JUPITER
ENERGY LIMITED
ABN 65 084 918 481

Level 2, 28 Kings Park Road
West Perth WA 6005
PO Box 1282
West Perth WA 6872
Tel: +61 8 9322 8222
Fax: +61 8 9322 8244
www.jupiterenergy.com

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QUARTERLY UPDATE ON ACTIVITIES FOR THE PERIOD TO 30 JUNE 2012

KEY POINTS:

- **Trial Production from the J-50 and J-52 wells produced ~21,500 barrels during the quarter. All oil presold at $US400/tonne (~$US58/barrel)**
- **Agreement from Ministry of Oil & Gas to extend Exploration Licence to December 2014**
- **Approval granted to test J-51 well with additional perforations at Mid Triassic (A) Zone horizon and 90 day production testing underway. Flow rates are currently ~600 bopd for co-mingled production from both horizons**
- **Trial Production Licence applications for both J-51 and J-53 wells are progressing**
- **Fully Underwritten Rights Issue to raise $A11.6m (before costs) announced with closure date expected to be 20 July 2012. Raising based on 1 new share for every 4 held, priced at $A0.40 per share**

Jupiter Energy Limited (ASX: "JPR" and AIM: "JPRL") presents the following update on activities for the 3 month period ending 30 June 2012. Also included in this report are details of subsequent events that have occurred up to the date of this release.

The April to June 2012 quarter continued to see measured progress being made by Jupiter Energy Limited (JPR and/or the Company) in the transition from pure oil explorer to that of explorer and producer (E&P).

Overview of the Quarter:

On 24 April 2012, the Company announced that its J-50 and J-52 wells had been given approval to begin Trial Production. An initial cargo of 6,000 tonnes (~42,000 barrels) was presold at a price of $US400/tonne (~$US58/barrel) and the full amount of $US2.4 million was received before deliveries began.

Oil sold during the quarter totaled ~21,500 barrels and details regarding the next round of oil sales will be announced in due course.

During the quarter the Company was advised that its application to prolong its exploration licence for a further two years, from December 2012 to December 2014, was approved; the Company is now finalizing the text of an addendum to the Block 31 Contract to reflect this prolongation. The Company has a 6+2+2 year exploration licence and this was the first of the two year extensions available to the Company; it is the Company's intention to use this prolongation to continue exploring on the recently extended southern section of Block 31.

In addition to these exploration rights, the Block 31 contract also provides for a 25 year Production Licence for areas deemed to be commercial discoveries. Under this Production Licence, the Company is able to sell a minimum of 80% of the oil produced into the export market.

A production facility to process the oil, with the capability to utilize the associated gas produced with the oil, will need to be built. This facility must meet the relevant regulatory requirements in order to produce and sell oil under this licence from the already discovered Akkar East field in the northern section of Block 31. Work has now commenced on the planning and approvals required to build this production facility, construction of which is expected to commence in 2013.

Funding for the remainder of the 2012 work program is now secured with a fully underwritten rights issue expected to close on 20 July 2012 that will raise $A11.25m (after deducting costs of the issue).

<u>Operations in detail:</u>

<u>J-53 Well:</u>

The J-53 well was the Company's fourth exploration well and the first of its two 2012 commitment wells on Block 31. The well is located 2.8 km southeast of the J-52 well and increases the known areal extent of the Akkar East field.

During the well's 3 month testing period, J-53 was fracture stimulated and exhibited a flow regime with only periods of intermittent production, recovering oil and water. Analysis of the chemical composition of the recovered water and pressure transient data indicated that during the frac and acid stimulation work carried out on the well during its completion, and it is believed that the zone from 2,996m - 2,999m propagated a fracture down to penetrate the oil water contact.

The resultant water influx from this 3m zone impacted the overall performance of the well and the composition and quantity of the liquids produced. Selective water shutoff using a permeability modifier has been determined as the most effective way to isolate the water within this zone such that the flow of hydrocarbons is able to take place uninhibited and not reduce the overall productivity of the mid Triassic formation.

Planning for the workover of J-53 is well advanced, however prior to work commencing an extension to the initial 3 month production testing period must be granted; it is expected that the workover will be completed during 3Q 2012. Updates on the performance of the J-53 well will be provided to shareholders in due course.

J-51 Well:

During the quarter an application to carry out additional perforations in J-51 to conduct testing of the previous untested Mid Triassic (A) horizon was approved by the Kazakh authorities. The previous 3 month testing was carried out on only the Mid Triassic (B) horizon.

The approval permits the well to be flow tested until 15 September 2012 and to co-mingle the production from both the Mid Triassic (A) and (B) horizons. The current flow rate from the well is 600 – 650 barrels of oil per day (bopd). Oil produced during this period of testing will be sold into the domestic market.

J-50 and J-52 Trial Production:

The Company announced on 24 April 2012 that Trial Production had approved for both the J-50 and J-52 wells. The Trial Production Licences are issued for a maximum three (3) year duration to allow the Company to concurrently produce oil from the J-50 and J-52 wells while completing the planning, construction and commissioning of the necessary surface infrastructure required to develop the discoveries for long term production.

Following the introduction of new safety legislation for production facilities in June 2012, some modifications to the topside infrastructure at J-50 and J-52 will be undertaken during July to bring the facilities in line with the new laws; the J-50 and J-52 wells will be shut in during these modifications which are expected to be completed within one month.

Oil sales during this period will come from the J-51 well. The facilities at J-51 are not impacted as the new laws are not applicable to wells producing under the 3 month production testing period.

