

03 October 2011

OPERATIONAL UPDATE

KEY POINTS:

- Trial Production Licences for Exploration Wells J-50 and J-52 approved by Central Development Committee (CDC)
- Independent log analysis on J-51 well confirms 161m of gross pay with 83m of nett pay; similar thickness as seen in J-50 and J-52
- Agreement reached on terms for a Convertible Note to raise US\$3.45m (before costs)
- Company on track to dual list JPR shares on AIM during 4th quarter 2011

The Board of Jupiter Energy Limited (ASX: JPR) is pleased to provide shareholders with an operational update covering the approval of Trial Production Licences for both the J-50 and J-52 wells and more details on the results from the open hole logging of the J-51 well.

Also included is news of a new financing together with an update on the Company's plans to list on London's Alternative Investment Market (AIM).

J-50 and J-52 Trial Production Licences

The Company was advised late last week that the Kazakh Central Development Committee (CDC) had approved applications for Trial Production Licences for both the J-50 and J-52 exploration wells.

The CDC approval is a major milestone and a written protocol from the CDC confirming the decision should be issued in the coming week; following receipt of the protocol a number of operational steps will then need to be completed before both wells can be brought onto production.

Whilst Jupiter's Aktau based team has done as much planning as possible in the lead up to the CDC approval, there are still further approvals that will be needed from the local authorities before oil can be produced and sold. Every effort will be made to expedite the

process and the Company expects to begin production from J-50 and J-52 before the end of 2011.

The Company is delighted to have achieved these important milestones for both the J-50 and J-52 wells; shareholders will be kept informed on the progress towards production.

J-51 Exploration Well

Independent analysis of the open hole logging carried out after the drilling of J-51 has been completed by local consulting firm RES.

RES has confirmed that zones within the Middle Triassic reservoir have a combined gross pay of some 161m and a combined nett pay of 83m. This data was based on cut-offs of 3.8% for porosity and 50% for oil saturation. These results are consistent with the Company's well prognosis.

Production casing has been run into J-51 and is being cemented in place. When operations are completed the drilling rig will be demobilised and replaced by a more cost-effective service rig which will be used to perforate and stimulate the well in preparation for up to a maximum of 3 months of flow testing. Oil produced during this period will be sold into the domestic market. Details of stabilised flow rates will be released in due course.

Forward Drilling Plan

The drilling rig will be moved to the J-53 location, the next well in Jupiter's exploration programme. The J-53 well is located to the southeast of J-51 and will test a structure that may contain up to 10 million barrels of potential resource.

Financing Package/AIM Listing

The Company has agreed terms on a US\$3.45m Convertible Note with major shareholder Soyuzneftegas Capital Limited (SNG).

The key terms of the Convertible Note are:

- Effective date: 29 September 2011
- Coupon Rate: 15% per annum
- Term: 24 months with interest payable quarterly in arrears
- Conversion price: US\$0.75, a premium of approximately 50% to the current share price.
- Number of shares to be issued if note converted: 4.6 million, representing 4% of the current issued share capital.
- Arrangement Fee: 1%

The dual listing of JPR shares on AIM is expected to be made via a Compliance Listing completed via the AIM "Fast Track" process. The Company expects to lodge all the relevant documentation with the AIM authorities during October 2011 with an

expectation that the listing process will be completed in November. Evolution Securities has been retained by the Company as Nominated Advisor (NOMAD) for both the AIM listing process and ongoing advice.

The Company recognizes that the global equity markets are not currently supporting the financing needs of companies such as Jupiter and has therefore decided to complete the dual listing in advance of, rather than simultaneously with, any material capital raising. The funds raised via the issuance of the Convertible Note will assist the Company in both meeting the capital requirements of the AIM listing and in funding the on-going drilling programme.

The Company expects to complete a capital raising during the first half of 2012, giving time for both the global equity markets to improve and for the results of the J-51 and J-53 exploration wells to be known.

Commenting on this recent news flow, JPR Chairman/CEO Geoff Gander said, "We are delighted to have been granted Trial Production Licences for both the J-50 and J-52 wells. We will now work as quickly as possible to get both the wells on to production."

"With regards to J-51, the independent analysis is encouraging and we look forward to the results of flow testing."

"Finally, in relation to the convertible note, we think it is prudent to complete the AIM listing now and the funds from the convertible note enable us to satisfy the 12 month working capital requirement under the AIM listing process."

Geoff Gander
Chairman/CEO

ENDS

Contact: Geoff Gander
E: geoff@jupiterenergy.com
M: +61 417 914 137

