

11 September 2013

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

## RESERVES UPDATE

### KEY POINTS:

- Block 31 C1+C2 reserves: Independently estimated by Reservoir Evaluation Services (RES) using the approved Kazakh methodology:
  - C1+C2 reserves of ~102.5 mmbbls
  - C1 reserves of ~17 mmbbls
  - C2 reserves of ~85.5 mmbbls
  - Reserves estimates have been submitted for review and approval by the relevant Kazakh authorities.
- Akkar East: C1+C2 reserves for the Akkar East oilfield (including the J-50 well area) estimated at ~41.2 mmbbls, an increase of ~11% on the reserves approved in June 2012. Reserves have been attributed to the T31, T32, T2A and T2B horizons.
- Approval of the Akkar East Reserves is the next step in the process of obtaining Full Field Development status for the Akkar East field.
- Southern Extension (known locally as West Zhetybai): C1+C2 reserves for the West Zhetybai accumulation estimated at ~61.2 mmbbls. Reserves have been attributed to the T31, T32, T2A and T2B horizons.
- Approval of the West Zhetybai Reserves is the next step in the process of obtaining Trial Production Licences for the J-55, 58 and 59 wells.
- Competent Persons Report (CPR): McDaniel & Associates have completed an estimation of the reserves, under SPE/PRMS standards, based on oil production from the mid-Triassic horizon of Block 31.
- McDaniel estimated T2B reserves of 9.7 mmbbls (proven), 19.2 mmbbls (proven+probable) and 28.7 mmbbls (proven+probable+possible).

- McDaniel estimate the Net Present Value of the proven+probable reserves, at a discount rate of 10%, of ~\$US15.9/bbl (before income tax) and ~\$US11.6/bbl (after income tax).
- The recovery factors used by McDaniel were in a range up to 20% and averaged ~14%; RES used a recovery factor of ~27%.
- Forward Plan: Future work includes (i) further testing of the J-53, J-55 and J-59 wells and (ii) general appraisal of the Southern Extension area which may include the drilling of additional wells

Jupiter Energy Limited (ASX: "JPR" and AIM: "JPRL") presents the results of two independent reserves reports for the various accumulations on the Block 31 permit.

### Background to the preparation of the Kazakh State Reserves Reports

State Reserves Reports are an integral part of obtaining the necessary approvals to take wells into either Trial or Full Production.

The reports are prepared under the approved Kazakh standards which have been developed from the Russian reserves system; the standards are based on the analysis of geological attributes.

The independent Kazakh reserves institute, Reservoir Evaluation Services LLC ("RES"), has completed a review of the Akkar East and West Zhetybai oilfields as part of the on-going process of developing these fields for export production. The Reserves Reports prepared by RES have now been submitted to the relevant authorities for approval and it is expected that this approval process will take approximately three months.

The submission of the Akkar East Reserves Report is the next step to progress the Akkar East field into Full Field Development. This review of the Akkar East field is a follow on to the 2012 Preliminary Reserves reports prepared by RES submitted as part of the process required to enable the J-50, J-51, J-52 and J-53 wells to be granted their respective Trial Production Licences (TPL's). These preliminary reserves were approved by the Kazakh authorities in June 2012.

The submission of the West Zhetybai Preliminary Reserves Report is the first step towards the granting of TPL's for the J-55, J-58 and J-59 wells. The Company also requires various environmental and emission approvals to complete the TPL application process for wells J-55, 58 and 59.

### Background to the preparation of the Competent Persons Report

The Company engaged McDaniel & Associates to prepare a Competent Person's Report (CPR) as part of the process of discussions with banks and other financing parties for a reserve based lending facility to fund the development of the Block 31 permit into Full Field Development; a pre-requisite of these discussions was a CPR based on the internationally recognised PRMS classification system to support any such debt facility.

## Reserve Reports in Detail

### AKKAR EAST – Reserves Report by RES

The Akkar East accumulation covers the area delineated by the J-51, J-52 and J-53 wells and the Oil in Place (OIP) for this area has been estimated at ~129 mmbbls with recoverable reserves estimated at ~32.6 mmbbls. The C1 reserves have been estimated at ~10.7 mmbbls and C2 reserves at ~21.9 mmbbls. The recoverable reserves are based on a recovery factor of 27.2%.

The J-50 well is part of the Akkar North accumulation and the estimated recoverable reserves for this area are ~8.6 mmbbls (C1 - ~4 mmbbls and C2 - ~4.6 mmbbls) bringing the total recoverable reserves in the area delineated by the wells J-50, 51, 52 and 53 to ~41.2 mmbbls; C1 reserves of ~14.7 mmbbls and C2 reserves of ~26.5 mmbbls.

Estimated reserves from the T31, T32, T2A and T2B horizons were used in these calculations. RES has submitted the Akkar East Reserves Report to the relevant authorities; the approval process is expected to take three months.

### WEST ZHETYBAI – Preliminary Reserves Report by RES

The Southern Extension area (known locally as the West Zhetybai accumulation) covers the area delineated by the J-55, J-58 and J-59 wells and reserves have been evaluated for the T31, T32, T2A and T2B horizons. The OIP for this area has been estimated at ~232 mmbbls (from all three horizons) with recoverable reserves estimated at ~61.2 mmbbls. The C1 reserves have been estimated at ~2.3 mmbbls and C2 reserves at ~58.9 mmbbls; the recoverable reserves are based on a recovery factor of 27.2%.


