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QUARTERLY UPDATE ON ACTIVITIES FOR THE PERIOD TO 31 MARCH 2012

KEY POINTS:

- **Trial Production from the J-50 and J-52 wells has now commenced. Initial combined production rate is expected to be ~600 bopd**
- **Jupiter Energy has agreements in place to sell its produced oil at $US400 per tonne (~$US58/barrel)**
- **Contracts signed with two traders to purchase initial production of 6,000 tonnes (3,000 tonnes each). Initial payment of $US1.2m has been received and further $US1.2m is contracted to be paid in early May**
- **J-53 well has been flow tested at rates of up to ~300 barrels of liquid per day producing a mixture of oil and completion fluids; the completion requires further optimisation to establish a more consistent flow rate**
- **Preparation of Trial Production Licence applications for both J-51 and J-53 wells are progressing and will soon be ready to submit to Ministry of Oil & Gas for approval**
- **An application for a 2 year prolongation of the Block 31 Exploration Licence has been submitted to the Ministry of Oil & Gas**
- **An application for a further extension of Block 31 exploration acreage has been submitted to the Ministry of Oil & Gas**
- **Fully Underwritten Rights Issue is expected to be carried out as soon as required approvals have been received from the Kazakh authorities**

Jupiter Energy Limited (ASX: "JPR" and AIM: "JPRL") presents the following update on activities for the 3 month period ending 31 March 2012. Also included in this report are details of any subsequent events that have occurred up to the date of this release.

The January to March 2012 quarter continued to see measured progress being made by Jupiter Energy Limited (JPR and/or the Company) as we continued to make the transition from pure oil explorer to that of explorer and producer (E&P).

Overview of the Quarter:

On 24 April 2012, the Company announced that its J-50 and J-52 wells had begun Trial Production, providing Jupiter with the opportunity to generate a revenue flow that will contribute to the overall funding of the continued development of Block 31.

During the quarter, the Company completed the first of its two 2012 commitment wells (J-53) and results released during in January 2012 confirmed that this well was a commercial discovery. All four exploration wells drilled on Block 31 since 2009 have been discoveries. Testing of the J-53 well under a natural flow regime during the quarter has exhibited a flow regime with only periods of intermittent production and not at a stable rate. Further work is required to establish a continuous and stable flow regime and this work is ongoing.

In March 2012 the Company submitted an application to the Ministry of Oil & Gas to prolong its exploration licence for a further two years, from December 2012 to December 2014. The Company has a 6+2+2 year exploration licence and this is the first of the two year extensions available to the Company.

During March 2012 the Company also submitted an application for a further extension of Block 31 acreage. If successful, this will provide the Company with additional exploration acreage which may provide a range of potential new exploration leads.

Details on the progress of both these applications will be released when feedback from the Ministry of Oil & Gas is received.

Operations in detail:

J-53 Well:

J-53 is the Company's fourth exploration well and the first of its two 2012 commitment wells on Block 31. The well is located 2.8 km southeast of the J-52 well and has increased the known areal extent of the Akkar East field.

The Company announced in January 2012 that analysis by independent consulting firm Reservoir Evaluation Services LLC ("RES") confirmed approximately 87m of gross and 56m of net pay at the Middle Triassic carbonate reservoir unit, the primary reservoir objective in the well. The cut-offs used were again 3.8% for porosity and 50% for oil saturation. The reservoir appears to be oil on rock and well above the already identified Akkar East oil water contact.

During testing the J-53 well has, under natural flow, exhibited a flow regime with only periods of intermittent production and not as expected at a stable rate; this is thought to be the result of flowing back completion fluids into the well bore which inhibit the natural flow of oil from the reservoir. The fluids recovered so far are a mixture of oil and completion fluids. Jupiter is planning to mobilize a coiled tubing unit to jet the completion fluid from the J-53 well bore which is expected to initiate the steady flow regime expected under natural flowing conditions. The Company is also sourcing equipment to install an electric submersible pump into J53 in the event natural flow cannot be maintained unaided. Analysis of the petro-physical data indicates that J-53 should produce at a long-term steady rate comparable to the other wells, but further work needs to be carried out before confirmation of an expected flow rate. Shareholders will be kept updated on progress.

An application for the J-53 Trial Production Licence is now being prepared for submission to the Ministry of Oil & Gas.

