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

QUARTERLY UPDATE ON ACTIVITIES FOR THE PERIOD TO 31 DECEMBER 2014

KEY POINTS:

- **45,866 barrels of oil were produced for sale during the Quarter, generating domestic oil sales of ~$US1.53m (~$US33.40 per barrel at the well head). This compares with production of 51,303 barrels for the corresponding quarter in the 2013/14 financial year with the decrease attributable to a lower production rate from the J-51 well and down time during routine testing of the J-52 well during the Quarter.**

- **Oil Sales achieved for the 6 month period ending 31 December 2014 totalled 100,658 barrels generating domestic oil sales of ~$US3.42m at an average price of ~$US34 per barrel at the well head. This compares with 111,900 barrels sold in the 6 month period ending 31 December 2013, generating oil sales of ~$US3.7m at an average price of ~$US33 per barrel.**

- **The recent sharp fall in the global oil price is expected to impact Kazakh domestic oil revenues in 2015.**

- **Well 19 spud during December 2014 – this well is expected to take 60 days to reach Target Vertical Depth of 3,350m.**

- **Extension of the Trial Production Licences (TPL) for wells J-51, 52 and 53 were received for the 2015 calendar year. Work continues to receive approval for the J-50 TPL extension.**

- **AGM held in Perth on 11 November 2014 with all Resolutions carried.**

- **Forward plan for 1st Quarter 2015 includes the completion and testing of Well 19 on Akkar East.**

Jupiter Energy Limited (ASX: "JPR", AIM: "JPRL" and KASE: "AU_JPRL") presents the following update on activities for the 3 month period ending 31 December 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 until funding is available to perform further work on addressing the high water cut from this well. In aggregate, 45,866 barrels of oil were sold in the domestic market during the Quarter, achieving approximately $US1.53m in sales at an average price of ~$US33.40 per barrel. All oil was sold on a pre-paid basis.

Production for the Quarter averaged 509 barrels of oil per day (bopd). This decrease in average daily production from last quarter (609 bopd) was primarily due a ~30% fall in the daily production rate from the J-51 well. The Company is preparing to install an Electric Submersible Pump (ESP) in well J-51 during 1H 2015 and this installation is expected to see production from J-51 increase to previous levels.

Details of each wells production profile are set out in the table below.

Summary of Operations:

Well No.	Field	Status	Quarterly Production (barrels)	Quarterly Revenue ($US)	Average Daily Production (bopd)	Water Cut	Comments
J-50	Akkar North	Trial Production	12,312	412,523	137	~3%	
J-51	Akkar East	Trial Production	12,508	418,087	139	~1%	The Company is planning to install an ESP during 1H 2015.
J-52	Akkar East	Trial Production	21,046	701,629	233	~8%	Routine production testing was carried out during 4Q 2014. Higher water cut was not found to be attributable to any specific cause.
J-53	Akkar East	Trial Production	0	0	0	N/A	Remedial work to be

							carried out when funding is available.
J-55	West Zhetybai	Shut In	NIL	N/A	N/A	N/A	Further testing when funding available and 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.

Outlook for Future Oil Sales:

Shareholders will be aware that there has been a substantial decrease (~65%) in the price of oil, on a global basis, over the past few months. This decrease has impacted the domestic oil market in Kazakhstan and it is expected that oil sales during 2015 will be at much reduced prices.

Negotiations are continuing and the Company's current expectation is that a price for domestic oil sales may be under $US15/bbl. Future sales contracts will have pricing flexibility to ensure that any increase in the price of world oil will be reflected in better prices being received by the Company as and when global oil prices improve.

The Company is also looking at production volumes and may decide to reduce daily production levels until domestic oil prices improve. This reduction in both production levels and the domestic oil price would clearly impact revenues being achieved. Whilst a reduction in production may see some costs also decline, the overall impact of a decrease in domestic oil prices will be to reduce the profitability of field operations.

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 are primarily being used to drill Well 19.

Extension of Trial Production Licences – wells J-51, 52 and 53:

The Company received Trial Production Licence extensions for wells J-51, 52 and 53 and these extensions will run until 29 December 2016, the end of the Exploration Licence period.

