

17 September 2020

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

OPERATIONS UPDATE CLARIFICATION

KEY POINTS:

- **The approval process for transitioning the Akkar East oilfield from its Exploration Licence to Commercial Production has been finalised. Wells J-51, J-52 and 19 have recommenced production under the "Preparatory Period" regime set out under the Kazakh Sub Surface Code.**
- **Staffing levels in Aktau have been increased to reflect this return to production.**

Further to its announcement on 15 September 2020, Jupiter Energy Limited (ASX: "JPR") provides a revised Operations Update to provide shareholders further clarification on the status of oil production from the Akkar East oilfield.

All the necessary regulatory approvals to enable the Akkar East oilfield to transition from Trial Production (under Jupiter Energy's Exploration Licence) to Commercial Production (under Jupiter Energy's new Commercial Production Licence) have been completed with the final approval having been received late on Friday 11 September 2020. The final approval outstanding was from the Aktau Ecology Department.

Whilst the original Contract let by the Kazakh Government in 2005 was a combined Exploration/Commercial Production contract including a Commercial Licence that is valid for 25 years, Jupiter Energy is only able to start to produce under its Commercial Production Licence once it has successfully progressed the various oilfields through the Exploration Period. Successful progression includes fully exploring the acreage with the drilling of the requisite number of exploration wells and then having the oil reserves, identified by this drilling, approved by the Kazakh Ministry of Energy.

The main advantage of being able to operate under a Commercial Licence is that oil produced can be sold into the global export market, whilst oil produced under an Exploration Licence can only be sold domestically. The price differential between global oil prices and domestic oil prices can vary, but generally the Kazakh domestic oil price is between one third and one half of the global oil price.

The other key criteria to operate under a Commercial Licence is the requirement to have the requisite infrastructure installed to enable 100% gas utilisation to take place – 100% gas utilisation means that all excess gas produced during production is used as no flaring of gas is permitted. When producing under an Exploration Licence, an operator is able to seek approval to flare any excess gas.

Infrastructure requirements for operating under full Commercial Production at the Company's oilfield would include either getting access to a Central Processing Facility and a Gas Separation Plant from a neighbouring producer or building this equipment on site. The Company does not currently have this infrastructure in place and continues to discuss potential infrastructure sharing options with other operators in the area.

Post the Ecology approval on 11 September 2020, the Akkar East wells are now producing in what is known under Kazakhstan's Sub Surface Code as the "Preparatory Period".

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 during production.

During the "Preparatory Period", once all approvals have been granted, Jupiter Energy can produce from these 3 wells, without having the requisite gas utilisation infrastructure in place, as long as all excess gas that is produced during production is used on the field for power, heating and the like.

The requirement to be able to utilise all the excess gas from production means that it is expected that the 3 wells will not be able to produce at full capacity as the gas that would be produced if the wells were operating at full capacity would be more than can be utilised on the field. Instead, the 3 wells are expected to operate at about ~30% of capacity (meaning they will produce a total of ~135 barrels per day), but this will be monitored over time and a stabilised figure confirmed in due course.

The Kazakh Sub Surface Code allows for a maximum of a 3 year Preparatory Period but the concept has only just been introduced as the new Sub Surface Code came into effect during 2019. As a result it is not certain how long a Sub Surface User may be allowed to operate in the Preparatory Period and it is Jupiter Energy's intention to transition the Akkar North (East Block) and West Zhetybai fields to Commercial Production as their respective Trial Production Licences expire. The current plan is to transition the Akkar North (East Block) oilfield to Commercial Production during 1st Quarter 2021 and the West Zhetybai oilfield will transition in the 4th Quarter of 2021.

In order for these two fields to transition to Commercial Production, they will need to go through the same approval process that the Akkar East field has just done. A Final Reserves Report will need to be approved for each field and each field will need to have the necessary approvals to produce during the "Preparatory Period".

The Akkar North (East Block) is in the process of getting its Final Reserves Report approved and the Kazakh Committee of Committee of Geology has just assigned 3 experts to review the Report submitted by the Company. It is expected that the Akkar North (East Block) Final Reserves Report approval process will be completed over the coming 2-3 months.

The Company believes that the West Zhetybai field still needs to have at least 2 more exploration wells drilled before its Final Reserves Report is completed and the plan is for these wells to be drilled in the 1st half of 2021.

As announced on 21 July 2020, the Company is undertaking a Strategic Review as to all funding opportunities available to further develop the Akkar East field, as well as the Akkar North (East Block) and West Zhetybai oilfields. This review is expected to be completed by the end of 2020 and it is hoped that, once it is completed, the Company will be able to provide shareholders with what funding options are available to address both the issue of access to gas utilisation infrastructure as well as the completion of the planned 2021 drilling program on the West Zhetybai oilfield.

It should also be noted that staffing in Aktau has been increased to allow for the Akkar East oilfield to return to production.

If shareholders have any questions regarding this Operations Update they are welcome to contact the Company on +61 89322 8222.

Geoff Gander
Chairman/CEO

ENDS

Authorised by the Jupiter Energy Limited Board

Enquiries:

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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 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.