

11 October 2011

QUARTERLY UPDATE ON ACTIVITIES FOR THE PERIOD TO 30 SEPTEMBER 2011

KEY POINTS:

- Oil production expected before the end of the year following approval of J-50 and J-52 Trial Production Licence applications
- Drilling of J-51 well completed. Independent analysis of open hole logging confirms 161m of gross pay with 83m of net pay; similar thickness as seen in the J-50 and J-52 wells
- Drilling rig preparing to move to location for J-53 exploration well; expected spud in 4Q 2011
- 3D seismic acquisition over new extension area of Block 31 completed. Processing and interpretation to be progressed during fourth quarter of 2011
- Appointment of in-country manager
- Convertible Note with SNG Capital raises US\$3.45m (before costs)
- Company on track to dual list JPR shares on AIM during fourth quarter of 2011

Jupiter Energy Limited (ASX: JPR) presents the following update on activities for the 3 month period ending 30 September 2011. Also included in this report are details of any subsequent events that have occurred up to the date of this release.

Oil Production Update

The Company announced on 3 October 2011 that the Kazakh Central Development Committee (CDC) had approved applications for Trial Production Licences for both the J-50 and J-52 exploration wells. The Trial Production Licences have a 3 year duration and allow the Company to concurrently produce oil from the J-50 and J-52 wells while completing the planning and implementation of the necessary surface infrastructure required to develop the discoveries for long term production.

The CDC approval is a major milestone and a written protocol from the CDC confirming the decision will shortly be issued. A number of operational steps still need to be completed before both wells can be brought onto production.

Whilst Jupiter's Aktau based team had done as much planning as possible in the lead up to the CDC decision, several approvals from the local authorities still need to be completed before oil from both wells can be produced and sold. These are all expected to be in place before year end.

The Company is delighted to have achieved these important milestones for both the J-50 and J-52 wells; shareholders will be kept informed on the progress towards production.

Operations Update

On 1 August 2011 the Company announced the spudding of the J-51 exploration well and on 22 September 2011 confirmed that target depth had been reached and open hole logging completed.

Independent analysis of these open hole logs, carried out by independent consulting firm RES, confirmed that zones within the Middle Triassic reservoir have a combined gross pay of some 161m and a combined net pay of 83m. The 161m gross pay includes a secondary 38m zone in the Triassic limestone; the mid Triassic primary objective was 123m gross and 83m of net oil pay. The net/gross analysis was based on cut-offs of 3.8% for porosity and 50% for oil saturation. These results were consistent with the Company's well prognosis.

The Company will focus on testing the primary target with its planned testing program but further work on the secondary zone may be carried out in future wells.

Production casing has been run into J-51 and cemented in place. A more cost-effective service rig will be used to perforate and stimulate the well in preparation for up to a maximum of 3 months of flow testing. Oil produced during this period will be sold into the domestic market. Details of stabilised flow rates from the J-51 well will be released in due course.

Exploration Programme

When work is completed on J-51 the drilling rig will be moved to a new location southeast of J-51 to drill and test a structure, which the Company believe may contain up to 10 million barrels of potential resource. This well, J-53, is the first of the Company's two 2012 commitment wells. It is expected that the well will be spudded in the fourth quarter of 2011 and will be completed in early 2012.

The Company is current with its work obligations under the Block 31 contract; the J-51 well has completed the obligations for 2011 and as already indicated the Company is planning to commence drilling the first of the two 2012 commitment wells before the end of 2011; the second 2012 commitment well, J-55, will be completed during 2012.

Block 31 Extension

On 13 July the Company announced that the Kazakh Ministry of Oil & Gas had given its approval to an application made by JPR to extend the existing Block 31 acreage. 3D seismic data acquisition over 140 km² was completed on 23 September 2011. Results of this work will be used to determine the drilling location of J-55, the Company's 2nd 2012 commitment well.

This 3D seismic was the work commitment associated with the granting of the extension to the Block 31 acreage; it will be completed before the end of 2011, a year in advance of the required date of 31 December 2012.

In Country Management Appointment

On 8 August 2011, the Company announced that Gamal Kulumbetov had joined the Company as Managing Director of Jupiter Energy (Kazakhstan).

Gamal has worked in the oil and gas sector for over 13 years and was most recently part of the senior management team of one of the larger independent oil exploration and production companies in the Mangistau region.

Gamal's responsibility will be the overall management of the Block 31 operations and he is located in the Aktau office. He is also be responsible for the ongoing development of relationships with the key regional and state bodies that regulate the oil and gas industry in Kazakhstan as well as creating a new division within Jupiter Energy that will be responsible for oil sales into both domestic and export markets.

Financing Package

On 29 September 2011, the Company agreed terms on a US\$3.45m Convertible Note with major shareholder Soyuzneftegas Capital Limited (SNG).

The key terms of the Convertible Note are:

- Effective date: 29 September 2011
- Coupon Rate: 15% per annum
- Term: 24 months with interest payable quarterly in arrears
- Conversion price: US\$0.75, SNG has right to convert if there is a capital raising prior to conversion
- Number of shares to be issued if note converted at US\$0.75: 4.6 million, representing approximately 4% of the issued share capital
- Arrangement Fee: 1%

The funds raised via the issuance of the Convertible Note will assist the Company in both meeting the capital requirements of the AIM listing and in funding the on-going drilling programme.

AIM Listing

The dual listing of JPR shares on AIM is expected to be made through a Compliance Listing completed via the AIM "Fast Track" process. The Company expects to lodge all the relevant documentation with the London Stock Exchange during October 2011 with an expectation that the listing process will be completed in November. Evolution Securities has been retained by the Company as Nominated Advisor for both the AIM listing process and ongoing advice.

Capital Structure and Finances

As at 30 September 2011, the Company had 115,862,317 listed shares trading under the ASX ticker "JPR". The Company had 866,669 unlisted options on issue all expiring on 31 December 2012 with exercise prices between \$1.50 and \$2.775. The Company also had on issue a total of 2,133,335 unvested Performance Rights.

Unaudited net cash reserves of the Company plus the proceeds from the Convertible Note, totalled approximately A\$11.7m as at 30 September 2011, with most cash being held as \$US.

Summary

The Board continues to be optimistic about the Company's outlook and looks forward to reporting on the progress of its key activities over the next six months.

Commenting on the past 3 months activities, Jupiter Chairman/CEO Geoff Gander said, "We continue to meet the operational objectives required to progress the Company into its next phase – that of becoming an oil producer. The approval of the J-50 and J-52 Trial Production Licences has been the highlight of a very productive quarter."

If Shareholders have any questions regarding this quarterly report they are welcome to contact the Company on +61 89322 8222.

Geoff Gander
Chairman/CEO

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