

29 April 2009

UPDATE ON ACTIVITIES FOR THE PERIOD TO 31 MARCH 2009

HIGHLIGHTS

- **3D seismic program now complete**
- **Results show Block 31 has 4 key targets with potential for over 25 mmbbls recoverable**
- **At \$US50/barrel oil, netback potential on the project stands at over \$US450m**
- **JPR in active dialogue with potential investment partners**

Jupiter Energy Limited (ASX: JPR) presents the following update on activities for the 3 month period ended 31 March 2009. Also included in this report are details of any subsequent events that have occurred up to the date of this announcement.

Whilst we continue to be in a period of great turbulence in the worlds' capital markets, JPR has remained focussed on completing the 3D seismic work on Block 31, with the clear objective of securing a partner to be involved in further development the permit, including the drilling of an appraisal well during 2009.

Update on Block 31:

3D seismic was recorded over 194 sq km of the Block 31 permit which has resulted in full fold coverage of approximately 95 sq km and this process has yielded complete 3D data on all of JPR's western section of Block 31 in the Mangistau Basin.

As shareholders should be aware, the Block 31 permit is located in the Zhetybai-Uzen step of the Mangistau Basin. The Basin is extremely well located in terms of access to existing oil infrastructure (road, port and pipelines) and the area has already produced some 6 billion barrels of oil. Most of the discoveries are contained within the Zhetybai-Uzen step itself, with the two biggest fields being Uzen and Zhetybai having produced from both the Jurassic and the Triassic. Block 31 is on the same trend as Uzen and Zhetybai, consists of two parts, covers an area of over 125 sq km and is located adjacent to two existing oil fields which have potential reserves of c 50 million barrels of oil (mmbbls). Adjoining the northern tip of Block 31 is Akkar North (Akkar N). Akkar N was, until recently, much like Block 31 in that it was a pure exploration block with its prospectivity purely based on 1970's and 1980's 2D seismic data. However, 3D seismic was shot on the block in 2007, and a target was identified on an area that borders Block 31. That target

was drilled and subsequent development success has meant that the field is now producing some 4,500 barrels per day and has proven and probable (2P) reserves of 23 mmbbls.

The 3D seismic that has been carried out on Block 31 includes the 25 square kilometre extension to the permit that was granted by the relevant Kazakh authorities in late October 2008. This extension covers an area situated between JPR's initial exploration permit area and the North West Zhetybai (NWZ) oil field and includes an area that was drilled by the Soviets in the early 1980's called NW2. A review of the logs from the NW2 drilling program shows that a 30 metre sand flowed oil to surface at 17.2 barrels of oil per day (bopd) without acid or pump. The 3D seismic targeted both the NW2 structure as well as an extension to Akkar N as there is a strong belief that both areas will show very good potential for oil reserves. (Figure 1 provides more details on the NW2 structure and the location of other potential targets on the permit)

Update on the 3D Seismic Program:

The diagram below outlines the seismic program that has been carried out on Block 31 (blue area) as well as some of the targets that the JPR Board believes exist on the permit (yellow areas).

