

29 July 2016

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

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QUARTERLY UPDATE ON ACTIVITIES FOR THE PERIOD TO 30 JUNE 2016

KEY POINTS:

- **5 existing Convertible Notes with a nominal value of \$US15.5m plus accrued interest as at 31 May 2016 of \$US5,345,753 (total \$US20,845,753) rolled into 4 new Promissory Notes with a repayment date of 1 July 2018.**
- **1 existing Promissory Note with a face value of \$US8,633,333 plus accrued interest as at 31 May 2016 of \$US1,250,894 (total \$US9,914,227) rolled into a new Promissory Note with repayment date of 1 July 2018.**
- **New \$US5m Framework Funding Agreement, by way of a new Promissory Note, effective from 24 May 2016 with a repayment date of 1 July 2018.**
- **Based on a Care & Maintenance budget, new Funding Agreement provides working capital through to at least 30 June 2017.**
- **Alastair Beardsall retired from the Board on 31 May 2016.**
- **Appointment of a Business Development Manager in Astana.**
- **All producing wells, shut in since February 2015, remain closed until domestic oil pricing reaches a level where oil production is cashflow positive.**
- **Discussions continue with relevant parties regarding the resolution of the Akkar North division of Reserves.**
- **Steady progress made during Quarter with the application for an Extension of the Exploration Licence.**
- **Ministry of Energy has given permission to the Company to raise equity via the issue of new shares.**

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 2016 (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:

There were no oil sales made during the Quarter. All producing wells were shut in during February 2015, and remain shut in, due to low domestic oil prices.

Outlook for Future Oil Sales:

The Company announced on 19 February 2015 that as a result of the material reduction in world oil prices, the sales price being achieved for domestic oil in Kazakhstan had fallen to levels that made oil production from Block 31 cashflow uncommercial.

The Company therefore decided to cease production from its producing Akkar East wells (J-51 and J-52) until the domestic oil price improved. The Company continues to monitor local pricing on an ongoing basis, and believes that production may recommence if an oil price of at least ~\$US12/bbl at the wellhead is achievable but is unable to give any guarantee that oil production will recommence in any specific timeframe.

When production does recommence, the Company also plans to bring wells 19, J-58 and J-59 onto production, assuming the requisite funding is in place to build the appropriate infrastructure at the three well sites.

Funding Update:

The Company announced on 3 June 2016 that it had reached agreement with its Convertible Note holders to rollover the 12,400,000 Convertible Notes with a total value of ~\$US20.8m (including accrued interest) into Promissory Notes with a repayment date of 1 July 2018.

The key terms for the new Promissory Notes are:

- Unsecured
- Effective 31 May 2016
- Repayable on 1 July 2018
- Interest rate of 15% pa
- Interest will accrue and be repayable with the principal
- Lenders can elect to be repaid if there is a change of control in Jupiter Energy Limited or Jupiter Energy Pte Ltd or there is a change in control of the ownership of the Block 31 Licence

The Convertible Notes and all accrued interest were due for repayment on 20 September 2016.

The Company also advised that its major shareholder Waterford had agreed to rollover its Promissory Note that as at 31 May 2016, amounted to \$US8,633,333 in principal with accrued interest of \$US1,250,894 (total \$US9,914,227) into a new Promissory Note with the following key terms:

- Unsecured
- Effective 31 May 2016
- Repayable on 1 July 2018
- Interest rate of 15% pa
- Interest will accrue and be repayable with principal
- Lender can elect to be repaid if there is a change of control in Jupiter Energy Limited or Jupiter Energy Pte Ltd or there is a change in control in contract 2275 covering the Block 31 Licence

The Promissory Note and all accrued interest were due for repayment on 1 July 2016.

The Company also advised that Waterford had agreed to put in place a new Framework Funding Agreement that made up to a further \$US5m (including accrued interest) available to the Company by way of a new \$US5m Promissory Note. As at 30 June 2016, the Company has drawn down \$US744,989 (including accrued interest) under this new Framework Agreement.

The new Funding Agreement will fund the Company's operations whilst it continues to finalise long term funding arrangements for the development of its Block 31 licence area in Kazakhstan.

The funding arrangement will be the same as the previous one, namely that the Company will request monthly drawdowns against the \$US5m amount and the drawdowns will be based on an agreed Care & Maintenance budget.

Based on the current budgeted cashflow requirements, this new funding arrangement will provide the Company with sufficient working capital until at least the end of the 2016/17 financial year (i.e. 30 June 2017).

The key terms of the new Framework Agreement with Waterford are:

- Effective 24 May 2016
- Drawdowns will roll into a Promissory Note
- Promissory Note is repayable on 1 July 2018
- Interest rate of 15% pa
- Interest will accrue and be repayable with principal
- Lender can elect to be repaid if there is a change of control in Jupiter Energy Limited or Jupiter Energy Pte Ltd or there is a

change in control in contract 2275 covering the Block 31
Licence

West Zhetybai Trial Production Licences (wells J-58 and J-59):

In order to get the J-58 and J-59 wells ready for Trial Production, the appropriate surface production infrastructure must be put in place for both wells. This equipment will need to be purchased.

The Company will keep shareholders updated on progress.

Extension of J-50 Trial Production Licence:

The Company advised shareholders on 28 November 2014 that the application to extend the Trial Production Licence for well J-50 was being held by the Kazakh Committee of Geology pending resolution of the allocation of reserves associated with the well.

