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UPDATE ON ACTIVITIES FOR THE PERIOD TO 30 SEPTEMBER 2009

HIGHLIGHTS

- **JPR successfully raises $7.237m in an over subscribed Rights Issue. Funds will be used to drill the new SV Akkar well on the Block 31 permit in Kazakhstan.**
- **David Thorpe, an experienced drilling engineer, joins the JPR team to manage the NWZ 2 re entry program and the planning and preparation for the drilling of the SV Akkar well.**
- **Work on the NWZ 2 re entry started in mid September and progress to date has been without disruption and on schedule. Completion is expected in early November.**
- **Tender for the turnkey drilling of SV Akkar has been released with a decision on the successful turnkey operator expected by mid November. Long lead time items have already been ordered. Spudding of the well is expected in December.**
- **PM Lucas and AGR Group continue to work closely with JPR management to assist in expediting drilling activities.**
- **A range of new investment opportunities have been considered with legal and technical due diligence on the 2 most prospective areas now underway.**

Jupiter Energy Limited (ASX: JPR) presents the following update on activities for the 3 month period ended 30 September 2009. Also included in this report are details of any subsequent events that have occurred up to the date of this announcement.

In broad summary, the Company is now beginning to see that the time and money that has been invested in Kazakhstan over the past 2.5 years is showing signs of delivering real value to loyal and patient JPR shareholders.

The re entry of the NWZ #2 Well:

As has already been well documented in previous announcements, the NWZ 2 well was drilled and cased by the Soviets in 1969 and a review of the logs from the NWZ 2 soviet drilling program shows that a 30 metre sand flowed oil to surface. The oil flowed from the Jurassic XIII and the zone of interest was from 2920m to 2950m.

A successful re entry will obviously mean oil flowing to surface and this in turn will mean that there is a need to have the appropriate surface equipment installed to ensure the oil is stored in an environment that is appropriate for the weather conditions experienced during the Mangistau winter. Whilst this equipment will require additional funding over and above what was originally budgeted for the re entry, this expenditure will form part of the production testing budget.

The Company has been releasing weekly updates on the progress with the NWZ 2 re entry and it is recommended that shareholders read these reports if they want greater detail on the specifics of what has been carried out over the past 4-6 weeks. The dates of the significant announcements are:

- 12 October 2009
- 19 October 2009
- 26 October 2009

and the announcements can all be found on the JPR website (www.jupiterenergy.com.au)

In summary, the workover has progressed without any unplanned interruptions and the well casing appears to be in good condition. The target depth of 3037m has been reached and a new cement plug has been set from 2970m to 3037m. A cement plug is already in place at 2560m, meaning that the workover team has now isolated the zone of key interest between 2920m and 2950m. Work will be carried over the next 10 days week to complete the workover. Focus this week has been on the delivery and installation on site of the appropriately heated surface equipment in which to store the oil, once it begins to flow to surface.

Assuming a successful re entry, the well will be placed on production test for up to 3 months after which time it will be suspended and application will be made to the Kazakh authorities for a trial production licence. Once granted, the sale of oil produced from this well will commence, probably during 2Q 2010.

Obviously getting the NWZ 2 well into production will have a number of major benefits and not least of these will be the experience that the JPR executive has gained over the past few months in relation to the key areas of:

- Tendering guidelines
- Procurement policies
- Implementation of a local HSE policy
- Licensing requirements
- Understanding the ability and depth of knowledge of local Aktau contractors
- Benefits and weaknesses of local drilling methods
- Planning logistics from Aktau
- Access to oil transportation infrastructure from Block 31

All of this information will be of great value as future wells are drilled on Block 31.

SV Akkar Well:

Much like the NWZ 2 re entry program, a lot has already been written about the drilling of the new SV Akkar well. The location of this well is expected to be adjacent to the existing Akkar N oilfield which is already producing ~ 2,000 bopd and has booked reserves (1P) of 23 mmbbls. A review of all the available data indicates a potential ~ 6 mmbbls recoverable from this specific Block 31 target. Whilst not the largest target on Block 31, it is believed that this area offers the least risk opportunity for the first new well on the permit.

The raising of $7.237m via the August 2009 Rights Issue has meant that the Company has now expedited the tendering process and expects to make a decision during November 2009 on who will be the successful turnkey drilling operator for the SV Akkar well. Local interest has been extremely strong so a competitive quote is expected. Long lead time items such as well heads and casing have already been ordered and the focus is on a date in December to spud the new well.

During the quarter JPR finalised the lease on an office in Aktau and the branch is expected to be officially opened during November 2009 with initial local staff numbering at least 6 people. JPR has now hired an Operations Manager that will be based in Aktau and he will work closely with David Thorpe to oversee the local operation. Sungat Baygozhynovich will start in early November and comes with strong experience in all aspects of drilling new wells in Kazakhstan.

New Opportunities:

The increased activity by JPR in Kazakhstan has meant that more and more new investment opportunities are being offered to the Company. As a result, management has been in active discussions with a number of organisations with regards involvement in potential new permits and these have now been narrowed down to two (2) that the Board feel are worthy of additional review at this time. Legal and technical due diligence are key requirements for any potential transaction and Geoff Gander and Keith Martens are driving these processes whilst David Thorpe is focused on the NWZ 2 re entry and the letting of the SV Akkar tender.