Forward Drilling Plan (J-55):

The extension of Block 31 acreage, granted in 2011, increased the Block 31 permit size from ~63km^2 to ~123km^2. The Company acquired 3D seismic over this new acreage before the end of 2011; the new data has been processed and interpreted and several new prospects identified.

The 1st well to be drilled on this new area (J-55) will be the final commitment well under the current 6 year exploration licence and is expected to spud in late July 2012. Updates on the drilling of the J-55 well will be released as appropriate.

Funding for this well will come from the Rights Issue that was announced on 25 June 2012.

Fully Underwritten Rights Issue:

The Company has now distributed to shareholders a Prospectus setting out the terms of a fully underwritten pro-rata non-renounceable entitlement issue of 1 fully paid ordinary share in the capital of the Company for every 4 Shares held at the Record Date at an issue price of $A0.40 per Share to raise up to approximately $A11,613,016 before costs (the Offer).

The Offer is fully underwritten by Waterford Petroleum Limited and Soyuzneftegas Capital Limited. Shareholders who will receive an entitlement under the Offer are those with a registered address which is in Australia, New Zealand, United Kingdom, Guernsey or Cyprus. Details of the timetable of the offering and the use of funds can all be obtained from the Prospectus which is available at the Company's website: www.jupiterenergy.com

Reserves Update:

As part of the Trial Production application process, an estimation of reserves associated with all discovery wells was prepared under the accepted Kazakh standards and then submitted to the Kazakh authorities for approval. The Company announced in June 2012 that the State Reserves Committee had approved reserves for the areas associated with the J-50, 51, 52 and 53 wells.

The State Reserves Committee approved C1+C2 reserves equivalent to ~37 million barrels (mmbbl) of oil recoverable under the Russian GOST classification system; while similar, the Board cautioned in the 7 June 2012 announcement against extrapolation of this figure directly into the 1P (proved) or 2P (proved plus probable) classification of the Petroleum Resource Management System ("PRMS") used by international oil and gas companies.

The most recent PRMS report in the public domain provides a 24 mmbbl 2P recoverable reserves estimation and is outlined in the May 2011 Competent Persons Report prepared by Synergy Limited. This report was based on reserves only within the Triassic horizon after the drilling of J-50 and J-52.

The Company expects to appoint an independent reserves engineer to undertake a comprehensive reserves study using the standards set out within the PRMS document in early 2013, following the drilling of the next two exploration wells scheduled for 2H 2012 (J-55 and J-58). These wells are to be drilled on the new southern extension.

Capital Management:

With the proceeds from the Rights Issue and further sales of oil from the producing wells, the Company should be fully funded to complete the drilling of J-55 and J-58 during the second half of 2012 and have the funding to implement the necessary topside infrastructure to bring the J-51 and J-53 wells onto Trial Production during the 4th quarter 2012.

Later in 2012, the directors will consider all available options for financing the further development of the East Akkar field during 2013 and beyond to the stage where export oil sales are being achieved and further development of the field is self-funding; these options may include the further issue of new equity, reserve based debt, convertible debt or a combination of these various instruments.

Capital Structure and Finances:

As at 30 June 2012, the Company had 116,130,154 listed shares trading under the ASX ticker "JPR" and AIM ticker “JPRL”. The Company had 866,669 unlisted options on issue all expiring on 31 December 2012 with exercise prices between $A1.50 and $A2.775. The Company also had on issue a total of 2,133,335 unvested Performance Rights. Post shareholder approval at a General Meeting held on 14 May 2012, these Performance Rights now expire on 31 December 2013 and are subject to the same vesting conditions as approved by shareholders in August 2011.

Post the completion of the Rights Issue, the number of shares on issue will increase to 145,162,693. At the General Meeting held on 14 May 2012, shareholders gave approval to the Board to issue 8,215,000 shares if Soyuzneftegas Capital Limited elected to convert their $US3.45m convertible note at the rights issue price of $A0.40 per share. If the conversion does take place then the number of shares on issue would increase to 153,377,693. The shareholder approval for the issue of these additional shares is valid until 14 August 2012.

Unaudited net cash reserves as at 30 June 2012 totalled approximately $A400k. During July 2012, $A11.25m will be raised (after deducting costs of the issue) and domestic oil sales will also continue to contribute to cash reserves during 2H 2012.

Summary:

The quarter saw continued progress towards the goal of developing Jupiter Energy into a full cycle E&P company with a growing production profile and material reserves.

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

Geoff Gander
Chairman/CEO

ENDS

Enquiries:

Jupiter Energy (+61 89 322 8222)
Geoff Gander (geoff@jupiterenergy.com)

Competent Persons Statements:

General

Keith Martens, BSc Geology and Geophysics, with over 35 years' oil & gas industry experience, is the qualified person who has reviewed and approved the technical information contained in this report.

Independent Reserves

The information in this report which relates to independent Triassic oil reserves (1P, 2P, 3P) and prospective resource (P90, P50, P10) is based on information compiled by Senergy Limited, an international oil & gas consulting company that specialises in oil & gas reserve estimations. Senergy Limited has sufficient experience which is relevant to reserve estimations and to the specific exploration permit in Kazakhstan to qualify as competent to verify information pertaining to the Triassic oil reserves (1P, 2P, 3P) and prospective resource (P90, P50, P10). Senergy Limited has given and not withdrawn its written consent to the inclusion of its name and the Triassic 1P, 2P, 3P reserves and prospective resource (P90, P50, P10) figures in the form and context in which they appear in this report. Senergy Limited has no material interest in the Company.

About the Company:

Jupiter Energy Limited is an oil exploration and production company, quoted on both the AIM and ASX 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.