Block 31 – Prospects and Leads

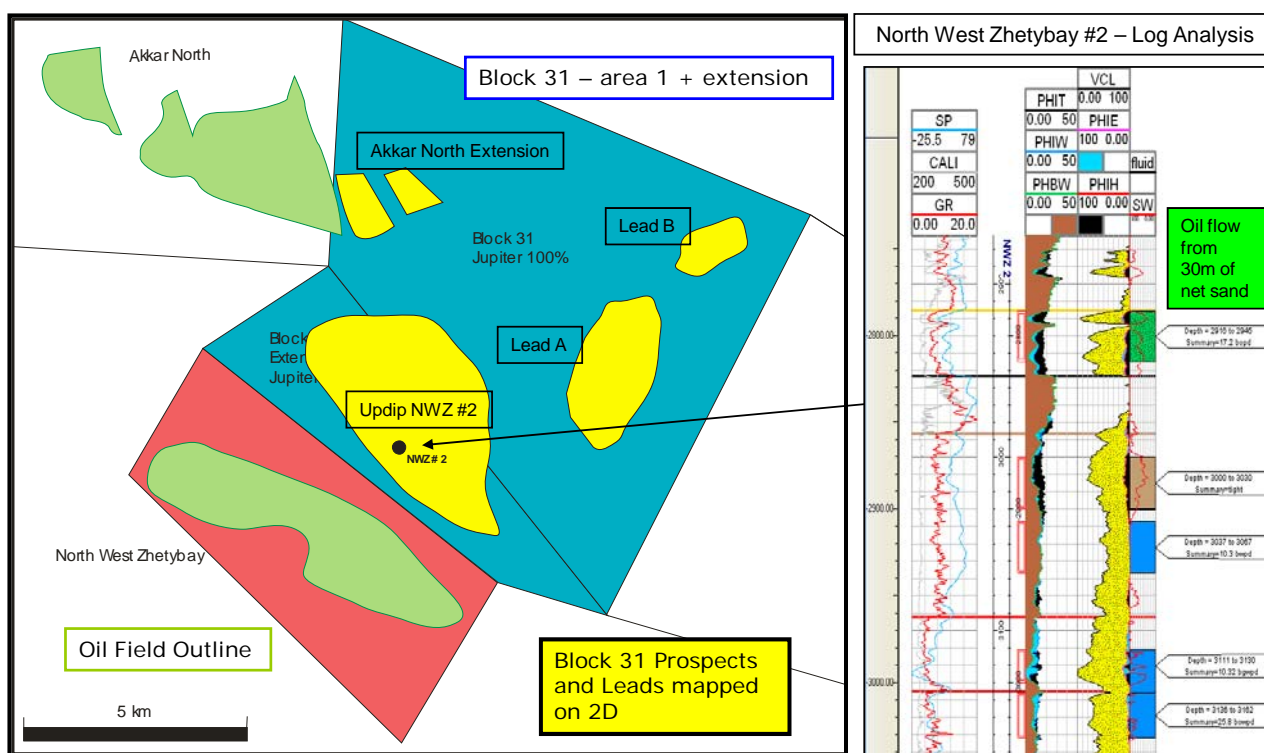


Figure 1: Outline of potential targets on the now extended Block 31 and logs from the NWZ 2 well drilled in the 1980's

Results of the 3D Seismic Program:

The Company has prepared a detailed presentation outlining the results of the 3D seismic program and the opportunities that exist on Block 31 to move into production over the coming 12-18 months. In summary, the results indicate a recoverable oil potential of c 25 mmbbls from 4 key targets on the permit. Based on \$US50/barrel oil, the netback on the project, after Kazakh taxes, has the potential to be over \$US450m, showing that the permit is extremely viable. The

presentation is attached as an appendix to this Quarterly Report and shareholders are encouraged to review the information in detail.

Update on Alliance Activities:

The Company has been in discussions with a number of interested parties in terms of them being involved in the future development of Block 31. Most of the discussions have revolved around the potential farm in by a 3rd party into Block 31 and in return the incoming party would be involved in the ongoing development of the permit including the funding of the appraisal well that is expected to be drilled on the permit during 2009. JPR also remains in discussions with Biscra Holdings Limited regarding the settlement of its consulting agreement associated with the Block 31 extension and will look to finalise this issue as part of these alliance discussions.

This measure has clearly been contemplated by the Board as an alternative to JPR retaining 100% of the permit and funding the appraisal well and future development of Block 31 via new capital raisings. As already discussed, the equity markets are extremely tight at present and with JPR's share price at its current lows, a farm in arrangement may well result in a better outcome for existing JPR shareholders.

The Board feels that whilst good progress has been made with interested parties over the past few months, many have been waiting to see the final results of the 3D seismic which have only just become available. The Company has today forwarded a copy of the 3D seismic presentation to a range of interested parties and will be holding discussions with a number of these organisations during May in a bid to resolve the most productive way forward in terms of the ongoing development of Block 31. The Company will advise shareholders if and when a legally binding agreement covering some form of alliance has been signed.

Capital Structure and Finances:

As at 31 March 2009, the Company had 361,860,189 listed shares (trading as JPR) and 300,000,000 listed options (trading as JPROA). These 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 31 March 2009 stood at approximately \$A2m with the vast majority of the costs of the 3D seismic program having already been paid. As outlined at JPR's Annual General Meeting in November 2008, the Board has instigated cutbacks, predominantly in the area of remuneration, across all levels of the Company in a bid to reduce cash outflows and these cuts will be in place until there is resolution with regards the source and amount of the 2009 funding program for Block 31.

Summary:

The past 8 month period has been a very difficult one for all listed companies and JPR's share price has suffered with the overall market decline that has taken place. However, there has been significant progress made with the appraisal of Block 31. The recently completed 3D seismic program confirms what was always expected, that Block 31 offers an exciting exploration opportunity with potential oil reserves of c 25 mmbbls. The program has also confirmed the specific locations of what are believed to be the best targets on the permit.

The Company believes that the quality of the Block 31 asset will attract 3rd parties to seek involvement in the development of the field during 2009 and if and when a binding agreement is reached covering this further development, an announcement will be made outlining the terms of the transaction.

If shareholders have any questions regarding this update report or the attached presentation, they can 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.*

ENDS