The higher proportion of C2 to C1 reserves indicates the need for (i) further testing of the J-55 and J-59 wells and (ii) general appraisal of the area which may include the drilling of additional wells.

RES has submitted the West Zhetybai Preliminary Reserves Report to the relevant authorities; approval is expected to take three months.

### COMPETENT PERSONS REPORT by McDaniel – T2B Horizon

The CPR report was prepared using the Society of Petroleum Engineers Petroleum Resources Management System (PRMS) classification system; reserves are defined as those quantities of oil which are estimated to be commercially recoverable from a known accumulation from a given date forward.

McDaniel & Associates (McDaniel) were engaged to complete an independent reserves audit of only the mid Triassic horizon as identified by wells J-50, J-51, J-52, J-53, J-55, J-58 and J-59.



One of the underlying differences between the Kazakh State Reserves classification system and PRMS classification system is that PRMS also considers the commercial uncertainties rather than only geological attributes and therefore the lack of established commercial oil flow from the J-53, J-55 and J-59 wells resulted in the reserve calculations based solely on production from the T2B horizon from wells J-50, J-51, J-52 and J-58.

The results, by reserve category, are:

- Proved Reserves: 1P 9.7 mmbbls
- Proved plus Probable Reserves: 2P 19.2 mmbbls
- Proved plus Probable plus Possible: 3P 28.7 mmbbls

As part of the work undertaken by McDaniel to establish the commercial threshold of the mid-Triassic reserves, the Net Present Value of the proved+probable reserves using a discounted cashflow model with a discount rate of 10% was calculated as ~\$US15.9/bbl pre-tax and ~\$US11.6/bbl after tax.

#### COMMENT ON RESERVE CLASSIFICATION METHODOLOGIES

The Society of Petroleum Engineers (SPE) has published a paper entitled "Comparison of Selected Reserves and Resource Classifications and Associated Definitions" which can be found on the SPE web site at [spe.org](http://spe.org).

The Kazakhstan reserves classification system, which has been developed from the Russian classifications, divides geological (in-place) and recoverable reserves into various categories including C1 and C2. The basis for the evaluation, and categorisation, is the geological data set, the C1/C2 classification system does not take into consideration the commercial factors impacting the development of the identified C1 and C2 reserves.

The C1 category correlates approximately to the SPE proven undeveloped category and some of the SPE probable category, the C2 category correlates to the remainder of the SPE probable category and the SPE possible category. C2 reserves can define the upside potential of a field and are usually used as a means for determining what further appraisal work is required for the development of oil (and gas) discoveries.

Under the SPE's Petroleum Resources Management System (PRMS) reserves are defined as those quantities of oil (and gas) which are estimated to be commercially recovered from a known accumulation from a given date forward, i.e. determined on the geological and commercial data set.

The commercial nature of PRMS reserves is relevant in relation to the Jupiter Energy reports in that McDaniel included only a small quantity of reserves for the two areas covered by wells J-53 and J-55; further drilling work needs to be carried out to establish commercial production from these separate areas.

The RES reports based their reserve estimations associated with these wells on the basis of the wireline logs from these wells the identified oil saturated reservoirs.

## COMMENT ON THE DETERMINATION OF RECOVERY FACTORS

RES have estimated a recovery factor of ~27% for the two fields and consider this figure typical of the expected recovery for fields of this type and is consistent with the recovery rate that is generally accepted by the authorities for fields in the Mangistau.

McDaniel estimated a recovery factor of 14.4% for the proved+probable reserves and 19.3% for the proved+probable+possible reserves based on their experience with evaluations of other Triassic reservoirs in the region and analogous projects in Kazakhstan.

The previous CPR completed by Senenergy in May 2011 used a recovery factor of ~23% which should be considered if comparing the results of the May 2011 CPR to that of the latest McDaniel report.

Estimating the future recovery from a field in its early stage of development can be subjective, the differing recovery rate used by these independent organisations has impacted the calculation of recoverable oil from the various Block 31 horizons.

### Forward Plan:

The short term focus is to further evaluate the potential of wells J-53, J-55 and J-59 with the objective of establishing long term commercial production.

In addition to this testing programme, further appraisal of the accumulation on the Southern Extension may include the drilling additional appraisal wells.

### Summary:

The results of both independent reserve audits confirm the prospectivity of the Block 31 permit and the Board will shortly outline a more detailed plan of the future work plan and funding arrangements.

If shareholders have any questions regarding this update report they are welcome to contact the Company on +61 89322 8222.

Geoff Gander  
Chairman/CEO

ENDS

Enquiries:

Jupiter Energy (+61 89 322 8222)  
Geoff Gander ([geoff@jupiterenergy.com](mailto:geoff@jupiterenergy.com))

## 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.

### Independent Analysis – McDaniel & Associates:

The information in this announcement which relates to the proven, probable and possible reserve estimations of the Mid Triassic is based on information compiled by McDaniel & Associates ("McDaniel"), a Canadian based oil & gas consulting company that specialises in oil & gas reserve estimations. McDaniel has used the Petroleum Resources Management System (PRMS) classification system in determining their reserve estimations. McDaniel 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 Mid Triassic reserves. McDaniel has given and not withdrawn its written consent to the inclusion of the Mid Triassic reserve estimations in the form and context in which they appear in this announcement. McDaniel 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.

