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

QUARTERLY UPDATE ON ACTIVITIES FOR THE PERIOD TO 31 DECEMBER 2012

KEY POINTS:

- **Total oil revenues for the quarter were $US1.83m at an average price of approximately $US43.50 per barrel.**

- **Trial Production Licenses approved for J-51 and J-53: 4 wells are now approved to produce under Trial Production Licenses.**

- **J-55 reached total vertical depth (TVD) on 29 September 2012 taking 55 days to drill. Initial analysis of the J-55 well indicated 112m of gross reservoir and approximately 60m net pay in the T2B Mid Triassic carbonate reservoir unit. Further stimulation has been undertaken and an ESP will be installed in early February to establish a stabilized flow rate.**

- **J-58 reached TVD on 28 November 2012, taking 37 days to drill. Initial analysis of the J-58 well indicated 152.8m of gross reservoir and approximately 75.6m net pay in the T2B Mid Triassic carbonate reservoir unit. A further 120.1m of gross reservoir and approximately 52m net pay was identified in the T2A Mid Triassic carbonate reservoir. Stimulation and flow testing of the T2B reservoir is expected to be carried out in February 2013.**

- **J-53 underwent a workover with cement squeeze to further reduce the water influx. The well will now undergo further stimulation during 1Q 2013 to establish a stabilized oil flow rate.**

- **J-59 was spudded on 31 December 2012. TVD is expected to be reached during February 2013. This is the Company's 7th exploration well and the 3rd well drilled on the new southern extension area.**

- **Post period end $US3m was raised via an unsecured loan to fund the drilling of J-59.**

- **An independent consulting firm has been engaged to complete an updated CPR which is expected to be completed by end of 1Q 2013.**

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

The October to December 2012 quarter continued to see measured progress being made by Jupiter in the transition from pure oil explorer to that of explorer and producer (E&P).

<u>The quarter in brief:</u>

A feature of the December 2012 quarter was the level of drilling activity successfully undertaken by the Company on the southern extension area.

Both the J-55 and J-58 wells reached Total Vertical Depth (TVD) during the period and wireline logs from both wells indicated the presence of hydrocarbons at the Mid Triassic carbonate reservoir. This was consistent with the wells drilled on the already discovered Akkar East field.

In late December, the Company spudded J-59 which will be the Company's seventh exploration well and the third located on the southern extension area; during 2012, the Company successfully completed three exploration wells and spudded a fourth.

Another important achievement during the quarter was the receipt of a number of key licences and approvals from the Kazakh authorities. Trial Production Licences for the J-51 and J-53 wells were granted, bringing the number of wells now having trial production status to four. In addition, the Company successfully extended the exploration period of its Block 31 licence to December 2014 and also received a range of other approvals to enable continued operations during 2013.

The lack of suitable workover rigs that met Jupiter's technical requirements and an unusually cold December meant that the completion of the J-53 and J-55 wells were both delayed and a key focus in the first quarter of 2013 will be to get both these wells onto production, in addition to J-58.

Oil sales for the quarter were limited to the J-50 and J-52 wells but with Trial Production licences now approved for the J-51 and J-53 wells and production testing approved for J-55 and J-58, it is expected that oil production from these wells will grow during early 2013 and this will increase the cashflow that can be re-invested in field operations.

Operations in Detail:

AKKAR EAST

The current arrangement of delivering un-processed oil to a local facility has certain capacity constraints and this has meant that production from wells J-50, J-51 and J-52 has had to be managed accordingly.

J-50 and J-52 Wells (Trial Production):

Total oil revenues for the quarter were $US1.83m at an average price of approximately $US43.50 per barrel, after deducting transport, processing and waste disposal costs. All oil was sold on a pre-paid basis.

J-50 had an Electric Submersible Pump (ESP) installed in October 2012 to optimize production from this well. The flow rate from J-50 over the month of January has averaged 250 barrels of oil per day (bopd) with all oil produced being sold into the domestic market. Water cut from the well is <1%. A total of approximately 18,200 barrels of oil was produced from the J-50 well during the reporting quarter generating $US778,000 in net revenues.

The flow rate from J-52 over the month of January has averaged 310 bopd and water cut from the well is <1%. A total of approximately 23,800 barrels of oil was produced from the J-52 well during the reporting quarter generating $US1.052m in net revenues.

J-51 Well:

The well was shut in for the entire reporting quarter as the Company awaited approval of its Trial Production Licence. All required approvals were received before year end and J-51 was put back on production in early January 2013.

The flow rate from J-51 over the month of January has averaged 315 bopd with the water cut at <1%.

