

30 January 2009

UPDATE ON ACTIVITIES FOR THE PERIOD TO 31 DECEMBER 2008

KEY HIGHLIGHTS

- **Jupiter is granted Block 31 extension that covers an additional area of highly prospective exploration/appraisal acreage**
- **Jupiter completes shooting 3D seismic on exploration permit Block 31**
- **Processing and interpretation of 3D seismic is well progressed and is expected to be completed by March 2009**
- **Drilling program is expected to start by June 2009**
- **Good progress has been made during the quarter with regards potential alliance(s) to assist in the development of Block 31 in 2009**

Jupiter Energy Limited (ASX: JPR) presents the following update on activities for the 3 month period ending 31 December 2008. The information contained in this quarterly covers much of the information presented in the "Update on Activities" report released to the Australian Stock Exchange (ASX) on 5 December 2008. Also included are details of any subsequent events that have occurred up to the date of this announcement.

Whilst the 2nd quarter of the 2008/9 financial year has continued to be one of great turbulence for the worlds capital markets and has seen the continued decline in publicly listed company share prices in Australia and around the world, JPR has remained focussed on completing the 3D seismic work on Block 31, with the clear objective of drilling an appraisal well on the permit during the first half of 2009.

Because of the global financial crisis, the Company has also had to acknowledge that whilst the acquisition of the adjacent North West Zhetybai (NWZ) oil field would have added great value to its asset portfolio, the transaction is just not feasible in a market where both debt and equity is extremely difficult, if not impossible, to access. The Company has put a good deal of effort into

understanding the NWZ oil field and the Board hopes that in time JPR will be able to get some return on the investment it has made in compiling that information.

Update on Block 31:

During November 2008 local Kazakh based geophysical services company Dank Scientific Industrial Firm (Dank SIF) completed the shooting of the 3D seismic on Block 31 and processing of that data started shortly thereafter. Dank SIF were contracted to record 194 sq km of 3D seismic which has resulted in full fold coverage of approximately 95 sq km and this process will yield complete 3D data on all of JPR's western section of Block 31 in the Mangistau Basin (Figure 1).

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 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. JPR's technical team believes that there is very good potential for oil reserves in this updip structure and they look forward to being able to fully analyse the 3D seismic shot over this specific location as well as the results of seismic shot over other potential targets identified from the 2D seismic compiled by the Soviets. (Figure 2 provides more details on the NW2 structure)

The JPR Board remains confident that on completing the processing and subsequent interpretation of the Block 31 3D seismic, a range of targets will be identified on the permit and JPR intends to drill at least one appraisal well on the permit during 2009.

Update on Seismic Processing:

The 3D processing is being carried out by the Almaty office of Petroleum Geo Services (PGS). Founded in Norway in 1991, PGS has offices in 30 countries around the world and the company is listed on the Oslo Stock Exchange. The project began on 15 December 2008 and, as at 30 January 2009, the project was still on schedule. Key tasks completed during the 6 week period from mid December 2008 to 30 January 2009 included:

- Receipt and logging of data
- Data input and field formatting
- Geometry assignment and quality control
- Bad file and trace Compensation for spherical divergence

- Field statistics
- Noise attenuation
- Surface scaling and
- Completion of the Brute Stack

The Brute Stack was completed on 28 January 2009 and has provided an indication of the general size and shape of any large prospects found on the area over which the seismic was shot. The Final Stack is the finished migrated cube used for conventional interpretation and this will be completed in March 2009. With the Brute Stack now completed, the first set of maps over the area will be ready for review in early February 2009.

Below are two diagrams outlining the seismic program that has been carried out on Block 31 as well as some of the targets that JPR Board believes exist on the permit.