Keith Martens will visit Kazakhstan in early November to carry out a final review on a range of seismic data covering both areas under review and subject to his recommendation, Geoff Gander will then go to Kazakhstan in the expectation of progressing one or both of these opportunities to a point where binding agreements can be signed and details of any transaction announced to shareholders.

Some of the key parameters that must exist for JPR to consider any investment opportunity in the foreseeable future are:

- The permit is over a proven area in terms of oil discovery with a requirement for more innovative drilling techniques to ensure commercial flow rates from new or existing wells;
- Pricing of the permit must reflect that JPR shareholders get the benefit of the added value and innovation brought by the Company to the permit;
- Acceptable exploration periods remain on the permit licence;
- There are realistic approved working commitments on the permit (ie JPR is not inheriting someone else's failed promises to deliver);
- The location of the field is near existing transportation infrastructure;
- Government authorities are supportive of JPR being the operator of the field; and
- The majority share of the permit is held by JPR.

The Company is confident it can add to its portfolio of assets in Kazakhstan in the near term and in doing so, grow its proven reserves over time. Again, as has been well documented, JPR believes that oil recoverable from Block 31 stands at 28 mmbbls and it hoped that this figure will increased markedly with the next acquisition(s).

Investor Interest in Kazakhstan:

During October, JPR was given the opportunity to present to a group of international fund managers in Almaty. The fund managers were from the US, UK and Europe and were visiting Kazakhstan to look at a range of investment opportunities there.

The JPR strategy was well received and it was clear that investors familiar with Kazakhstan are somewhat wary of updates from companies that only talk about what they are going to do in the future – perhaps understandably they now appear to only want to invest in companies that are actually producing oil or about to begin production.

To this end, JPR is confident that success with the NWZ 2 re entry and the SV Akkar drilling campaign will provide the Company with the credentials it requires to be regarded as a viable investment by these types of organizations and the opportunity to meet them at this stage of the Company's progress was extremely helpful.

Capital Structure and Finances:

As at 30 September 2009, the Company had 631,212,806 listed shares, trading as JPR. This figure increased to 736,220,391 with the allotment of a further 92,507,585 shares on 9 October 2009, being the shortfall shares from the Rights Issue.

The Company also has 300,000,000 listed options, trading as JPROA. The JPROA options have an exercise price of $0.08 and expire on 30 June 2010. The Company also has 23m unlisted options, 20m of which vest over the next two years and are subject to performance hurdles. These options, should they vest, have an exercise price of $0.08 and will expire on 31 December 2011. The remaining 3m options have an exercise price of $0.20 and expire on 31 December 2012.

Cash reserves of the Company as at 30 September 2009 stood at approximately $A7.85m (when taking into account the $1.85m banked with the allotment of shortfall shares on 9 October 2009). The next major cash outgoing will be the drilling of the SV Akkar well, now budgeted at approximately $A5m, which reflects the much improved exchange rate between the $A and the $US.

The JPR Board advises that Biscra Holdings has been paid an initial payment of $US1m, due originally on 31 December 2009. It was decided to pay this amount earlier as a sign of good faith and future cooperation on other potential acquisitions that JPR may make. The final $US2.5m is still due for payment on 30 June 2010. It should be noted that the Chairman of Biscra will be visiting Australia during November 2009 and will be involved in a number of broker presentations with JPR whilst he is here.

As the JPR share price moves towards the JPROA strike price of $0.08, the potential of a $A24m inflow around June 2010 increases, providing the Company with a clear funding strategy for its 2010 drilling program.

The 2010 drilling program for Block 31 will be presented to the regional office of the Ministry of Energy and Mineral Resources (MEMR) during November for their approval and it is expected that the 1st well to be drilled in 2010 will be positioned on the structure that is approximately 2km updip from the NWZ 2 well. This structure is believed to contain over 20 mmbbls of recoverable oil from 4 different zones.

Summary:

Ultimately any oil explorer will be judged by the success that it has in its drilling operations and the quantity of oil that it is able to bring to surface for sale into the world market. As at today, JPR is on the crest of moving from explorer to producer and the next few months will indeed be pivotal for the Company.

As such, there is much for shareholders to look out for in the coming weeks and the Company will update you on all events of significance. The Annual General Meeting is scheduled for 2pm on Wednesday 25 November 2009 in Perth and I look forward to seeing shareholders at this meeting. In the meantime, if anyone has any questions regarding this update report they are welcome to contact myself via phone on 0417 914 137 or via email – geoff@jupiterenergy.com.au

Geoff Gander
Executive Chairman

Footnote: *The information in this document that relates to oil exploration results and reserves is based on information compiled by Mr. Keith Martens who is a Director of Martens Petroleum Consulting Pty Ltd. Mr. Keith Martens has sufficient experience which is relevant to oil exploration and to the specific activity in Kazakhstan to qualify as competent to verify the above statements . Mr. Keith Martens consents to the inclusion of the 1P, 2P and 3P reserves and production outlook in the form and context in which they appear.*

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