

23 July 2014

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

QUARTERLY UPDATE ON ACTIVITIES FOR THE PERIOD TO 30 JUNE 2014

KEY POINTS:

- **62,460 barrels of oil was produced during the Quarter, generating domestic oil sales of ~\$US2m (~\$US32 per barrel at the well head). This compares with production of 73,000 barrels for the corresponding quarter in the 2012/13 financial year.**
- **Oil sales achieved for the 12 month period ending 30 June 2014 totalled 247,500 barrels, generating domestic oil sales of ~\$US7.9m (~\$US32 per barrel at the well head). This compares with production of 194,300 barrels and revenues of ~\$US5.9m for the 12 month period ending 30 June 2013 – resulting in a year on year increase of 27.5% in terms of oil production and 34% increase in oil revenues.**
- **State Approval of Preliminary Reserves Report for West Zhetybai, using approved Kazakh methodology:**
 - **C1+C2 reserves of 27.0 mmbbls**
 - **C1 reserves of 4.0 mmbbls**
 - **C2 reserves of 23.0 mmbbls**
- **When combined with the already approved preliminary C1+C2 reserves for Akkar East (37 mmbbls), total approved preliminary C1+C2 reserves on the permit area currently stand at 64 mmbbls.**
- **Future plans for West Zhetybai area include further testing of the existing J-55, J-58 and J-59 wells during the Trial Production phase and appraisal drilling in the areas between the existing West Zhetybai wells.**

Jupiter Energy Limited (ASX: "JPR", AIM: "JPRL" and KASE: "AU_JPRL") presents the following update on activities for the 3 month period ending 30 June 2014 (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:

Oil sales for the Quarter came from the J-50, J-51 and J-52 wells, with the J-53 well shut in awaiting the installation of a new Electric Submersible Pump (ESP). In aggregate, 62,460 barrels of oil were sold in the domestic market during the Quarter, achieving approximately \$US2m in sales at an average price of ~\$US32 per barrel. All oil was sold on a pre-paid basis.

Production for the Quarter averaged 694 barrels of oil per day (bopd). This drop in average daily production from last quarter (754 bopd) was primarily due to a gradual reduction of production from J-50 resulting from wear of the current ESP resulting in a loss of efficiency. A new ESP is expected to be installed in August 2014.

Summary of Operations:

| Well Number | Field | Status | Quarterly Production (barrels) | Quarterly Revenue (\$US) | Average Daily Production (bopd) | Water Cut | Comments |
|-------------|---------------|------------------|--------------------------------|--------------------------|---------------------------------|-----------|--|
| J-50 | Akkar North | Trial Production | 13,655 | 432,000 | 152 | <1% | Production from J-50 declined during the quarter due to wear in the ESP. The ESP will be replaced during August. |
| J-51 | Akkar East | Trial Production | 22,199 | 702,000 | 246 | <1% | |
| J-52 | Akkar East | Trial Production | 26,606 | 837,000 | 296 | <2% | |
| J-53 | Akkar East | Trial Production | 0 | 0 | 0 | N/A | Well shut in awaiting new ESP to be installed. Scheduled for Q1 2015. |
| J-55 | West Zhetybai | Shut In | NIL | N/A | N/A | | Preliminary Reserve Report approved. Further testing required subject to the relevant approvals. |
| J-58 | West Zhetybai | Shut In | NIL | N/A | N/A | | Preliminary Reserve Report approved. Trial Production Licence application underway. |

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|------|---------------|---------|-----|-----|-----|--|---|
| J-59 | West Zhetybai | Shut In | NIL | N/A | N/A | | Preliminary Reserve Report approved. Trial Production Licence application underway. |
|------|---------------|---------|-----|-----|-----|--|---|

West Zhetybai Preliminary Reserves Report:

On 4 July 2014 the Company announced that the Preliminary Reserves Report for the West Zhetybai field had been approved by the relevant State Authorities.

The West Zhetybai accumulation covers the area delineated by the J-55, J-58 and J-59 wells and reserves were evaluated for the T3¹, T3², T²A and T²B reservoir horizons. The State approved quantity of Oil in Place (OIP) for this area has been estimated at ~173.5 mmbbls (from all horizons) with preliminary recoverable reserves (C1 + C2) estimated at ~27.0 mmbbls.

The approved C1 reserves have been estimated at ~4.0 mmbbls and C2 reserves at ~23.0 mmbbls with the recoverable reserves are calculated from the OIP using individual recovery factors for each horizon. The weighted average recovery rate approved by the authorities was ~15.5%. The best recovery is expected from the T²B horizon and when estimating C1 reserves in this horizon, a recovery factor of 21.8% was used. This rate was based on production data from nearby fields that have been producing for several years.

The proportion of approved C1 to C1+C2 reserves indicates the need for (i) further testing of the J-55 and J-59 wells and (ii) drilling of additional appraisal wells on the field. The Company currently plans, subject to receipt of additional funding, to drill at least two more wells on the area before submitting its Final Reserves Report for West Zhetybai. Completion of this work should see existing C2 reserves moved into the C1 category as well as the identification of further C1 and C2 reserves.