The Company also received its emission permits for the J-51, 52 and J-53 wells for the 2015 calendar year so all these wells have the necessary approvals to operate under Trial Production during 2015.

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.

Whilst the J-50 well has been shut in since 29 December 2014 (the date at which the last Trial Production licence expired), the Company is pleased to advise it is working with the Ministry of Energy and the Committee of Geology in order to try and bring the matter to a satisfactory conclusion and will keep shareholders updated on this situation.

Forward Plan – Operations:

The Company is currently drilling its first Production Well (Well 19) on Akkar East. Well 19 is a 2014 commitment well under the Trial Production Licence issued for Akkar East. As at the date of this report the well had reached a depth of 1,629m (Target Vertical Depth: 3,350m).

Well 19 is being drilled in area of already existing C1 reserves and is located between the J-51 and J-52 wells. The well (assuming success) will be placed onto Trial Production immediately after completion.

Subject to obtaining additional funding, the Company plans to drill at least two more wells during 2015. One well is intended to be located on Akkar East in an area of C2 reserves. This appraisal well (J-57) would be 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, subject again to obtaining the requisite financing.

The second well would 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.

Oil Production and Sales:

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

As already detailed earlier in this report, revenue from oil is expected to decrease during 2015 due to the substantial drop in the price of oil on a global basis.

The Company also 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 September 2014	Interest acquired / disposed of during the Quarter	Interest held at 31 December 2014
Kazakhstan	Block 31	100%	Nil	100%

Annual General Meeting:

The Company held its Annual General Meeting (AGM) on Tuesday 11 November 2014 in Perth, Australia and all Resolutions were carried.

Capital Management:

The Company continues to work on completing its funding requirements for the 2015 drilling program without which this program will not go ahead. 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 assist in the funding of the Company's Kazakh operations and corporate overheads.

With a focus on reducing corporate costs, the Company advised GMP Securities (Europe) LLP on 13 January 2015 that it had terminated its Joint Broker agreement. finnCap Ltd remains as NOMAD/Broker to the Company.

Amendments to Kazakh Sub Surface Laws

On 29 December 2014 the Kazakh Government wrote into law a number of amendments to the Sub Surface laws that regulate the oil sector in Kazakhstan; these changes became effective on 9 January 2015.

In relation to the Company, the key change relates to the various Articles associated with the government's pre-emptive right when a Company is seeking to issue new shares to facilitate a capital raising. The approval process needed in order to raise capital has traditionally been time consuming and somewhat complicated. Changes to Article 12 of the Sub Surface law means that this pre-emptive right is now limited to what are deemed "strategic deposits" by the State. Block 31 is not on the list of "strategic deposits".

However it should be noted that the wording of Article 13 has not been amended and when read literally it can be construed to mean that any deposit is still subject to the traditional pre-emptive right. Inquiries are being made in relation to trying to clarify the wording of Article 13.

In addition, Article 36 remains in place and this means that permission to issue new shares must still be received from the Ministry of Energy before proceeding.

However, this is clearly a positive development and overall the application/approval process should be reduced in terms of complexity and time in future.

Capital Structure and Finances:

As at 31 December 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 Series B Convertible Notes were issued on 20 September 2013, have a three (3) year term and fall due for repayment (including accrued interest) on 20 September 2016 unless converted/repaid at an earlier date.

As announced on 17 November 2014, independent shareholders approved amendments to the terms of the Series B Convertible Notes at the 2014 AGM with the key term being changed being that in the event of a capital raising at a price lower than $US1.25 per share, the Convertible Notes may be converted at this lower price.

As at 07 October 2014, the Company also 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.

As a 31 December 2014, a total of 8,075,000 unvested Performance Rights expired and as at the date of this report there are no Performance Rights on issue.

Unaudited net cash reserves as at 31 December 2014 stood at approximately $A5.6m.

Based on cash required for the completion and testing of well 19 and the expectation that there will be reduced revenues from oil sales, the Company expects to have to raise additional capital during the 1st quarter of 2015. This may be in the form of equity, debt or a combination of both.

Summary:

It is expected that Well 19 will be completed during the 1st quarter of calendar 2015. Revenue from oil sales continues to be used to assist in meeting 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

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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.

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.