The J-50 well has been shut in since 29 December 2014 (the date at which the last Trial Production licence expired).

The underlying issue delaying the Trial Production Licence renewal is the demand by the Committee of Geology that Jupiter Energy reach agreement with its neighbour MangistauMunaiGas (MMG) over the division of reserves associated with both companies' share of the Akkar North accumulation. Jupiter Energy has been in dialogue with MMG on this issue for some time but has been unable to reach formal agreement with MMG with respect to the division of Akkar North reserves.

The Company is now seeking legal advice before formally referring the matter of resolving J-50 reserves to a higher authority within Kazakhstan in an effort to bring the matter to a conclusion and will keep shareholders updated on this situation.

Application for an Extension to the Exploration Period:

In late March 2016, the Company submitted a formal application to the Ministry of Energy for a 4 year extension to the Exploration Period on Block 31. The Company had already advised the Ministry of Energy of its intention to lodge an application for an extension to at least 29 December 2018 and the formal application has now been lodged requesting an extension through to 20 December 2020.

The submission followed the guidelines set out by the Ministry of Energy for such an application and the Company believes that it has solid grounds for the extension to be granted taking into account its drilling success in discovering the Akkar East and West Zhetybai oilfields during the current Exploration Period and the fact that it has

met over 100% of its contracted work program commitments during the initial 10 year Exploration Period.

Initial feedback from the Ministry of Energy has been positive and the Company continues to work through the application process and will keep shareholders updated on progress.

The current Exploration Period runs to 29 December 2016.

Organisational Changes:

On 31 May 2016 Alastair Beardsall retired from the Jupiter Board.

On 1 June 2016 the Company appointed Marat Akchulakov as Business Development Manager based in Astana. Marat is a lawyer by training and brings over 20 years of Oil and Gas Industry experience to Jupiter. He will act as the Company's daily interface into the various regulatory bodies based in Astana.

EXPO 2017:

Kazakhstan is hosting EXPO 2017 and the Company has been asked to act as a co-sponsor in one of the key events being held at the EXPO.

"Future Energy" is looking to receive applications from start up companies around the world that focus on the green economy. Areas of interest will include renewable energy, energy efficiency, new energy sources, clean technologies and the like and it is hoped that over 700 applications will be received and from that a list of 100 projects will be selected to enter the event. From that initial 100 projects, a top 30 will then be invited to participate in EXPO 2017 in Kazakhstan and during EXPO 2017 the final 3 projects will be selected to receive an award.

Jupiter is pleased to be involved in a competition focused on such innovation and will make a \$US300,000 contribution towards the funding of the event.

Forward Plan – Operations:

The Company has been experiencing delays in progressing the development of Block 31 over the past year due to constraints on several fronts.

Subject to obtaining the requisite funding and extension to the Exploration Period, the Company plans to continue with its drilling program as soon as it is possible. At

this stage, the drilling of two wells is planned for 2017 assuming the Exploration Extension is granted during 2016.

The use of limited unsecured debt to fund the Company has been driven by the fact that the Company was unable to get the required permission from the Ministry of Energy (the Waiver) to raise equity through the issue of new shares. The Company is pleased to advise that the Ministry of Energy has now agreed to issue a Waiver, allowing the Company to raise equity via the issue of new shares. Current market conditions make an equity raising in the short term challenging but the Company is pleased that it is now in a position to seek new capital as and when market conditions improve.

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 2016	Interest acquired / disposed of during the Quarter	Interest held as at 30 June 2016
Kazakhstan	Block 31	100%	Nil	100%

Capital Structure and Finances:

As at 30 June 2016, the Company has 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 or Performance Shares, listed or unlisted, in issue.

As at 30 June 2016, the Company had a total of five (5) Promissory Notes with the following holders:

- Waterford Petroleum Limited: \$US8,786,904 *
- Waterford Petroleum Limited: \$US9,914,227 (was announced on 3 June 2016 as \$US9,911,178 due to miscalculation of accrued interest)
- Mobile Energy Limited: \$US9,375,014
- Midocean Holdings Limited: \$US2,022,082
- Other Private Investors: \$US661,753

* The Convertible Note held by Pebblestone Holdings Limited signed on 31 May 2013 (value as at 31 May 2016, including accrued interest: \$US2,720,658) has been assigned to Waterford Petroleum Limited and is included in this value along with Waterford Petroleum Limited's original Convertible Notes (plus accrued interest) which have been rolled over into Promissory Notes.

Total Company debt outstanding on 30 June 2016 comprised 5 new Promissory Notes with a value of \$US30,759,980.

As at the date of this Report, the Company has drawn down \$US958,892(including accrued interest) under the new Funding Agreement and therefore has a further \$US4,041,108 (including accrued interest) available to it under this Agreement.

Unaudited net cash reserves as at 30 June 2016 stood at approximately \$A670,731.

The Directors of the Company continue to defer their Directors' Fees until such time that the Company has an improved cashflow.

Summary:

Progress during the Quarter continued to be constrained although initial feedback from the Ministry of Energy for extension to the Exploration Period on Block 31 was positive and sufficient working capital is now in place until the end of the 1st half of 2017 to enable the Company to work towards resolving its longer term funding requirements.

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

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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.