

23 July 2013

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

QUARTERLY UPDATE ON ACTIVITIES FOR THE PERIOD TO 30 JUNE 2013

KEY POINTS:

- **Approximately 73,000 barrels of oil was produced during Quarter, generating domestic oil sales of ~\$US2.357m at an average price of ~\$US32 per barrel at the well head.**
- **Oil sales target for calendar year 2013 is now \$US8.4m based on expected sales of approximately 265,000 barrels of oil. The budget is based on expected production from wells J-51 and J-52 and no more production from J-50 during 2013.**
- **Testing of the J-58 from the additional T2A horizon did not result in an increase in production levels, with the well recording up to 1,200 bopd when producing from the lower T2B horizon alone. Well has now been shut in and an application will be made for a Trial Production licence.**
- **The J-59 well was tested during June 2013 and in what was a limited testing period the key parameters required to complete the CPR and State Reserves Report were established. Further testing will be carried out and a stabilised flow rate established if an application for the extension of the testing period is approved**
- **\$US9m of Convertible Notes issued resulting in net proceeds of ~\$US5.7m after fees and repayment of \$US3m of Promissory Notes.**
- **An estimation of reserves under the PRMS/SPE standards is expected to be ready for release within the next 6 weeks, post the finalization of results from the testing of J-59.**
- **A Kazakh State Approved Reserves Report for wells J-55, 58 and 59 is scheduled to be submitted to the authorities for approval in August 2013.**
- **Forward drilling plan is to spud the J-54 exploration well during 4Q 2013 or 1Q 2014.**

Jupiter Energy Limited (ASX: "JPR" and AIM: "JPRL") presents the following update on activities for the 3 month period ending 30 June 2013 (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:

Trial Production oil sales for the Quarter came primarily from the J-51 and J-52 wells. Over 73,000 barrels of oil were sold in the domestic market during the Quarter, achieving approximately \$US2.357m in sales at an average price of \$US32 per barrel and based on an average production rate of 811 barrels of oil per day (bopd). All oil was sold on a pre-paid basis and this sales price is expected to continue for the remainder of 2013.

Operations in Detail:

AKKAR EAST

J-50 (Trial Production):

Oil sales from J-50 during the Quarter were limited to approximately 5,000 barrels of oil, generating revenues of approximately \$US162,000 at an average price of \$US32 per barrel. The flow rate was approximately 300 bopd during the production period.

The reason for the restricted production from J-50 is that the improved production performance from the well, compared to what was originally predicted when the well was first granted a Trial Production Licence, has meant that the approved 2013 gas emissions target was exceeded well before 31 December 2013.

Kazakh regulations require the Company to obtain an amendment to the current J-50 Trial Production Licence to address this and whilst this process is underway, the J-50 well must be shut in. The amendment will be subject to approvals from various regulatory bodies so the timing of resumption of production from J-50 cannot be predicted at this time; shareholders will be advised when production resumes.

J-51 (Trial Production):

The average daily flow rate from the J-51 well for the Quarter was ~330 bopd with all oil produced being sold into the domestic market. Water cut from the well is <1%. A total of approximately 30,000 barrels of oil was produced from the J-51 well during the Quarter, generating approximately \$US968,000 in sales.

J-52 (Trial Production):

The average daily flow rate from J-52 during the Quarter was ~400 bopd with all oil produced being sold into the domestic market. Water cut from the well is <1%. A total of approximately 35,700 barrels of oil was produced from the J-52 well during the Quarter, generating approximately \$US1.151m in sales.

In the case of both the J-51 and J-52 wells, the impact of exceeding planned production with regards the gas emissions (as per J-50) has been taken into account when setting daily production levels.

J-53 Well:

The well is currently shut in and it is expected that further remedial work will be carried out on the well once the next round of funding is in place. Consideration is also being given to the possible completion of the Z-sand horizon.

The Company has received approval for J-53 to produce under Trial Production.

