

26 July 2022

Jupiter Energy Limited (“Jupiter” or the “Company”)

**UPDATE ON PROGRESS WITH IMPLEMENTATION OF 100% GAS  
UTILISATION PLAN**

**KEY POINTS:**

- **100% Gas Utilisation Plan (the Plan) continues to progress through the Kazakh regulatory approval process.**
- **The Plan is based on a two staged approach.**
- **Stage 1 funding has been secured and 5 Gas to Electricity generators will now be ordered – equipment is currently scheduled to be delivered to site in early 1Q 2023 and should be operational during 1Q 2023.**
- **Achieving Stage 1 100% Gas Utilisation will allow production wells to return to optimal flow rates. Current constrained production of ~30 tonnes/~225 barrels per day forecasted to increase to ~100 tonnes/~750 barrels per day once the infrastructure is installed and operational.**
- **100% Gas Utilisation will mean that all excess associated gas produced during production will be converted into electricity. Some of this power will be used for operations and the remainder will be committed to developing a new, non-hydrocarbon, line of business that is consistent with the focus in Kazakhstan to support renewable energy initiatives.**

The Board of Jupiter Energy Limited (ASX: “JPR”) is pleased to provide this update regarding progress with achieving 100% gas utilisation on the Akkar North (East Block), Akkar East and West Zhetybai oilfields.

The Company has been developing its asset in Kazakhstan for the past decade, moving from the licencing of pure exploration acreage through the drilling of exploration wells in different parts of its 123km<sup>2</sup> acreage and the discovery of 3 oilfields.

The Company has recently transitioned from its Exploration Licence to a Commercial Licence. The installation and commissioning of its 100% gas utilisation infrastructure is integral to its next stage of future growth.

On 15 March 2022, the Company announced it had lodged its 100% Gas Utilisation Plan (the Plan) for approval by the relevant Kazakh regulatory authorities.

#### Strategic Importance of 100% Gas Utilisation Infrastructure:

As previously announced to shareholders, all oil currently produced by Jupiter is sold into the Kazakhstan domestic oil market, as is required under Kazakh Sub Surface law, when wells are either producing under a Trial Production Licence or during the "Preparatory Period" of a Commercial Production Licence.

The "Preparatory Period" applies to an operator that is transitioning between Trial Production (during which time associated gas from production can be flared) to Commercial Production, under which 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", Jupiter is able to produce from any well located on a field with an approved Commercial Production Licence without having the requisite gas utilisation infrastructure in place, only if all associated gas that is produced during production is used on the field for power, heating and the like.

A lack of such approved infrastructure means that Jupiter's production is currently constrained on the Akkar North (East Block) and Akkar East fields as both fields are operating under "Preparatory Period" restrictions. Total production from the 4 production wells located on these 2 fields is currently restricted to ~30 tonnes (~225 barrels) per day.

The West Zhetybai field is in the process of gaining the necessary approvals to transition from Trial Production to Commercial Production and the J-58 well has been shut in since this approval process commenced.

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The implementation and approval of a cost effective 100% gas utilisation solution is pivotal to enabling the Company to return all its current 5 production wells to optimal production – which, based on past performance, should be ~100 tonnes (~750 barrels) per day.

Going forward, the installation of 100% gas utilisation infrastructure will also enable the Company to be positioned to seek approval from the Kazakh Ministry of Energy to sell its oil into the export market.

#### Progress with implementation of the Gas Utilisation Plan:

The Company is pleased to confirm that it has finalised the ordering of the Stage 1 gas utilisation equipment.

As detailed in Jupiter's 15 March 2022 announcement to shareholders, Stage 1 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.

With funding secured, the equipment will now be ordered from a Chinese manufacturer and the generators are expected to be delivered to the field(s) by early 1Q 2023. All infrastructure will be installed as soon as feasible after delivery of the generators and assuming the Plan has been as scheduled, optimal production should commence during 1Q 2023.

The purchase of the gas to electricity generators will be funded from operations and involves a \$US1.3m prepayment from a local Kazakh oil trader. The \$US1.3m prepayment will be offset against additional oil sales that are expected to result from the increased production achieved when the 100% Gas Utilisation infrastructure becomes operational.

Oil sales between now and the return to optimal production will continue under the normal prepayment conditions based on ~30 tonnes (~225 barrels) per day production, ensuring that cashflow from operations, when combined with the additional \$US1.3m prepayment, should provide the necessary day to day funding to support the business, without the need to access other funding facilities that the Company has available.

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It is expected that pricing for domestic oil will be ~\$US30-35 per barrel for the foreseeable future and cashflow forecasts have been prepared on this basis.

#### Debt Restructure Plan/Future Funding:

As detailed in Jupiter's 4 March 2022 announcement to shareholders, the Company is working towards a broader debt restructure plan and part of that process was the lodgement of an application with the Kazakh Ministry of Energy for permission for Jupiter Energy Limited to issue new shares. That approval process has been completed and the authority is valid for 12 months – which will be until 30 June 2023.

Shareholders should be aware that any significant issue of new shares would also require Jupiter Energy shareholder approval, which would form part of a future General Meeting.

The 4 March 2022 announcement provides all the material terms of the current debt restructure plan, as well as expected future funding under that plan, and shareholders are encouraged to refer to the announcement for more details.

Commenting on the progress with achieving 100% Gas Utilisation, the Company said:

“Jupiter is pleased to have been able to secure funding for the Stage 1 equipment through normal operations and the order will now be placed for the supply of the five (5) gas to electricity generators. We will continue to work with our local partners to ensure the regulatory approval process for the Gas Utilisation Plan continues to run as smoothly as possible. Achieving 100% gas utilisation in a reasonable timeframe is a critical milestone for the Company as it will enable all 5 production wells to return to their optimal flow rates and also position the Company to be able to apply to sell its oil into the export market.”

If shareholders have any questions regarding this update they are welcome to contact the Company on +61 3 9592 2357.

Geoff Gander  
Chairman/CEO

**ENDS**

*Authorised by the Jupiter Energy Limited Board*

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**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.

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