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30 April 2015

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

QUARTERLY UPDATE ON ACTIVITIES FOR THE PERIOD TO 31 MARCH 2015

KEY POINTS:

- **7,848 barrels of oil were produced for sale during January and part of February 2015 generating revenue of ~$US240,000 (~$US30.60 per barrel at the well head) before production was shut in due to uneconomic oil pricing in the Kazakh domestic market.**
- **All producing wells have been shut in until domestic oil pricing reaches a level where oil production is cashflow positive.**
- **Staff numbers reduced in line with the reduction in operations – generating savings of ~$US2m per year.**
- **Well 19 completion was carried out during the Quarter. Hydrocarbons recovered to surface but well will require re perforation and an acid stimulation before being bought onto production when domestic oil prices improve.**
- **A Framework Agreement has been signed with major shareholder Waterford Petroleum to provide up to an additional $US5m in working capital.**

Jupiter Energy Limited (ASX: "JPR", AIM: "JPRL" and KASE: "AU_JPRL") presents the following update on activities for the 3 month period ending 31 March 2015 (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 were made in January and part of February 2015 prior to the wells being shut in on 20 February 2015 due to the reduction in domestic oil pricing. Production came from the J-51 and J-52 wells. J-50 has been shut in from 29 December 2014 due to delays in the approval of the extension to the well's Trial Production Licence. J-53 remains shut in until funding is available to perform further work on addressing the high water cut from this well.

In aggregate, 7,848 barrels of oil were sold in the domestic market during the Quarter, achieving approximately $US240,000 in sales at an average price of ~$US30.60 per barrel at the well head.

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	Shut in	NIL	N/A	N/A	N/A	Awaiting extension of Trial Production Licence
J-51	Akkar East	Trial Production	3,867	118,330	N/A	~1%	Well shut in from 20 February 2015
J-52	Akkar East	Trial Production	3,981	121,819	N/A	~8%	Well shut in from 20 February 2015
J-53	Akkar East	Trial Production	NIL	N/A	N/A	N/A	Remedial work to be carried out when funding is available.
Well 19	Akkar East	Trial Production	NIL	N/A	N/A	N/A	Completion work and an acid stimulation 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:

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 uneconomic.

The Company therefore decided to cease production from both of its producing Akkar East wells (J-51 and J-52) until the domestic oil price improved. Whilst forward estimates for Brent at that time suggested that the price of domestic oil may reach an acceptable level during the 4th quarter of 2015, this will be monitored by the Company on an ongoing basis, and there can therefore be no guarantee that oil production will recommence in that timeframe.

The Company also advised that it would restructure its staffing requirements as well as contracts with several suppliers of services to the field. The restructuring was completed by the end of March 2015 and overall monthly operating costs have been reduced by ~40% providing an annual saving in running costs of over $US2 million.

Testing of well 19:

During the Quarter the Company carried out the testing of well 19.

The completion and testing of well 19 included perforating the well underbalanced with tubing conveyed perforating guns, monitoring fluid levels and running pressure gages. Analysis of the test data indicated severe skin damage, a measure of reduced permeability near the well bore, which will require an acid treatment to stimulate the well and assist oil flow into the well bore.

On recovery of the tubing conveyed perforating gun an equipment malfunction meant that only a limited zone of 6.3m (2905.9 - 2912.2m) was actually perforated out of the planned 47.7m - i.e. approximately 13% of the total zone that had been targeted for perforation.

Further work, including re perforating the well and carrying out an acid stimulation, will not take place until the requisite funding for the work is in place and the Company believes that demand for domestic oil sales, and the sales price for the oil, have returned to a level that will make production operations economically viable.

The Company recovered 3 samples of liquids from the well, with each container holding 300 litres. Independent analysis of the recovered liquids showed that it was oil with a water cut of ~0.03% with the density and salt content in line with oil produced from the J-51 and J-52 wells.

Further updates on progress with well 19 will be provided in due course.

