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THIRD QUARTER ACTIVITIES REPORT – MARCH 2006

Jupiter Energy Limited (ASX: JPR) is pleased to present the following report on activities for the three months ending 31 March 2006. Also included in this report are details of subsequent events that have taken place in April 2006.

Activities:

- Jupiter Energy Limited (Jupiter) by way of its wholly owned subsidiary Jupiter Biofuels Pty Ltd is currently investigating opportunities for the production and sale of Biodiesel in the Asia-Pacific region. Biodiesel is one of the fastest growing markets in alternative energy.
- Jupiter Biofuels Pty Ltd has completed the following activities in relation to this project:
 1. Creation of Jupiter Biofuels Sdn Bhd – a Malaysian entity that is controlled by Jupiter. All permits and land leases in relation to the biodiesel project in Malaysia will be progressed through this entity.
 2. Finalisation of an option to lease 6 hectares of land on which the biodiesel production facility will be built.
 3. Submission of an application to the Malaysian Industrial Development Authority (MIDA) for a license to produce biodiesel.
 4. Commencement of negotiations regarding the supply of both Crude and Refined Palm Oil, the feedstock required to produce biodiesel.
- Jupiter has carried out a detailed review of the benefits of continued expenditure on PEP 163 of which Jupiter has earned a 50% interest.
- Jupiter has completed discussions with Lakes Oil NL regarding the opportunity for Jupiter to earn a 33.3% interest in the adjacent PEP 164 permit based on expenditure of \$1.2m.
- The Company finished the quarter with 63,412,523 ordinary shares on issue and with over \$1m in cash as at 31 March 2006.
- On April 3 2006 Jupiter announced plans to place 9,500,000 shares at 6 cents per share to raise \$570,000 before costs. The placement was completed on April 11 2006.
- On April 19 2006, Jupiter announced plans to ask shareholders to pass a resolution at a General Meeting, expected to be held in early June 2006, to authorise the Board to seek to place up to 40,000,000 ordinary JPR shares and 8,000,000 unlisted JPR options under the following parameters:
 - 40,000,000 shares @ a minimum of \$0.125 to raise \$5,000,000
 - Each share placed will have an attaching unlisted JPR option. These options will have an exercise price of \$0.08 and an expiry date of 31/12/08 and will be issued on the basis on 1 unlisted option for every 5 shares issued to a maximum of 8,000,000 unlisted options.

The funds are to be used to continue to develop the Jupiter Biofuels project as well as fund other activities within Jupiter including other potential acquisitions.

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

Geoff Gander
Executive Director

EXPLORATION ACITIVITIES - PEP 163 and PEP 164

PEP 163 and 164 cover a total area of 3,888 square kilometers of the eastern Otway Basin and are 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 and took an option to acquire a 33.3% interest in the adjacent PEP 164 by the further expenditure of \$1.2 million.

The 50% interest in PEP 163 has now been earnt.

The Operator of the drilling at PEP 163 (Lakes Oil NL) has now presented detailed findings of the drilling program to Jupiter and concluded that there is strong evidence of gas shows to 1000m and using technologies that are available including Formation Micro Image and Sonic Scanner, it would be prudent to re examine the hole to 1000m to ascertain whether economic gas quantities are available. It is also proposed that further seismic work is carried out on PEP 163.

In relation to PEP 164, Lakes Oil NL, who hold 100% of the permit, has informed Jupiter that based on the seismic work carried out on PEP 164 by the Victorian Government in the 1970's, it is their intention to complete a more targeted seismic project which will then enable a closer analysis of the areas within PEP 164 already expected to show potential. Lakes Oil NL have agreed to extend the current option on PEP 164 to continue to allow Jupiter to earn a 33.33% interested in PEP 164 through the expenditure of \$1.2m. Lakes Oil NL have also advised that they will consider a proposal by Jupiter to take up to 50% of the permit on the basis of increased expenditure.

The Jupiter Board are currently considering both proposals from Lakes Oil NL in relation to PEP 163 and 164 and have committed, in the short term, to continue work with Lakes Oil NL up to a maximum expenditure of \$200,000. This expenditure should provide more detailed data on both permits and the Jupiter Board will, after having reviewed this data, decide whether to progress further with one or both permits.

BIODIESEL PROJECT

In the past two quarters the Company has been working with a number of parties to advance a detailed business plan with a view to making an investment in the near term in Biodiesel.

As part of this process, Jupiter Biodiesel has retained industry specialist Arthur Blaquiere to assist with the development of the project. Arthur has, over the past thirty years, been involved with all aspects of the Oil and Gas and Heavy Engineering Businesses including EPC contracting, oil refining, LNG, LPG Petro Chemicals and international market development. The variety and different size of projects handled, as well as the different locations of his assignments demonstrate his wide-ranging experience. He spent 10 years with Clough Engineering where he helped grow company revenues from \$85m to \$500m and for the past 12 years has run his own consulting business working on assignments for a range of national and international conglomerates.

Jupiter has also engaged Deloitte Corporate Finance Pty Limited to assist with the preparation of a Bankable Feasibility Study (BFS) and Merit Engineers Pty Ltd for assistance with on-site project works.

The Jupiter Board believe that Biodiesel has now become economically competitive due to:

- The price of oil moving above \$US70 per barrel and more analysts predicting it will continue to rise;
- New government regulations and commercial incentives to increase the use of biofuels in the European Union, the USA and Australia; and
- Increasing pressure to reduce greenhouse gases – biodiesel reduces CO2 emissions by 78% compared to conventional diesel.

In addition, the capital markets are currently looking favourably on Biodiesel projects with a number of successful ASX listings in recent months and it is interesting to note that there is currently a prospectus in the market specifically promoting a Malaysian based Biodiesel project (see www.missionbiofuels.com.au)

The key steps that Jupiter, through its 100% owned subsidiary Jupiter Biofuels Pty Ltd, has begun in recent months include:

- Finalisation of the appropriate licenses from the Malaysian Industrial Development Authority;
- Finalisation of an option to acquire land in the appropriate location;
- Confirmation of sources of appropriate palm oil (crude or refined);
- Finalisation of Port arrangements;
- Detailed progress regarding evaluation of the chosen technology for the plant; and
- Detailed progress regarding the finalisation of biodiesel off-take agreements.

Work on all of these milestones is well advanced and it is expected that the overall process, culminating in the detailed BFS, should be completed before October 2006.

SUBSEQUENT EVENTS

Jupiter announced plans on April 3 2006 to place 9,500,000 shares with sophisticated investors at a price of 6 cents per share. The placement was completed on April 11 2006 and the Company will use the new funds for working capital.

The total number of Jupiter shares on issue after the placement was 72,912,523.

On April 19 2006, Jupiter announced plans to call a General Meeting, scheduled to be held in early June 2006. The meeting will, amongst other things, seek shareholder approval for the Board to seek to make the following share placements:

- 40,000,000 JPR shares @ a minimum of \$0.125 to raise \$5,000,000
- Each share placed to have an attaching unlisted JPR option with an exercise price of \$0.08 and an expiry date of 31/12/08 on the basis on 1 unlisted option for every 5 shares issued to a maximum of 8,000,000 unlisted options.

The funds will be used to further develop the Jupiter Biofuels project, review other potential acquisitions as well as fund existing Jupiter activities.