR") presents the following update on activities for the 3 month period ending 30 June 2019 (the "Quarter"). Also included in this report are details of subsequent events that have occurred up to the date of this release.

**The Quarter in brief:**

During the Quarter production continued from wells J-50, J-51, J-52, 19 and J-58. The J-51, J-52 and 19 wells are all located on the Akkar East field. J-58 is located on the West Zhetybai field. The J-50 well is located on the Akkar North (East Block) field.

**Oil Sales:**

The Company continues to sell all its oil through one local trader. During the Quarter unaudited oil sales revenue (including VAT) totalled approximately ~\$US2.155m based on sales of approximately 67,150 barrels of oil (average price of ~\$US32/bbl) while cash receipts from the sale of oil totalled ~\$US2.285m. All oil was sold into the Domestic market, as is required by Kazakh laws, when wells are producing under a Trial Production Licence.

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

J-50: 10,100 barrels  
J-51: 11,800 barrels  
J-52: 14,200 barrels  
Well 19: 9,250 barrels  
J-58: 21,800 barrels

During the Quarter, the Company also completed a workover of the J-59 well, which is located on the West Zhetybai field. This well was drilled in 2013 and underwent limited testing at that time, before being shut in.

The workover tested several T<sup>2</sup>B horizons that on logs indicated potential prospectivity and the early indications of this work is that the well should produce at a level that justifies it being brought onto trial production.

Further details on this well and its daily production levels will be advised in due course.

**Go Forward Plan:**

Drilling work expected during the 4<sup>th</sup> quarter of 2019 includes a side-track of J-53 and the drilling of the J-60 well. It is expected that oil from the J-53 and J-60 wells (assuming success in both cases) will contribute towards increased oil production

and sales revenue. The Company will keep shareholders informed on progress with both the J-53 side track and the drilling of J-60.

The drilling of any other new wells (except for the J-60 well where funding has already been secured) will require access to additional working capital and/or agreement to deferred payment terms with a turnkey drilling operator.

### **Extension of the Exploration Licence:**

During the Quarter, the Company opened discussions with the relevant Kazakh authorities regarding an extension to the Company's Exploration Licence. The current Exploration Licence runs through until 29 December 2019.

Initial discussions with the Kazakh Ministry of Energy have been positive and the Company believes that if it follows due process and files the necessary paperwork in the correct format, the approval process should proceed smoothly.

There will be a number of sign offs from various departments required to complete a Licence Extension and timing of individual department approvals can be somewhat lengthy. The Company intends on submitting its licence extension application, including a proposed Work Program for the 2020-2022 period, as soon as possible and has already engage three local consulting groups to assist in the preparation of the various documents required by the relevant authorities.

The Company will keep shareholders informed of any material progress with the Licence Extension application.

### **Fine relating to under performance of the 2015 Work Program:**

As announced on 23 July 2019, the Company has been served a notice by the Kazakh Ministry of Energy that it is due to pay a fine of approximately \$US900,000 in relation to under performance of its 2015 Work Program under Contract 2275.

The Company believes that it has legitimate grounds as to why it did not complete 100% of the approved 2015 Work Program and will lodge an appeal to that effect.

The Company will make a provision for the full amount of the fine in its 2018/19 Annual Accounts and it has also secured a commitment from its major debt provider, Waterford Finance and Investment Limited, that it will have access to the required funds if the appeal process is unsuccessful.

### **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 31 March 2019	Interest acquired / disposed of during the Quarter	Interest held as at 30 June 2019
Kazakhstan	Block 31	100%	Nil	100%

### **KASE Delisting:**

The process required for the delisting from the Kazakh Stock Exchange (KASE) was completed in early June 2019 and Jupiter shares now only trade on the ASX.

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

As at 30 June 2019, 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 June 2019, total Company debt outstanding stood at approximately \$US52.46m through the following funding agreements:

	<b>US\$</b>
2017 Funding Agreement (max \$US5m)	2.63 m
2016 Funding Agreement (max \$US5m)	4.86 m
Refinanced Series B Promissory Note	14.49 m
Refinanced convertible notes	30.48 m
	<b>\$US 52.46m</b>

In terms of available short term funding: As at 30 June 2019, the Company had drawn down \$US2.63m<sup>1</sup> under the \$US5.0m 2017 Funding Agreement meaning \$US2.37m is still available under this funding agreement.

The Company also still has access to a further \$US0.14m<sup>2</sup> under the 2016 Funding Agreement.

<sup>1</sup> Including accrued interest

<sup>2</sup> Taking into account accruing interest on the drawn down amount

The Company continues to operate under an agreed Operations Budget. Based on this Operations Budget, using the combined net revenues from oil sales and the remaining debt facility available through the 2016 and 2017 Funding Agreements (total funds available as at 30 June 2019 being \$US2.51m), the Company will remain funded for the foreseeable future.

The Company has agreed with the holders of the 2017 Promissory Notes (the 2017 Funding Agreement) that the repayment date of these Notes will be extended from 31 July 2019 until 31 December 2019.

Unaudited net cash reserves as at 30 June 2019 stood at approximately \$A0.55m.

### **Summary:**

Progress during the Quarter was steady. The Company produced approximately 67,150 barrels of oil from the J-50, J-51, J-52, 19 and J-58 wells.

A workover of the J-59 well was completed and the initial results appear positive.

Revenue from oil sales (including VAT) for the Quarter amounted to approximately \$US2.155m which was secured via prepayments from a local oil trader. Cash receipts from the sale of oil during the Quarter totalled ~\$US2.285m.

The Company has commenced the process of applying for an extension to its Exploration Licence, which currently expires on 29 December 2019.

Company was disappointed to receive a notice of a fine relating to under performance of its 2015 Work Program and will appeal this decision.

If shareholders have any questions regarding this Quarterly report they are welcome to contact the Company on +61 89 322 8222.

Geoff Gander  
Chairman/CEO

**ENDS**

### **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, 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.