

29 January 2016

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

QUARTERLY UPDATE ON ACTIVITIES FOR THE PERIOD TO 31 DECEMBER 2015

KEY POINTS:

- **All producing wells have been shut in since February 2015 and will remain closed until domestic oil pricing reaches a level where oil production is cashflow positive.**
- **Discussions continue with relevant parties regarding the resolution of the Akkar North division of Reserves.**
- **A further \$US0.36m in funding under the existing Funding Framework Agreement was provided by major shareholder Waterford Petroleum on 14 December 2015 (\$US160k) and 28 January 2016 (\$US200k).**

Jupiter Energy Limited (ASX: "JPR", AIM: "JPRL" and KASE: "AU_JPRL") presents the following update on activities for the 3 month period ending 31 December 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:

There were no oil sales made during the Quarter. All producing wells were shut in during February 2015 due to low domestic oil prices.

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 cashflow negative.

The Company therefore decided to cease production from its producing Akkar East wells (J-51 and J-52) until the domestic oil price improved. The Company continues to monitor local pricing on an ongoing basis, and believes that production may recommence during 2016 but is unable to give any guarantee that oil production will recommence in that timeframe.

The Company has further restructured its operations and overall monthly operating costs have now been reduced by ~56% providing a year on year annual saving in running costs of approximately \$US2.4 million.

Funding Update:

On 30 April 2015 the Company signed a Framework Agreement with a substantial shareholder, Waterford Petroleum Limited (Waterford). Waterford agreed to provide the Company with up to \$US5m over and above the \$US5m Promissory Note dated October 2014 (to a total of \$US10m). The funds will provide the Company with additional working capital via the issuance of promissory notes. Funds will be released as requested by the Company, subject to the approval by Waterford of a Care & Maintenance budget.

During the Quarter, Waterford provided \$US160,000 under this facility and on 28 January 2016 Waterford provided a further \$US200,000.

Based on management forecasts, the Company has sufficient working capital, including its access to the remaining funding under the Framework Agreement, for the first half of the 2016 calendar year. The Company continues to seek a longer term funding package that will enable the commencement of the 2016 drilling program and for on-going working capital in the 2nd half of 2016 and beyond.

West Zhetybai Trial Production Licences (wells J-58 and J-59):

In order to get the J-58 and J-59 wells ready for Trial Production, the appropriate surface production infrastructure must be put in place for both the wells. This equipment will need to be purchased and funding is not available at this time to complete the acquisition of the equipment required.

The Company will keep shareholders updated on progress.

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 is now considering formally referring the matter to a higher authority within Kazakhstan in an effort to bring the matter to a 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 year due to constraints on several fronts.

Subject to obtaining the requisite funding, the Company plans to continue with its drilling program as soon as it is possible. At this stage, two wells are planned for 2016. The continued use of limited unsecured debt to fund the Company has been driven by the fact that the Company has been unable to get the required permission from the Ministry of Energy (the Waiver) to raise equity through the issue of new shares. The Board has been advised by convertible note and promissory note holder Waterford Petroleum and the other convertible note holders that funding via equity is their preferred structure and they continue to urge the Company to pursue the granting of a Waiver as soon as possible.

The Company has already received approval from the relevant Kazakh authorities to extend the 2015 drilling program into 2016. The Company is also seeking an extension of the Exploration Period through to at least 29 December 2018.

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 30 September 2015 | Interest acquired / disposed of during the Quarter | Interest held as at 31 December 2015 |
|------------|-----------------|---------------------------------------|--|--------------------------------------|
| Kazakhstan | Block 31 | 100% | Nil | 100% |

Annual General Meeting:

On 06 November 2015 the Company held its Annual General Meeting in Perth, Australia.

All resolutions were passed.

Capital Structure and Finances:

As at 31 December 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 roll over the existing \$US5m promissory note and all accrued interest and provide up to a further \$US5m in working capital to the Company via the issue of further promissory notes. As at 31 December 2015, the total drawn down from the Waterford \$US10m facility stood at \$US8.73m. Based on the current Care & Maintenance budget, the remaining \$US1.27m available from Waterford under the current funding facility will be sufficient to provide the Company with working capital for the 1st half of 2016.

On 28 January 2016, the Company received a further \$US200,000 from Waterford and these funds will be put towards meeting working capital commitments.

Unaudited net cash reserves as at 31 December 2015 stood at approximately \$A0.30m.

The Directors of the Company continue to defer their Directors' Fees until such time that the Company has an improved cashflow.

Summary:

Progress during the Quarter continued to be constrained but sufficient working capital is in place until the end of the 1st half of 2016 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

Enquiries:

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

Competent Persons Statement:

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.