

30 October 2018

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

**QUARTERLY UPDATE ON ACTIVITIES FOR THE PERIOD TO 30 SEPTEMBER  
2018**

**KEY POINTS:**

- **Oil production steady from the Akkar East field.**
- **Oil production commenced from the West Zhetybai field.**
- **Oil Sales for the Quarter total approximately \$US1,392,000 based on sales of 40,750 barrels of oil. All oil sold into the Domestic market as per the terms of the Trial Production Licences.**
- **9<sup>th</sup> well (J-57) spudded in early October. This is the final well that is expected to be drilled on the Akkar East oilfield before a Final Reserves Report can be completed and submitted to the relevant authorities for approval.**
- **Necessary approvals for J-50 (Akkar North: East Block oilfield) to recommence Trial Production are well advanced. The well is expected to recommence production during 1st Quarter 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" and KASE: "AU\_JPRL") presents the following update on activities for the 3 month period ending 30 September 2018 (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-51, J-52 and 19. All wells are located on the Akkar East field.

Production from well J-58, which is located on the West Zhetybai oilfield, commenced during September 2018. The current rate from this well is ~500 barrels per day with a water cut of <5%.

The Company has commenced the drilling of its 9<sup>th</sup> well: J-57. The drilling of the J-57 well is being funded via a \$US2m loan for the prepayment of oil sales linked to production from the J-58 well.

### **Oil Sales:**

The Company continues to sell all its oil through one local trader. During the Quarter, oil sales (including VAT) totalled ~\$US1,392,000. This was based on the sale of 40,750 barrels of oil at an average price of approximately \$US34/bbl. All oil was sold into the Domestic Market, as is required by Kazakh laws, when wells are producing under a Trial Production Licence.

Production of oil by well for the Quarter was as follows:

J-51: 9,000 barrels  
J-52: 11,000 barrels  
Well 19: 14,250 barrels  
J-58: 6,500 barrels

### **J-50 Trial Production Licence:**

The necessary Kazakh regulatory approvals required to enable the J-50 well, located on Akkar North: East Block, to recommence Trial Production are well advanced and the Company is now working with the relevant departments to get the necessary emission approvals in place and is also making key decisions on the required field infrastructure.

The process has been slower than expected and production from the J-50 well is now not expected to recommence until 1st Quarter of 2019, assuming all the remaining regulatory approvals are granted in a timely manner and all the necessary field infrastructure is in place.

The J-50 well was shut in at the end of December 2014 due to a dispute with Jupiter's neighbour over the allocation of the Akkar North oil reserves. This matter has now been resolved.

### **Go Forward Plan:**

Quarter by Quarter production is expected to increase with consistent contribution from the J-58 well.

The drilling of the Company's ninth well (J-57) is underway. This well is being drilled on the Akkar East field and is expected to be the last well drilled before Jupiter is able to submit its application for approval of a Final State Reserves Report for the Akkar East field. This is a necessary step before being granted permission to move this oilfield from Trial Production status (Domestic oil sales) into Commercial Production status (Export oil sales).

Another key step in the process of moving from Trial Production to Commercial Production is having access to the appropriate topside infrastructure to process the oil and provide for 100% gas utilization. During Trial Production excess gas is permitted to be flared but this is not allowed during Commercial Production. The Company is in discussions with a number of potential partners that can provide access to such topside infrastructure.

The funding for the drilling and completion of J-57 has been sourced via a \$US2m loan agreement with a local trader. The loan is secured via forward oil sales from the J-58 well.

This funding is separate from the agreed "Operations Budget" under which the Company currently conducts its day to day operations. Cashflow from Akkar East oil sales is now stable and funds the Aktau operation with any corporate costs being met through the existing 2017 Funding Agreement, details of which are covered later in this Report.

### **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<br>30 June 2018 | Interest acquired /<br>disposed of during<br>the Quarter | Interest held as at<br>30 September 2018 |
|------------|-----------------|-------------------------------------|----------------------------------------------------------|------------------------------------------|
| Kazakhstan | Block 31        | 100%                                | Nil                                                      | 100%                                     |

## **Capital Structure and Finances:**

As at 30 September 2018, the Company had 153,377,693 listed shares trading under the ASX ticker "JPR" and the KASE ticker "AU\_JPRL".

The Company has no options or Performance Shares, listed or unlisted, on issue.

As at 30 September 2018, total Company debt outstanding stood at approximately \$US47.7m through the following funding agreements:

|                                     | <b>US\$</b>       |
|-------------------------------------|-------------------|
| 2017 Funding Agreement (max \$US5m) | 1.71 m            |
| 2016 Funding Agreement (max \$US5m) | 4.46 m            |
| Refinanced Series B Promissory Note | 13.38 m           |
| Refinanced convertible notes        | 28.15 m           |
|                                     | <b>\$US47.7 m</b> |

In terms of available short term funding: As at 30 September 2018, the Company had drawn down \$US1.71m<sup>1</sup> under the \$US5.0m 2017 Funding Agreement meaning \$US3.29m is still available under this funding agreement.

The Company also still has access to a further \$US0.54m<sup>2</sup> under the 2016 Funding Agreement.

The Company continues to operate under an agreed Operations Budget. Based on this Operations Budget, 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 2018 being \$US3.83m) will enable the Company to remain funded for the foreseeable future.

Unaudited net cash reserves as at 30 September 2018 stood at approximately \$A993,000.

## **Summary:**

Progress during the Quarter was positive and the Company produced 40,750 barrels of oil from the J-51, J-52, 19 and J-58 wells.

Revenue from oil sales (including VAT) for the Quarter amounted to ~\$US1,392,000 which was secured via prepayments from a local oil trader.

<sup>1</sup> Including accrued interest

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

Drilling of the J-57 well is expected to be completed during 4Q 2018 and assuming success, the well will then be put onto test production for a 3 month period during 1Q 2019.

If shareholders have any questions regarding this Quarterly report they are welcome to contact the Company on +61 449 886 442.

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 and KASE stock markets. 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.