J-51 Well:

The J-51 well was the Company's 2011 Commitment Well. The surface location for J-51 was 2 km southwest from J-50 and 1.7 km northwest from J-52 and the location was designed to evaluate the prospectivity of the primary Triassic target within the structure now known as Akkar East.

The J-51 well carried out a 3 month production test and produced on a 9mm choke at a stabilised flow rate of over 600 barrels of oil per day (bopd). The well has been shut in and an application for the J-51 Trial Production Licence is now being prepared for submission to the Ministry of Oil & Gas.

J-50 and J-52 Trial Production:

The Company announced on 24 April 2012 that Trial Production had commenced on the J-50 and J-52 wells. The Trial Production Licences are issued for a maximum three (3) year duration to allow the Company to concurrently produce oil from the J-50 and J-52 wells while completing the planning and implementation of the necessary surface infrastructure required to develop the discoveries for long term production.

These wells should have an initial combined production of approximately 600 bopd and the Company is taking responsibility for the transportation of the oil to the nearby 3rd party storage facility and for storage costs associated with the oil.

The Company announced on 27 April 2012 that Jupiter Energy had entered into sales agreements with two oil traders for the sale of the oil at the storage facility for a price of $US400/tonne (~$US58/barrel). Both oil traders have agreed to pre pay for the supply of 6,000 tonnes of oil on the basis that each will take 3,000 tonnes; advance payment of $US1.2m has been received by Jupiter and payment of a further $US1.2m is contracted to be paid in early May 2012.

Under the new sale arrangements, the cost of transportation from the field and storage at the facility is being borne by Jupiter. The sale price of ~$US58/barrel adjusted for the costs of transportation and storage at ~$US6/barrel, equates to a net price of ~$US52/barrel.

When compared on a like for like basis with oil previously sold from the 90-day production testing of Jupiter wells which was collected at the well head by traders, the Company has achieved an almost 23% increase in revenue per barrel from $US42/barrel to $US52/barrel with the added benefit of 100% prepayment.

J-55:

The Company, after the 2011 extension of Block 31, has increased the Block 31 permit size from ~63km^2 to ~123km^2 and this new acreage has provided the Company with a range of potential new exploration leads. The Company acquired 3D seismic over this new acreage before the end of 2011 and the new data was processed and interpreted and several new prospects identified (see Figure 1).

The 1st well to be drilled on this new area (J-55) will be the final commitment well under the current 6 year exploration licence and this well will spud during 2H 2012.

Exploration and New Ventures:

The Company continues to review new opportunities for growth and has lodged an application for a further extension of the Block 31 territory.

It is expected that as part of this application the Company will need to make a commitment to acquire 3D seismic over any new area and, potentially, to drill further exploration wells. The Company will provide updates on the progress being made with this application as appropriate.

Other new licence opportunities are being evaluated and they can be characterised as Block 31 look-a-likes, namely early-stage exploration acreage with reasonable work commitments. The Company will keep shareholders updated on any material progress being made with the acquisition of any new licence opportunities.

Reserves Update:

An independent estimation of recoverable reserves for Block 31 was detailed in a May 2011 Competent Persons Report (CPR), completed using the Petroleum Resources Management System (PRMS) guidelines. The report was compiled using data from the drilling of the J-50 and J-52 wells. The 2P recoverable estimation was 24.2 million barrels of oil (mmbbl).

Since that time the J-51 and J-53 wells have been completed and a submission has been made to the Kazakh State Reserves Committee for approval of the reserves associated with the J-51 and J-53 wells. The submissions to the Kazakh authorities were based on calculations prescribed in the Russian GOST certification standard such that reserves are classified as C1 and C2 (not 1P, 2P or 3P); the various input parameters in the GOST estimation are derived using a methodology different from that used in the PRMS process.

The Board had planned to complete an estimation of the Company's reserves under the PRMS guidelines during H1 2012 using data from all four discovery wells, however this has been delayed while the Company completes the field work necessary to demonstrate the optimal performance of the J-53.

The Company now plans to complete a comprehensive Competent Persons Report (CPR) under the PRMS guidelines after the next two exploration wells (J-55 and J-56) have been completed. These wells are expected to be drilled on new structures in the southern extension area of Block 31.

As these wells are scheduled to be drilled in 2H 2012, it is expected that the next CPR will be available during 1Q 2013.

Block 31 Work Commitments:

The Company is current with its drilling obligations under the Block 31 contract; the Company has now completed J-53 the first of its two commitment wells for 2012. The second 2012 commitment well, J-55, will be completed during 2012. After J-55 is drilled there are no further work obligations due under Block 31's current 6 year exploration licence which runs through to December 2012.