SOUTHERN EXTENSION AREA

J-55 Well:

Work on J-55 is currently suspended and consideration will be given to conducting an acid fracture on the T2A horizon to improve inflow once the next round of funding is in place.

J-58 Well:

During the Quarter the primary focus for J-58 was testing of the T2A horizon. Results indicated that no additional inflow from this horizon was achieved and, post bringing the well back onto production from the T2B for a short period, the well was shut in on the day that the approved Production Testing period ended.

During this short period of production from the T2B, a total of 2,365 barrels of oil was produced at an average daily production rate of approximately 950 bopd, and this generated \$US76,000 in sales revenue.

An application will be submitted to the relevant authorities for the J-58 well (along with the J-55 and J-59 wells) to all to be granted their respective Trial Production licences. It is expected that this process will take up to 6 months to complete.

J-59 Well:

The Company spudded the J-59 well on 31 December 2012 and the well reached Total Vertical Depth (TVD) of 3,191m on 20 February 2013. Hydrocarbon shows while drilling, including a core in the reservoir zone, and subsequent open hole wireline logs all indicated hydrocarbons in the Triassic reservoir. The open hole logs indicated good levels of oil saturation and porosity, similar to that of the J-55 and J-58 wells which were also drilled on the same structure.

Analysis by independent consulting firm Reservoir Evaluation Services LLC ("RES") confirmed some 102.8m of gross reservoir and approximately 42.8m of net pay at the Middle Triassic T2B carbonate reservoir unit, the primary reservoir objective in the well.

In addition RES analysis also confirmed an additional 64.6m of gross reservoir and approximately 40.4m of net pay at the Middle Triassic T2A carbonate reservoir unit.

Cut offs of 3.8% porosity and 50% oil saturation were used in the analysis, with a correction for mud filtrate displacement.

The testing of the T2B horizon of the J-59 well was delayed following the extended testing program on J-58 meaning that the approved 90 day testing period was significantly reduced. The completion and testing of J-59 was commenced in June 2013 and in the limited time available the key focus was to establish the parameters required to provide the information required to enable the completion of both the Competent Persons' Report and the State Reserves Report.

The initial focus was to establish an oil water contact. Perforations were carried out at 3114m-3118m and the OWC zone established.

A bridge plug was set and two further intervals were perforated (3075m-3077m and 2982m-3002m).

Oil was recovered to surface and bottom hole samples taken before the 90 day production period deadline was reached. The Company is expected to request an additional 90 days test period so further completion work can be carried out and a stabilised flow rate established. The timing of this work is expected to be during 4Q 2013.

Forward Plan – Drilling:

The Company is preparing to drill the J-54 well and spudding is likely to be in the 4th quarter of 2013 or 1st quarter of 2014.

The J-54 prospect is a large structural closure mapped using 3D seismic to the north of the producing East Akkar field. The prospect is believed to be a separate field and the prognosis is that it is structurally up dip of Akkar East.

The Company estimates a potential resource of over 20 million barrels of oil associated with this location and the directors believe a drilling success will have a meaningful impact on the future value of Block 31.

The Company considers that the main risk associated with the well is an adequate top seal to trap oil. Assuming success, it is believed that the reservoir quality and flow rates should be similar to that found in the Akkar East field.

Oil Sales:

Oil sales are currently being completed through two local trading companies; the Company continues to investigate new markets for the sale of its oil from the Block 31 wells. Going forward it is hoped that oil sales utilizing rail transport can be replaced with sales directly into the pipeline, thereby reducing transportation costs and improving the overall netback per barrel achieved in the domestic market.

Actual oil sales for the 1st half of 2013 totalled \$US4.455m and forecasted revenues for the second half of 2013 should see the 2013 calendar year sales total approximately \$US8.4m, with oil sales coming from both Trial Production and Production Testing.

Update to Reserves and Resource Estimations:

Work began on the new estimation of reserves under the PRMS/SPE standards during December 2012 but delays obtaining the test results from J-58 and the follow on delay in testing the J-59 well has meant that the Competent Persons' Report (CPR) is now not likely to be available until August or September 2013.

