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29 October 2014

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

## **QUARTERLY UPDATE ON ACTIVITIES FOR THE PERIOD TO 30 SEPTEMBER 2014**

### **KEY POINTS:**

- **54,792 barrels of oil was produced for sale during the Quarter, generating domestic oil sales of ~\$US1.89m (~\$US34.50 per barrel at the well head). This compares with production of 60,600 barrels for the corresponding quarter in the 2013/14 financial year.**
- **\$US5m of funding received from largest shareholder Waterford Petroleum via a Promissory Note post period end.**
- **Extension of the Block 31 Exploration Licence to December 2016 has been approved by the relevant Kazakh authorities.**
- **Forward plan for 4<sup>th</sup> Quarter includes the drilling of a Production Well on Akkar East.**
- **AGM to be held in Perth on 11 November 2014.**

Jupiter Energy Limited (ASX: "JPR", AIM: "JPRL" and KASE: "AU\_JPRL") presents the following update on activities for the 3 month period ending 30 September 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. J-53 remains shut in. In aggregate, 54,792 barrels of oil were sold in the domestic market during the Quarter, achieving approximately \$US1.89m in sales at an average price of ~\$US34.50 per barrel. All oil was sold on a pre-paid basis.

Production for the Quarter averaged 609 barrels of oil per day (bopd). This decrease in average daily production from last quarter (694 bopd) was primarily due to decreased production from wells J-50 and J-51. Details are set out in the table below.

**Summary of Operations:**

Well Number	Field	Status	Quarterly Prodn (barrels)	Quarterly Revenue (\$US)	Average Daily Prodn (bopd)	Average Water Cut	Comments
J-50	Akkar North	Trial Production	11,947	411,976	133	~3%	Well shut in for 7 days in August for ESP maintenance
J-51	Akkar East	Trial Production	18,183	625,855	202	~1%	Routine Production Testing during September with variable choke sizes being used.
J-52	Akkar East	Trial Production	24,662	849,572	274	~8%	Routine production testing to be carried out during 4Q 2014.  Possible reasons for increased water cut to be investigated at this time.
J-53	Akkar East	Trial Production	0	0	0	N/A	New Pump required.  To be installed when funding available.
J-55	West Zhetybai	Shut In	NIL	N/A	N/A	N/A	Further testing when funding available and

							all approvals in place.
J-58	West Zhetybai	Shut In	NIL	N/A	N/A	N/A	Awaiting Trial Production Licence.
J-59	West Zhetybai	Shut In	NIL	N/A	N/A	N/A	Awaiting Trial Production Licence.

### **Funding Update:**

On 07 October 2014 the Company announced it had received \$US5m of funding from its largest shareholder, Waterford Petroleum Limited.

The funding was by way of a Promissory Note with the following key terms:

- Amount: \$US5m.
- Repayable in full on 30 June 2015 or when the Company raises a minimum of \$US20m (whichever is sooner). The raising may be via equity, debt or a combination of both.
- Amount repayable may be set off against payment for future equity investment.
- Coupon Rate: 12% with any interest being accrued to maturity and able to be offset against payment for future equity investment.

The funds will primarily be used to drill Well 19.

### **Extension of Block 31 Exploration Period:**

The Company announced on 23 October 2014 that the Exploration Period under Contract 2275 had been extended to 29 December 2016.

This extension is the second, and final, allowed under the terms of the Contract and means that the total Exploration Period under the Block 31 licence will now run for a total of 10 years.

With the Exploration Licence extended to December 2016, the Company is now working to get approval for the extension of its existing Trial Production Licences to December 2016.

### **Forward Plan – Operations:**

With the \$US5m of new funding having been received in early October 2014, the Company expects to begin drilling its first Production Well (Well 19) on Akkar East in December 2014. Well 19 will be drilled in area of already existing C1 reserves and will be located between the J-51 and J-52 wells. If successful, the well will be placed onto Trial Production immediately after completion.

The Company continues to work on completing its funding requirements for the 2015 drilling program. Assuming additional funding is put in place, the Company expects to drill at least two more wells during 2015. One well will be located on Akkar East in an area of C2 reserves. This appraisal well (J-57) is being drilled as part of the process of finalising the Akkar East Reserves Report for the relevant Kazakh authorities. Approval of the Akkar East reserves will, in turn, allow the Company to move forward with the approval process to begin building of the Full Field Development infrastructure for the Akkar East field.

The second well will be an exploration well on the north east area of the permit (J-54).

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 hypothesis 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.

The Company is also in the process of carrying out routine production testing of the J-51 and J-52 wells. This work program includes flow periods using variable choke sizes followed by shut in periods of up to 7 days to measure the pressure build-up of the reservoir.

The testing program is part of the Kazakh requirements for wells under Trial Production and will also provide the Company with the opportunity to investigate reasons for the increased water cut from well J-52 that has been experienced during the past two months.

### **Oil Production and Sales:**

The outlook for oil sales in the second 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 30 June 2014	Interest acquired / disposed of during the Quarter	Interest held at 30 September 2014
Kazakhstan	Block 31	100%	Nil	100%

### **Annual General Meeting:**

The Company will hold its Annual General Meeting (AGM) on Tuesday 11 November 2014 in Perth, Australia and the Notice of Meeting outlining the various resolutions to be considered at this meeting was lodged with the ASX on 10 October 2014. A copy of the Notice of Meeting was also mailed to shareholders on 10 October 2014.

A copy of the Notice of Meeting can be found on the Company website.

### **Annual Accounts:**

On 23 September 2014, the Company released its Annual Accounts for the year ended 30 June 2014.

A copy of the Annual Accounts can be found on the Company website.

### **Capital Management:**

The Company continues to work on completing its funding requirements for the 2015 drilling program. 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 September 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 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 issue of the Series B Notes and amendments to their terms is to be considered under one of the Resolutions at the upcoming AGM.

As at 07 October 2014, the Company has a Promissory Note with a face value of \$US5m with interest being accrued at 12% per annum. The key terms of this Promissory Note have been summarised earlier in this Quarterly Report.

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. The Company will not be seeking to extend the expiration date of these Performance Rights at the November 2014 AGM and based on the current share price it is expected that all these Performance Rights will expire, unvested, on 31 December 2014.

Unaudited net cash reserves as at 30 September 2014 stood at approximately \$A1.36m. This balance does not include the proceeds of the Promissory Note, which were received on 7 October 2014.

## **Summary:**

It is expected that drilling of Well 19 will commence in December 2014 and revenue from oil sales will continue to be used to meet the day to day costs of operations in Kazakhstan.

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

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

Geoff Gander  
Chairman/CEO

**ENDS**

**Enquiries:**

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**Competent Persons Statement:**

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.

**About the Company:**

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