J-53 Well:

Following the initial production testing of J-53 during which higher than expected water cuts were recorded, the well underwent a chemical treatment that partially reduced the water production. During the quarter the well underwent a cement squeeze to further reduce the water influx that is expected to further enhance the oil rate.

The lack of suitable rigs from the Company's contractor meant that the planned November workover of J-53 did not occur. The Company has subsequently changed contractors and the workover is now planned for early February. To date, a total of approximately 100 barrels of oil has been recovered from J-53 and an update on the performance of the J-53 well will be provided to shareholders in due course.

During the quarter, the Company received approval for J-53 to produce under Trial Production.

SOUTHERN EXTENSION AREA

J-55 Well:

On 29 September 2012, the J-55 well reached a total depth of 3,400m. Hydrocarbon shows while drilling, including a core in the reservoir zone, and subsequent open hole wireline logs all indicated hydrocarbons in the Triassic reservoir. The open hole logs indicated good levels of oil saturation and porosity, similar to the proved producing zones in the J-50, J-51, J-52 and J-53 wells on the Akkar East field.

Analysis by independent consulting firm Reservoir Evaluation Services LLC ("RES") confirmed some 112m of gross reservoir and approximately 60m of net pay at the Middle Triassic carbonate reservoir unit, the primary reservoir objective in the well. Cut offs of 3.8% porosity and 50% oil saturation were used in the analysis, with a correction for mud filtrate displacement.

The geological indications were consistent with the Company's pre-drill expectations that the prospect being targeted by the J-55 well may contain up to 10 million barrels (mmbls) of potential resources.

Production casing was run and cemented in place. Following the initial acid-wash stimulation of J-55 in December 2012 approximately $50m^3$ of oil (350 barrels) was recovered to surface, however stabilized natural flow was not established. Analysis of the transient bottom hole pressures recorded during the initial testing indicated that the flow characteristics of the T2B horizon may improve following a re-perforation and a further, more aggressive, acid stimulation.

This work was carried out during January and swabbing of the well has indicated that the T2B horizon should sustain a production rate of approximately 200 bopd with an ESP similar to the pump installed at J-50. The installation will be carried out in early February.

The forward plan is to put J-55 onto production testing during which time flow rates and reservoir pressures will be measured for various choke sizes and fluid samples collected for analysis. It is then planned for the T2A horizon to be completed and comingled with the T2B production after the ninety day T2B production testing period is completed.

Once production testing has been completed an application will be submitted to the relevant regulatory authorities for the well to be put onto a Trial Production Licence.

J-58 Well:

On 22 October 2012, the Company announced the spudding of the J-58 well. This is the Company's sixth well and the second to be drilled on the southern extension area. The well is 3.8km to the southeast of the J-55 well location.

On 28 November 2012 the Company announced that the J-58 well had reached TVD of 3,320m and took a total of 37 days to drill. The performance of the drilling operation was better than anticipated with the well reaching final depth ahead of schedule. Open hole logs were acquired and production casing was run in preparation for the ninety day production testing period.

Hydrocarbon shows while drilling, including a core in the reservoir zone, and subsequent open hole wireline logs all indicated hydrocarbons in the Triassic reservoir. The open hole logs indicated good levels of oil saturation and porosity, similar to that of the J-55 well which was also drilled on the same structure.

Analysis by independent consulting firm RES confirmed some 152.8m of gross reservoir and approximately 75.6m of net pay at the Middle Triassic T2B carbonate reservoir unit, the primary reservoir objective in the well.

In addition RES analysis also confirmed an additional 120.1m of gross reservoir and approximately 52m of net pay at the Middle Triassic T2A carbonate reservoir unit. Cut offs of 3.8% porosity and 50% oil saturation were used in the analysis, with a correction for mud filtrate displacement. The geological indications were consistent with the Company's pre-drill expectations that the prospect being targeted by the J-58 well may contain up to 10 mmbls of potential resources.

The stimulation and flow testing of the T2B reservoir unit is expected to be carried out in February 2013 and the forward plan will be to put J-58 onto production testing during which time flow rates and reservoir pressures will be measured for various choke sizes and fluid samples collected for analysis.

The well will then be shut in and the Company will then test the T2A reservoir unit for a further ninety days. Testing of the T3 reservoir unit has also been approved by the Kazakh authorities, meaning that the well could be on production testing until September 2013.

Once all production testing has been completed an application will be submitted to the relevant regulatory authorities for the well to be put onto a Trial Production Licence.

Current Drilling Program (J-59):

On 3 January 2013, the Company announced the spudding of the Company’s seventh exploration well, J-59.