As detailed above, the Company has lodged an application for a prolongation of the Block 31 Exploration Licence from December 2012 to December 2014. This will be the first of the two prolongations the Company is allowed to make under the contract, with the second extension being for the period December 2014 to December 2016.

On granting of the prolongation, further exploration and development wells are expected to be drilled on Block 31 and the type, quantum, timing and location of these wells will be determined by the Company. There are likely to be several more exploration wells targeting more oil reserves in the new acreage to the south, but there will also be a continued focus on growing the existing Akkar East production profile through the drilling of several appraisal/development wells on that field. This will form part of the process of taking the Akkar East field from Trial Production to Full Production phase.

The major benefit of advancing the Akkar East field from Trial to Full Production is that the Company is allowed under its Production Contract, after all approvals have been given, to sell at least 80% of its oil production from the field into the export market where significantly improved net backs can be achieved.

More detail on the plans to move to Full Production will be released during 2H 2012.

Capital Management:

Further injection of capital will be required before the development of Block 31 will reach self-funding. Whilst the initial prepayment of $US2.4m for oil sales on J-50 and J-52 is beneficial, the Company is planning a capital raise in mid-2012 of sufficient size to achieve the following objectives of (i) putting the J-51 and J-53 wells on Trial Production (ii) drilling of the J-55 well, and, assuming it is a discovery, completion, testing and applying for a Trial Production Licence.

As mentioned in the Operations Report released on 16 March 2012, given the state of the capital markets, and current market capitalisation of Jupiter, the new funds are likely to be raised by means of a rights issue. It is expected that the rights issue will be fully underwritten and a Prospectus will be lodged once the necessary approval for the fund raising have been received from the Kazakh authorities.

Following what is expected to be a mid-year capital raise and completion of the objectives set out above, the directors will consider all available options for financing the further development of the East Akkar field to the stage where export oil sales are being achieved and further development of the field is self-funding; these options may include the further issue of new equity, reserve based debt, convertible debt or a combination of these various instruments.

General Meeting: 14 May 2012

A Notice of Meeting was mailed to shareholders on 11 April 2012 and a general meeting will be held in Perth on 14 May 2012. One of the resolutions to be put to shareholders will be authority for the Board to issue the requisite number of shares to Soyuzneftegas Capital ("SNG") to enable the conversion of their existing $US3.45m Convertible Note to equity.

Shareholders should note that the number of shares to be issued to SNG if the Convertible Note is converted to equity will be calculated using the issue price of the mid year capital raising.

Shareholders are encouraged to review the Notice of Meeting and associated Explanatory Statement, vote on the resolutions and, if possible, attend the meeting in person.

Capital Structure and Finances:

As at 31 March 2012, the Company had 116,130,154 listed shares trading under the ASX ticker "JPR" and AIM ticker "JPRL". The Company had 866,669 unlisted options on issue all expiring on 31 December 2012 with exercise prices between $1.50 and $2.775. The Company also had on issue a total of 2,133,335 unvested Performance Rights.

Unaudited net cash reserves as at 31 March 2012 totalled approximately $A1.57m and during April 2012 a further $US2.4m was contracted for through the prepaid sale of trial production oil. As at the date of this announcement, $US1.2m has been paid and a further $US1.2m is contracted to be paid in early May 2012.

Summary:

The quarter saw continued progress towards the goal of developing Jupiter Energy into a full cycle E&P company with a growing production profile and material reserves.

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

Geoff Gander
Chairman/CEO

ENDS

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Competent Persons Statements:

General

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 Reserves

The information in this report which relates to independent Triassic oil reserves (1P, 2P, 3P) and prospective resource (P90, P50, P10) is based on information compiled by Senergy Limited, an international oil & gas consulting company that specialises in oil & gas reserve estimations. Senergy Limited has sufficient experience which is relevant to reserve estimations and to the specific exploration permit in Kazakhstan to qualify as competent to verify information pertaining to the Triassic oil reserves (1P, 2P, 3P) and prospective resource (P90, P50, P10). Senergy Limited has given and not withdrawn its written consent to the inclusion of its name and the Triassic 1P, 2P, 3P reserves and prospective resource (P90, P50, P10) figures in the form and context in which they appear in this report. Senergy Limited has no material interest in the Company.