As outlined in the announcement made on 31 May 2013, the Company is currently in discussions with a number of parties regarding a range of long term funding options including bank debt; completion of the CPR is not likely to be a condition precedent on the closing of this funding.

In addition, as part of the application process for Trial Production Licences for J-55, J-58 and J-59, a Kazakh State Approved Reserves Report for the area covered by these three wells is scheduled to be submitted to the authorities in August 2013, with the approval process expected to take 2-3 months. The outcome of this report will be to provide a State approved C1+C2 reserves figure, based on the GOST standard, for the southern area of the permit.

Capital Management:

On 31 May 2013 the Company announced that it had issued \$US9 million of Convertible Notes ("the Convertible Notes"). The specific details were:

US\$9m Convertible Notes (Series A)

The key terms of the Convertible Notes:

- Term: 3 years
- Conversion Price: \$US1.25 per share (maximum of 7.2 million shares may be issued)
- Coupon Rate: 12% per annum, payable quarterly in arrears
- The Convertible Notes may be redeemed by Jupiter at any time with a minimum of 12 months interest payable if the Convertible Notes are redeemed within the 1st 12 months of their Term
- The issue of the Convertible Notes is carried out under Jupiter's 15% capacity in accordance with ASX Listing Rule 7.1

The breakdown of subscriptions for the Convertible Notes was:

- Waterford Petroleum Limited: \$US3m
- Soyuzneftegas Capital Limited: \$US2m
- Weighbridge Trust Limited: \$US1m
- Mobile Energy Limited: \$US3m

The net cash proceeds of the fundraising was \$US5.7m, following the repayment of US\$3m of Promissory Notes held by Mobile Energy Limited and the payment of a fee of 3% of the proceeds of the raising (\$US270,000) by the Company to Waterford Petroleum Limited for its role in arranging the funding.

The net cash proceeds of the fundraising will be used for the following purposes:

- Completion and testing operations on the J-59 well – approximately \$US1m;
- Initial design and planning for the building of topside infrastructure required to take the Akkar East oilfield into Full Field Development – approximately \$US0.5m; and
- General working capital – approximately \$US4.2m.

A second \$US3 million unsecured loan via three Promissory notes provided by Mobile Energy Limited remains in place.

As part of the 31 May 2013 announcement, the Company also advised that it was in discussion with several banks and institutions that provide project finance and/or reserve based debt for oil and gas developments. It stated that one common condition of these sources of financing was that the funding will only be for the development of the Akkar East oilfield and not for further exploration activity. As a result, there has been and may continue to be a requirement for additional funding and this may again be through the issue of further Convertible Notes.

Capital Structure and Finances:

As at 30 June 2013, the Company had 153,377,693 listed shares trading under the ASX ticker "JPR" and AIM ticker "JPRL".

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

The Company also has on issue \$US3m in Promissory Notes (due for repayment on 31 March 2014) and \$US9m in Series A Convertible Notes, both as detailed in this report.

The Company now has on issue a total of 7,000,001 unvested Performance Rights. These Performance Rights currently all expire on 31 December 2013 and the vesting terms for all the Performance Rights on issue are the same.

Unaudited net cash reserves as at 30 June 2013 stood at approximately \$A4.135m.

Summary:

The quarter saw continued progress towards the goal of developing Jupiter 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.

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ENDS

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Competent Persons Statement:

The information in this announcement which relates to the Mid Triassic prospectivity is based on information compiled by Reservoir Evaluation Services LLP ("RES"), a Kazakh based oil & gas consulting company that specialises in oil & gas reserve estimations. RES has sufficient experience which is relevant to oil & gas reserve estimation and to the specific permit in Kazakhstan to qualify as competent to verify the information pertaining to the Mid Triassic prospectivity. RES has given and not withdrawn its written consent to the inclusion of the Mid Triassic prospectivity figures in the form and context in which they appear in this announcement. RES has no financial 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.