The J-59 well is, like the J-55 and J-58 wells, located on the southern extension area. It is positioned approximately 3.8km to the southeast of the J-58 well location.

The well is planned to be vertical and has the potential to intersect a secondary Jurassic clastic reservoir target and then the primary Mid-Triassic carbonate reservoir target before drilling to a planned total depth of approximately 3,400m true vertical depth.

The J-59 well is again being drilled by Kazakh drilling contractor Akpan LLP who are using the same ZJ-40 rig as was used previously for the J-55 and J-58 wells. The well is anticipated to take approximately 60 days from spud through to running production casing and temporarily suspending the well. The Company will then demobilise the drilling rig and, on a success case basis, mobilise a smaller and more cost-effective service rig to complete and test the well.

The planning and mobilisation of the workover rig and testing equipment may take two to three weeks before commencing the initial testing programme. The Company will complete this well in a similar fashion to the J-51, J-52, J-53, J-55 and J-58 wells.

The Company believes that the area being targeted by this well may contain up to 10 mmbls of potential resources.

The Company will provide appropriate updates during the drilling and testing of the J-59 well.

Oil Sales:

The Company continues to investigate new markets for the sale of its oil from the Block 31 fields. The Company anticipates increased oil production from its wells and also wishes to have the flexibility to deliver oil into the state owned oil pipelines after full field development has been completed and the Company moves from domestic to export sales.

The current arrangement of delivering un-processed oil to a local facility has certain capacity constraints and this has meant that production from wells J-50, J-51 and J-52 has had to be managed accordingly. Going forward this arrangement will be unviable for the Company's future needs and discussions about new arrangements are ongoing. The Company is currently using rail transport to the Atyrau refinery but it is hoped that with larger volumes in the future following full field development, rail transport can be replaced with sales directly into the pipeline, thereby reducing transportation costs and improving the net price/barrel achieved in the domestic market.

Annual General Meeting:

The Annual General Meeting (AGM) was held in Perth on 9 November 2012 and all resolutions were passed on a show of hands.

Competent Persons' Report (CPR):

The Company has engaged an international consulting firm to produce a new CPR over the Company's assets with a view to further defining and updating its resource estimates. Work began on the new CPR during December 2012 and is expected to be published by the end of 1Q 2013.

Capital Management:

The encouraging drilling shows, cores and wireline logs from the J-55 and J-58 wells led the Board to decide to drill the J-59 well as soon as was practical. This well is the third to be drilled on the southern extension and the results collected from the drilling of the J-55, J-58 and J-59 wells, covering the main structure in the southern area, will provide greater clarity of sizing of facilities and pipelines for the anticipated Block 31 development.

Proceeds from the August 2012 Rights Issue, complemented by revenues from the sale of oil from the producing wells, meant that the Company was funded to complete the drilling of J-58 during the second half of 2012 and to implement the necessary topside infrastructure to bring the J-51 and J-53 wells onto Trial Production during the quarter.

Funds for the drilling of the J-59 well were sourced via a $US3m unsecured loan, details of which were released to shareholders on 7 January 2013.

In summary the loan is for $US3 million via three Promissory notes, each with exactly the same terms and each with a face value of $US1m. The loan is repayable on 31 December 2013 or at such time that the Company raises additional funding of a minimum of $20 million via debt, equity or other funding. The loan has a coupon rate of 15% per annum, payable quarterly in arrears, with the first interest payment due on 31 March 2013. The loan was provided by Mobile Energy Limited.

The directors are currently reviewing a range of options for financing the further development of the East Akkar field during 2013 and beyond 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 and other funding instruments.

Capital Structure and Finances:

As at 31 December 2012, the Company had 153,377,693 listed shares trading under the ASX ticker "JPR" and AIM ticker "JPRL".

All 866,669 unlisted options expired on 31 December 2012, with none having being exercised. Post approval at the 2012 AGM for the issue of an additional 5,066,666 Performance Rights, the Company now has on issue a total of 7,200,001 unvested Performance Rights. These Performance Rights all expire on 31 December 2013 and the vesting terms for all the Performance Rights on issue are the same.

Unaudited net cash reserves as at 31 December 2012, including the proceeds from the unsecured loan, totalled approximately $A4m.

Summary:

The quarter saw continued progress towards the goal of developing Jupiter 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:

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:

The information in this announcement which relates to the Mid Triassic prospectivity 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 to the specific permit in Kazakhstan to qualify as competent to verify the information pertaining to the Mid Triassic prospectivity. RES has given and not withdrawn its written consent to the inclusion of the Mid Triassic prospectivity figures in the form and context in which they appear in this announcement. RES 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.