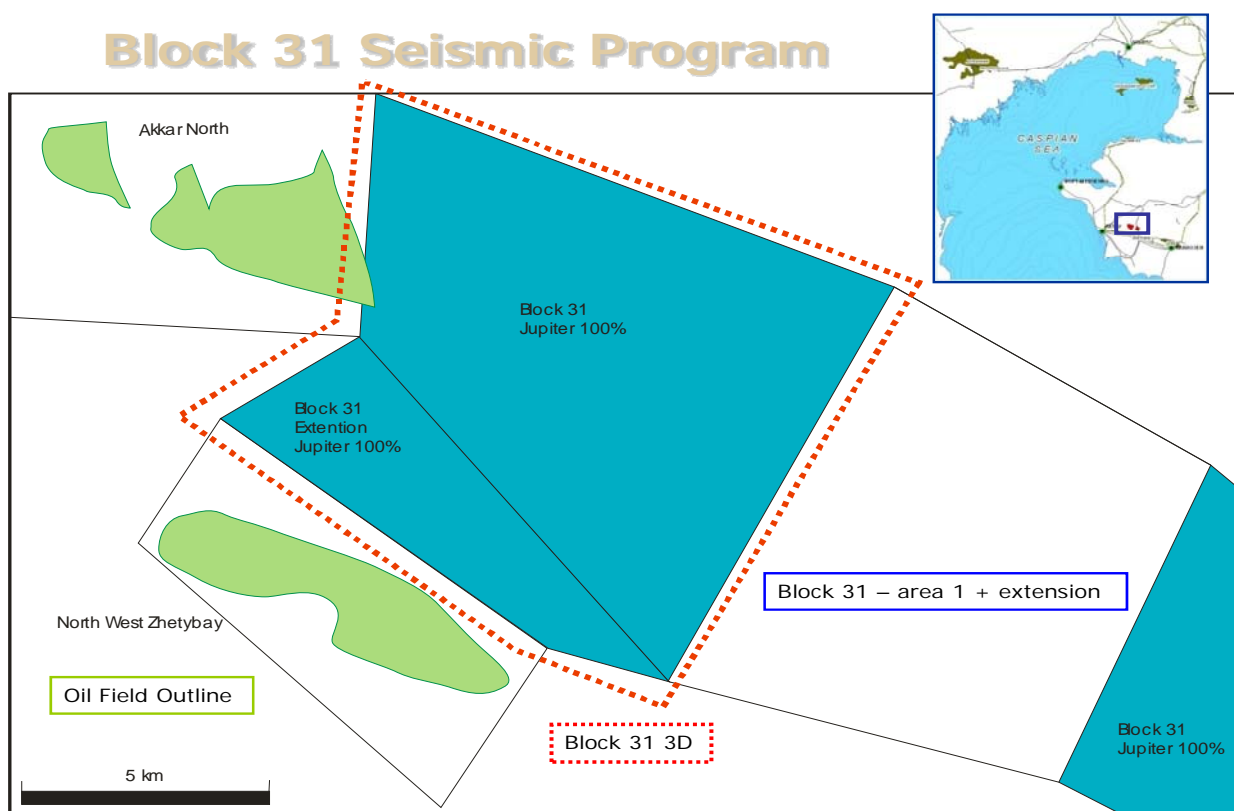


Figure 1: Outline of Block 31 seismic program

Block 31 – Prospects and Leads

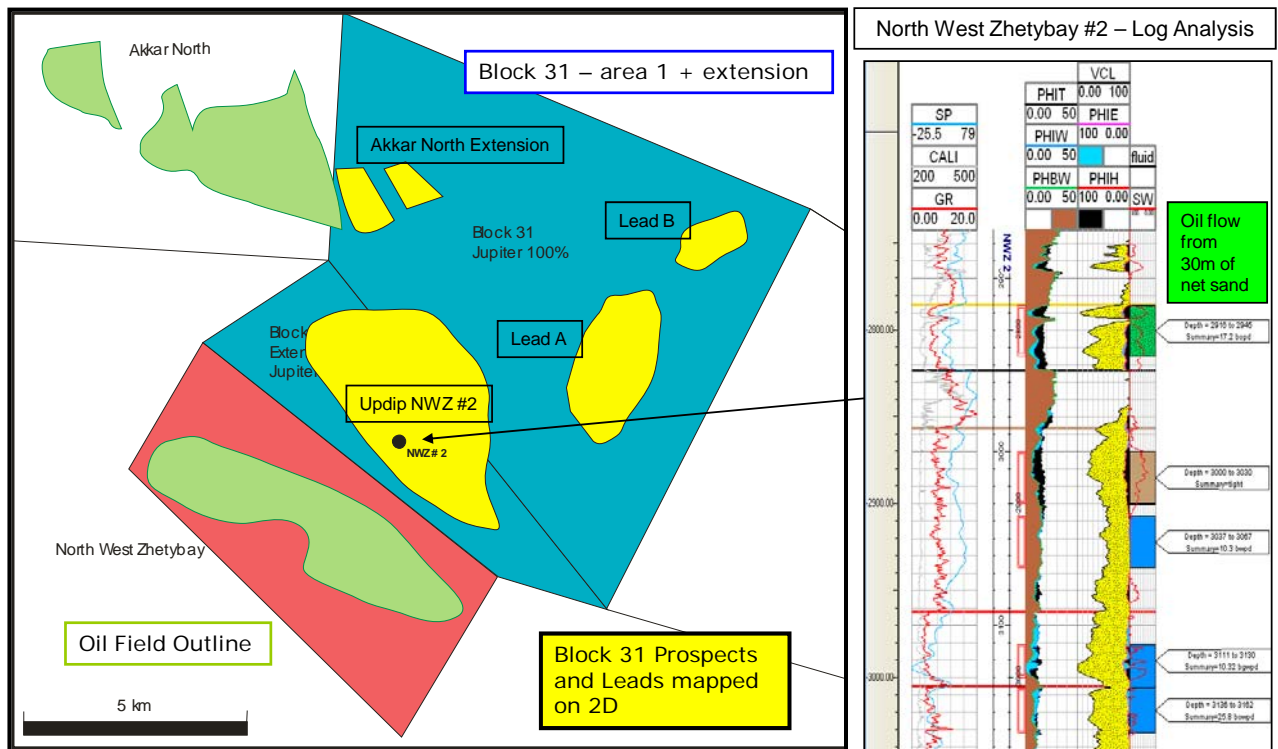


Figure 2: Outline of potential targets on the now extended Block 31 and logs from the NWZ 2 well drilled in the 1980's

Update on Alliance Activities:

The Company has been in discussions with a number of interested parties in terms of 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 relating to 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 JPR shareholders.

The Board feels that good progress has been made with interested parties over the past few months and 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 December 2008, 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 approximately 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 December 2008 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 6 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 seismic program is well advanced and after the 3D seismic has been processed and interpreted, the Company will have more clarity on the total upside of this acreage and in particular the specific location of the initial well that is planned to be drilled during 2009.

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, an announcement will be made outlining the terms of any such alliance.

If shareholders have any questions regarding this update report, 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