Comment on the Reserve Figures:

Almost all the decrease in the reserves approved for West Zhetybai results as compared to the initial reserves submitted to the authorities for approval in September 2013 result from the reduction in the C2 reserves from ~58.9 mmbbls to ~23.0 mmbbls.

The reduction in the C2 reserves was as a result of a number of factors:

- A weighted average recovery factor of ~15.5% used for calculating C2 reserves as compared to a 27.2% recovery factor used when the initial report was prepared in 2013. The 27.2% recovery rate was based on modelling

carried out by local Kazakh institute Reservoir Evaluation Services LLC and the production data obtained from Jupiter's operations since 2010.

- The authorities taking a view that there was insufficient test data from J-55 and J-59 wells to demonstrate recoverable reserves from the area around these wells.
- The need for further appraisal drilling between the existing J-55, J-58 and J-59 wells; the distance between each well is ~4km and a distance of ~2km between wells (as is the case on the Akkar East field) is generally expected by the authorities.

In addition, more recent Pressure Volume Temperature (PVT) analysis indicated a less favourable oil volume (shrinkage) factor that also resulted in a reduction in the reserves that were approved.

The key point to note is that the approval of the Preliminary Reserves Report for West Zhetybai enables the Trial Production Licence (TPL) application process to begin and during the three year TPL phase further appraisal work on West Zhetybai will be carried out before a Final Reserves Report is prepared.

Summary of status of West Zhetybai Wells:

J-58 and J-59 are both currently suspended awaiting approval of their respective Trial Production Licences (TPL). After the TPLs are granted wells J-58 will be put on production from the T²B horizon, and J-59 will be used to test the potential of the shallow Jurassic horizon before being completed for production from the T²B horizon.

Further remedial work will be carried out on J-55 to determine if commercial production can be established and this work will require separate approvals from the relevant bodies.

Forward Plan – Operations:

When funding is in place, the Company expects to drill at least two additional wells; one well on Akkar East will be the first 'production' well after the previous exploration and appraisal wells and will be named well 19 (the J-xx nomenclature being used for exploration and appraisal wells only). The other well will be an exploration well on the north east area of the permit (J-54).

Well 19 will be located between the J-51 and J-52 wells and (assuming success) will be placed on Trial Production as soon as it has been drilled.

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

The Company considers that the main risk associated with the J-54 well is the presence of an adequate top seal to trap oil. Assuming success, the Company believes that the reservoir quality and flow rates should be similar to that found in the Akkar East field.

Oil Production and Sales:

The outlook for oil sales in the first quarter of the 2014/15 financial year is for continued sales from wells J-50, 51, 52.

The Company continues to investigate how to best achieve sales directly into the Kazakh pipeline system or sales that can be made to a refinery nearer the field. Both of these strategies would reduce transportation costs and therefore improve the price that local traders are prepared to pay the Company for the oil from the wellhead.

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 31 March 2014 | Interest acquired / disposed of during the quarter | Interest held at 30 June 2014 |
|----------------|------------------------|--|---|--------------------------------------|
| Kazakhstan | Block 31 | 100% | Nil | 100% |

Capital Management:

The Company continues to closely manage its on-going funding requirements for 2014/2015 until a funding initiative can be completed. Progress is being made in terms of various sources of funding and the Company will provide a further update as soon as it is appropriate to do so. In the meantime, revenue from oil sales will be used to fund the Company's Kazakh operations.

Capital Structure and Finances:

As at 30 June 2014, the Company had 153,377,693 listed shares trading under the ASX ticker "JPR", the AIM ticker "JPRL" and the KASE ticker "AU_JPRL".

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

The Company also has on issue \$US15.5m in Series B Convertible Notes made up of 12,400,000 Notes with a conversion price of \$US1.25 per Note; interest on the Notes is accrued at 12% per annum and will become payable when the Notes are repaid or converted into shares.

The Company has on issue a total of 8,075,000 unvested Performance Rights. These Performance Rights all expire on 31 December 2014 and the vesting terms for all the Performance Rights on issue are the same.

Unaudited net cash reserves as at 30 June 2014 stood at approximately \$A1.29m.

Summary:

The Company remains focused on completing a financing package to enable Jupiter to commence its 2014/2015 drilling program and continue its progress towards implementing the Full Field Development of the Akkar East field.

In the meantime, revenue from oil sales continues to be used to meet the day to day costs of operations in Kazakhstan.

If shareholders have any questions regarding this Quarterly report they are welcome to contact the Company on +61 89 322 8222.

Geoff Gander
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ENDS

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Competent Persons Statements:

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 Analysis - RES:

The information in this announcement which relates to the C1 and C2 Block 31 reserve estimations 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 used the Kazakh Reserve classification system in determining their 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 C1 and C2 reserve estimations. RES has given and not withdrawn its written consent to the inclusion of the C1 and C2 reserve estimations 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.