

30 October 2019

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

**QUARTERLY UPDATE ON ACTIVITIES FOR THE PERIOD TO 30 SEPTEMBER  
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 ~\$US1.878m based on sales of approximately 69,000 barrels of oil from 5 wells. Cash receipts from the sale of oil totalled ~\$US3.14m. The variance between revenue recognised and cash receipts is primarily due to oil prepayments that are amortised over several months of oil deliveries. All oil was sold into the Kazakh domestic oil market as per the terms of the various Trial Production Licences.
- Jupiter is well progressed in discussions with the Kazakh Ministry of Energy regarding extensions to Trial Production Licences (TPL's) for the Akkar North (East Block), Akkar East and West Zhetybai oilfields. The current TPL's expire on 29 December 2019.
- To ensure the timely review of its three TPL applications, Jupiter paid a fine relating to under performance of its 2015 Work Program. The Company believes it has legitimate grounds for the non- performance and has appealed the fine.
- Jupiter's Annual Accounts were lodged on 30 September 2019.
- 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 September 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. J-50 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 ~\$US1.878m based on sales of approximately 69,000 barrels of oil (average price of ~\$US27/bbl) while cash receipts from the sale of oil totalled ~\$US3.14m. The variance between revenue recognised and cash receipts is primarily due to oil prepayments that are 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 under a Trial Production Licence.

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

J-50: 9,300 barrels  
J-51: 13,300 barrels  
J-52: 15,600 barrels  
Well 19: 9,700 barrels  
J-58: 21,100 barrels

### **Go Forward Plan:**

The Company has deferred all drilling work scheduled for the 4<sup>th</sup> quarter of 2019 into 2020. This work includes a side-track of J-53 and the drilling of the J-60 well. The Company will keep shareholders informed on progress with the J-53 side track and the drilling of J-60.

### **Extension of Trial Production beyond 29 December 2019:**

During the Quarter, the Company continued its discussions with the relevant Kazakh authorities regarding extensions to the Trial Production Licences (TPL's) for the Akkar North (East Block), Akkar East and West Zhetybai oilfields. These three TPL extensions will ultimately form part of an extension to the Company's Exploration Licence. The current Exploration Licence runs through until 29 December 2019.

Extension of the TPL's on the Akkar North (East Block), Akkar East and West Zhetybai oilfields will enable all the wells that are currently in production to continue operating into 2020.

Any delay to the approval of these TPL extensions will require some, or all, of the wells to be shut in as of 29 December 2019.

Each application to extend a TPL is reviewed by the authorities as a separate project. There will be a number of regulatory sign offs required to complete the three TPL extension applications and the time taken by different departments to review applications can be lengthy.

The Company will keep shareholders informed of progress with all three of the TPL extension application(s).

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

As announced on 20 September 2019, the Company paid 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 has lodged an appeal to that effect.

The Company awaits the outcome of its appeal.

#### **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 2019	Interest acquired / disposed of during the Quarter	Interest held as at 30 September 2019
Kazakhstan	Contract 2275	100%	Nil	100%

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

As at 30 September 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 September 2019, total Company debt outstanding stood at approximately \$US53.94m through the following funding agreements:

	<b>US\$</b>
2017 Funding Agreement (max \$US5m)	2.81 m
2016 Funding Agreement (max \$US5m)	4.99 m
Refinanced Series B Promissory Note	14.87 m
Refinanced convertible notes	31.27 m
	<b>\$US 53.94m</b>

In terms of available short term funding: As at 30 September 2019, the Company had drawn down \$US2.81m<sup>1</sup> under the \$US5.0m 2017 Funding Agreement meaning \$US2.19m is still available under this funding agreement.

The Company also still has access to a further \$US0.01m<sup>2</sup> under the 2016 Funding Agreement.

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 September 2019 being \$US2.20m), the Company expects to remain funded based on current and forecasted oil production, under differing well production scenarios for 2020.

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

The Company has agreed with the holders of the 2017 Promissory Notes (the 2017 Funding Agreement) that the repayment date of these Notes is extended until at least 31 December 2019.

The Company lodged its Annual Accounts on 30 September 2019.

Unaudited net cash reserves as at 30 September 2019 stood at approximately \$A0.283m.

<sup>1</sup> Including accrued interest

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

**Summary:**

Progress during the Quarter was steady. The Company produced approximately 69,000 barrels of oil from the J-50, J-51, J-52, 19 and J-58 wells.

Unaudited revenue from oil sales (including VAT) for the Quarter amounted to ~\$US1.878m which was secured via prepayments from a local oil trader. Cash receipts from the sale of oil during the Quarter totalled ~\$US3.14m. The variance between revenue recognised and cash receipts is primarily due to oil prepayments that are amortised over several months of oil deliveries.

The Company is continuing the process of applying for extensions to its three Trial Production Licences (TPL's), all which currently expire on 29 December 2019. Extensions to its three TPL's are required to ensure all wells currently producing remain in operation, post 29 December 2019.

The Company has mailed out a Notice of Meeting for the Annual General Meeting (AGM) that will be held in Perth on 27 November 2019. Shareholders are encouraged to attend the AGM.

If there are any questions regarding this Quarterly report, shareholders 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 (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.