

**January 31 2008**

**ACTIVITIES REPORT – QUARTER ENDING 31 DECEMBER 2007**

Jupiter Energy Limited (ASX: JPR) presents the following report on activities for the three months ending 31 December 2007.

**Update of Block 31:**

The Company reported on Tuesday, October 8 2007 that it had signed a Binding Purchase Agreement to acquire its initial permit in Kazakhstan. The permit, known currently as Block 31, consists of two blocks and covers an area of over 100 sq km. It is located on trend with three existing producing oil fields which have potential reserves of 21-56 million barrels of oil (mmbbls). The Permit has a six (6) year exploration period with the right to extend it twice for two (2) years for a total period of ten (10) years.

The Company subsequently advised shareholders on 17 December 2007 that the waiver from the State owned KazMunaiGas had been received and hence the process only required the lodgment of the sub surface rights with JPR's 100% owned Singapore subsidiary, Jupiter Energy Pte Ltd, assuming all the terms of the original Share Purchase Agreement had been met. As at this date, settlement has not been finalized and whilst the JPR Board continues to believe that this initial exploration project is an excellent opportunity on which to begin the development of JPR into a substantial oil producer in Kazakhstan, the Company is aware that it must also grow its portfolio of oil producing assets in the short term.

**New Assets:**

As shareholders are no doubt aware, there has been a significant downturn in global capital markets over the past few weeks and this in turn has had a significant impact on investor confidence and market liquidity across all sectors but in particular at the more speculative end of the stock market.

JPR, whilst making good progress during 2007, still has yet to move from being classified as a speculative stock and as such our share price has retreated accordingly.

With this in mind, the Board has carefully reviewed its 2008 strategy for developing JPR within Kazakhstan and in particular focussed on the key question of which projects the Company should be investing its existing funds in.

Our numerous announcements during 2007 always made it clear that the intention was to have a diversified portfolio containing both exploration and production acreage. The Board believes that the proposed initial project – Block 31 – is an excellent exploration opportunity and in time oil will be discovered on the permit and revenues generated. However, the timeframe from initial investment to revenue generation is expected to be at least 12 months after completion of the purchase of Block 31 from the existing vendors.

The Board has also been working on a range of other opportunities to acquire an interest in at least one asset with existing, proven, oil reserves. Unfortunately, some of these opportunities, whilst having appeared to be projects that JPR could acquire reasonably quickly, have in fact taken a lot of the Board

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and managements time and have ultimately not been able to be converted to acquisitions on terms acceptable to JPR.

The Company is continuing to work on at least two opportunities to acquire an equity position in an existing oil field and is extremely conscious of the need to complete at least one transaction in the short term.

#### **Corporate Matters:**

The Company held its Annual General Meeting on November 15 2007 and shareholders approved a range of resolutions that included the:

- Issue of 16m ordinary shares to Zher Munai & K LLP, assuming the completion of the acquisition of Block 31;
- Authorisation to place 50m JPR shares;
- Authorisation to place 50m JPROA options;
- Approval of the JPR Employee Share Option Plan (ESOP); and
- Approval of the allocation of options to G Gander, A Childs and E Svanbayev. These options are unlisted, have an exercise price of \$0.20 and expire on 31 December 2008.

Post the approval by shareholders of the ESOP, the Board issued ESOP options to K Martens (2,000,000) and S Mison (1,000,000) and the Company finished the quarter with 235,796,189 shares on issue, 200,000,000 listed options (trading under ASX code JPROA) and 18,878,000 unlisted options. Cash reserves stood at approximately \$A6,000,000 and the 31 December 2007 Appendix 5B has also been released, outlining the use of funds during the quarter.

If shareholders have any questions regarding this activities report, they can contact the JPR office on (08) 9322 8222 or myself on 0417 914 137 or via email – [geoff@highway1.com.au](mailto:geoff@highway1.com.au)

Geoff Gander  
Executive Chairman

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**OTHER EXPLORATION ACITIVITIES - PEP 163**

PEP 163 covers is located in the eastern Otway Basin and is located 10 kilometers from the city of Geelong and 50 kilometers from Melbourne. The proximity to established markets and infrastructure suggest that even modest discoveries of gas and/or oil could be commercially developed

Under the terms of an agreement signed on April 26 2005 with Lakes Oil NL, Jupiter agreed to fund the first \$1.2 million of the drilling and completion costs of the Bellarine No. 1 well to earn 50% interest in PEP 163. This interest has been earned.

No activity was carried out on the permit during this quarter.

**ENDS**

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