Funding Update:

The Company advised shareholders on 27 January 2015, that it would require further funding to meet its ongoing working capital requirements. Whilst steps were taken to reduce cash outflows, the Company will still require further funding to ensure financial commitments can be met as and when they fall due.

The Company updated shareholders on 25 March that discussions regarding a debt package were ongoing and that the 31 March 2015 cash balance of approximately $A2 million would fund the final well costs in relation to Well 19 and that these payments were expected to be made during the course of April.

On 30 April 2015 the Company signed a Framework Agreement with a substantial shareholder, Waterford Petroleum Limited (Waterford), which will provide the Company with up to $US5m in additional working capital via the issuance of promissory notes. The Company continues to seek a longer term funding package that will enable the commencement of the 2015/16 drilling program.

The Framework Agreement has certain terms and conditions, the key ones being:

- The issuance of new promissory notes repayable on 1 July 2016.
- The October 2014 $US5m Promissory Note (October 2014 Note) held by Waterford will be rolled into a Series B Promissory Note along with the accrued interest outstanding on the October 2014 Note as at 30 April 2015 of $US346,849.
- The issuance of further Series B Promissory Notes will provide up to $US5m for working capital purposes which can be drawn down as required following agreement on the use of funds by Waterford.
- The Series B Promissory Note has a coupon rate of 15% per annum, and the interest will accrue and be payable at the time that the Series B Promissory Note is repaid.
- Waterford may elect to offset the value of the Series B Promissory Note and any accrued interest against participation in any future capital raising carried out by the Company prior to 30 June 2016.
- Waterford may elect to roll the value of the Series B Promissory Note and any accrued interest into any other debt funding facility that the Company may establish prior to 1 July 2016.

The Board will continue to progress discussions with several groups regarding the provision of a broader funding package, made up of debt, equity or other funding.

In light of the quantum of the shareholding of Waterford in Jupiter (29.5%), Waterford is deemed to be a related party for the purposes of AIM Rule 13. As such, the provision of the Series B Promissory Note by Waterford is a related party transaction pursuant to the AIM Rules (the "Related Party Transaction").

The Directors of Jupiter consider, having consulted with finnCap, the Company's Nominated Adviser, that the terms of the Related Party Transaction are fair and reasonable insofar as Jupiter's shareholders are concerned.

Since Alastair Beardsall is considered to be the Jupiter Board representative of Waterford, he did not take part in the discussions of the Jupiter Board of Directors in relation to the Board’s agreement to the terms of the Related Party Transaction.

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 continues to work 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 has been experiencing delays in progressing the development of Block 31 over the past six months due to constraints on several fronts.

As outlined in this report, oil production will be shut-in until such time that domestic oil pricing becomes economic and demand for oil by the local refineries improves.

Subject to obtaining the requisite funding, the Company plans to continue with its drilling program during 2015. At this stage two wells are planned but the Company has sent a request to the Ministry of Energy asking that the drilling program for 2015 be extended into 2016.

Of the two wells, 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.

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 December 2014	Interest acquired / disposed of during the Quarter	Interest held as at 31 March 2015
Kazakhstan	Block 31	100%	Nil	100%

Capital Structure and Finances:

As at 31 March 2015, 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 or Performance Shares, listed or unlisted, on issue.

On 30 April 2015 the Company reached agreement with substantial shareholder Waterford Petroleum to provide up to a further $US5m in working capital to the Company via the issue of the Series B Promissory Note.

The terms of the Series B Promissory Note are covered under a Framework Agreement that has been summarised earlier in this report. Based on the current organisational structure and associated running costs, it is anticipated that if the whole of the $US5m funding available via the Series B Promissory Note is drawn down it will provide the Company with funding for the remainder of the 2015 calendar year.

Unaudited net cash reserves as at 31 March 2015 stood at approximately $A2m.

Summary:

Progress during the Quarter has been constrained but sufficient working capital is now in place 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 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.