The information in this report which relates to Triassic prospective resources (P50) and open hole logging interpretation 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 sufficient experience which is relevant to oil & gas reserve estimation and open hole logging analysis and to the specific permit in Kazakhstan to qualify as competent to verify the information pertaining to the Triassic prospective resource (P50) and open hole logging analysis. RES has given and not withdrawn its written consent to the inclusion of the Triassic prospective resource (P50) figure or open hole logging analysis in the form and context in which they appear in this report. RES has no material 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.

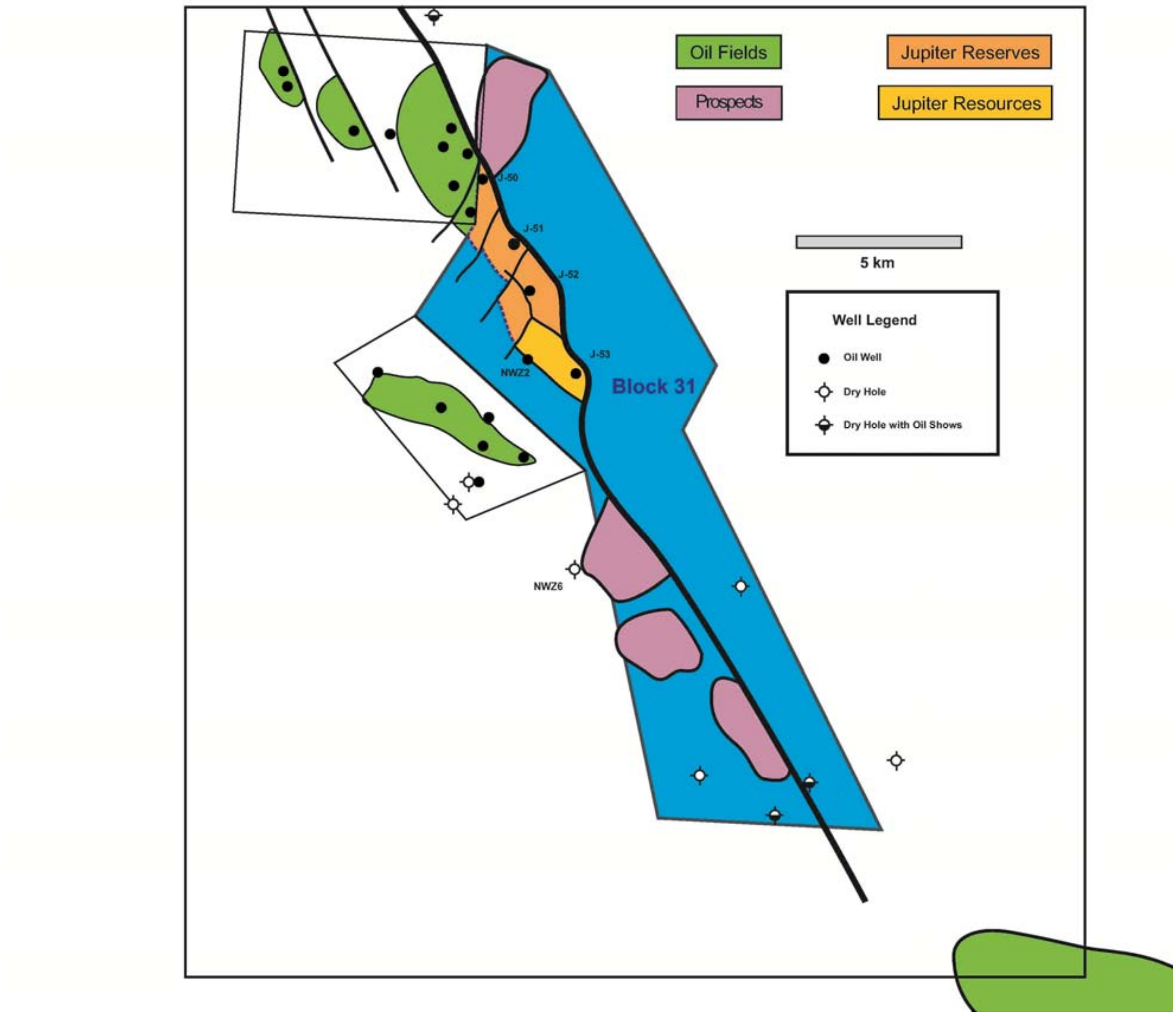

Figure 1: Location of J-50, J-51, J-52 and J-53 wells and future potential drilling targets