

31 December 2019

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

OPERATIONS UPDATE

KEY POINTS:

- **Approval process for extending the Trial Production Licences for the Akkar North (East Block) and West Zhetybai oilfields is almost complete. Production from wells J-50 and J-58 has been shut in pending signing of relevant Addendums.**
- **The Final Reserve Report for Akkar East oilfield has been approved and the process for transitioning the oilfield from the Exploration phase to Commercial Production is well underway. Wells J-51, J-52 and 19 have been shut in as of 29 December 2019 and will only be allowed to return to production when and if all the necessary transitioning approvals have been granted.**
- **Staffing levels in Aktau are expected to remain as is until there is more clarity on the timeline needed for the Akkar East oilfield to return to production.**

Jupiter Energy Limited (ASX: “JPR”) provides this Operations Update in order to provide clarity on the status of oil production from the Akkar North (East Block), Akkar East and West Zhetybai oilfields beyond the current Trial Production expiration date of 29 December 2019.

As foreshadowed in the Company’s 2019 Annual Report, released to shareholders on 30 September 2019, the introduction during the year of a new code governing Kazakh Sub Surface Users has meant that the licence extension process has changed.

The Company has made good progress with regards its applications to have the Trial Production period for the Akkar North (East Block) and West Zhetybai oilfields extended and it is expected that the final paperwork required to confirm these extensions will be completed in the coming days.

A change of personnel in the Ministry of Energy during December 2019, including the Minister and 1st Vice Minister, has led to delays in getting the Addendums for the respective Trial Production Licence extensions signed off. It is hoped this will be resolved soon and wells J-50 and J-58 will be able to resume production during January 2020.

With regards the Akkar East oilfield, as also detailed in the 2019 Annual Report, the Block 31 permit will be broken into two areas, as allowed under the new Sub Surface Code. One area will contain the Akkar East oilfield and this field will move from the Trial Production phase to Commercial Production. This reflects the fact that five new wells have already been drilled on this field (J-51, J-52, J-53, J-57 and Well 19) and the area has had its Final Reserves Report approved, confirming C¹ classified reserves now account for ~60% of the approved reserves on this oilfield.

The issue facing the Company is that in order to move Akkar East into Commercial Production, the oilfield must have access to infrastructure that enables it to achieve 100% gas utilization – ie the flaring of excess gas produced during oil production, that is allowed during Trial Production, is not allowed when producing under Commercial Production.

Under the new Sub Surface Code, there is a provision for a field to transition from the Exploration phase to Commercial Production under the so called “Preparatory Period”, during which time the operator may still flare the gas produced during oil production, provided the necessary approvals have been obtained from the Ministry of Energy.

The Company has therefore applied for the Akkar East oilfield to be allowed to operate whilst flaring gas under the “Preparatory Period” during 2020 and the Company is awaiting the outcome of this application.

Until this matter is resolved, the producing wells on the Akkar East oilfield (currently J-51, J-52 and well 19) have been shut in as of 29 December 2019, which was the expiry date of the current Akkar East Trial Production Licence.

Staffing in Aktau will remain at the current levels until the timeline for the Akkar East wells returning to production is clarified.

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

Authorised by the Board of Jupiter Energy Limited

Geoff Gander
Chairman/CEO

ENDS

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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.