

29 April 2011

## QUARTERLY UPDATE ON ACTIVITIES FOR THE PERIOD TO 31 MARCH 2011

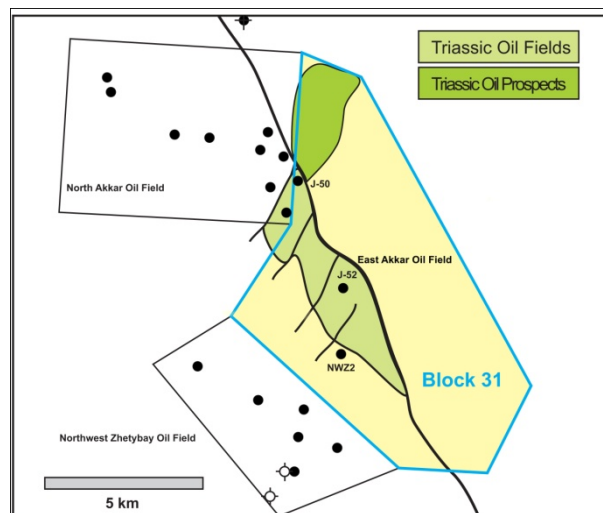
### KEY POINTS:

- Initial flow rate from J-52 Middle Triassic reservoir of 750 bopd on 10mm choke.
- Stabilised flow rates from Middle Triassic of 849 bopd on 12mm choke and 516 bopd on 8mm choke.
- International oil & gas engineering consulting group Senergy Limited advise a 2P reserves increase to 24.2 MMstb.
- Preparatory work ongoing for the 2011 commitment well, spud expected in 3<sup>rd</sup> quarter.

Jupiter Energy Limited (ASX: JPR) presents the following update on activities for the 3 month period ending 31 March 2011. Also included in this report are details of any subsequent events that have occurred up to the date of this release.

### J-52 Well

The J-52 well was the Company's 2010 commitment well required under Block 31 licence terms. Jupiter Energy's Block 31 (100% JPR), is located onshore Kazakhstan just east of the city of Aktau and the Caspian Sea. The well is located 3.8 km southeast of the J-50 well.



After a successful completion program, including an acid stimulation of the productive zones, the J-52 well was cleaned up and achieved a flow rate of 750 bopd\* at a flowing tubing pressure of 600 psi on a 10mm choke from the Middle Triassic reservoir.

The well has been undergoing a range of Production Logging (PLT) surveys on 5mm, 8mm and 12mm choke sizes as part of the production testing program that may be carried out during a maximum 3 month testing period permitted under the Kazakh regulations. The Company has now completed its analysis of the PLT surveys and pressure build-up test and established a range of stabilised flow rates from the Middle Triassic reservoir which will form part of the Trial Production Licence (TPL) application for the J-52 Middle Triassic well.

These rates range from 849 bopd on a 12mm choke to 516 bopd on a 8mm choke; the well is currently producing 516 bopd on a 8mm choke with a water cut <0.5%. All these rates are a substantial improvement over the stabilised flow rate from the J-50 well and, the Company believes, more representative of the flow rates achievable by the Company from the Triassic reservoir in the Mangistau.

The well will continue to produce on an 8mm choke until the Company establishes the optimum choke size needed to meet Regulatory requirements. This process still requires the results of pressure, volume, temperature (PVT) analysis that is currently being carried out by a Kazakh approved institute.

## **Z Sand**

J-52's secondary reservoir, temporarily identified as "Z-sand", had hydrocarbon shows from 2790m to 2819m, wireline log analysis carried out from 2853m to 2882m (29m) and the reservoir cored from 2855m to 2864m (9m).

This reservoir has very similar characteristics to a yet untested zone in the J-50 well and the age of this interval is still being determined by paleontological dating. The current forward plan for J-52 is to test the potential of the Z sand zone and this work is scheduled to commence in the second half of 2011.

## **Future drilling plans**

The response to various tenders for the supply of materials and services for a proposed 3 well program (including the 2011 commitment well) are currently being reviewed. Further updates on the proposed drilling program will be announced by the Company at the appropriate time.

\*Please see key definitions at conclusion of announcement

## NWZ2

After the testing of the Z sand zone in the J-52 well, the potential for a recompletion and testing program for the NWZ 2 well will be evaluated.

### Block 31 Extension Application

The application process is near completion and an update on the Block 31 extension is expected during May 2011.

### Independent Reserves and Resource report

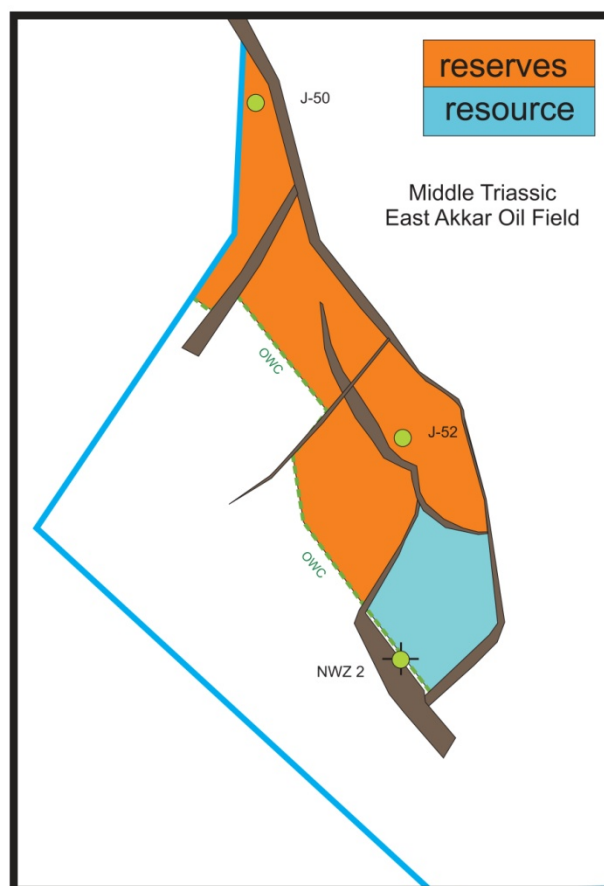
The Company has received notification from Senergy Limited (Senergy) that following its review of the J-50 and J-52 drilling results for the Middle Triassic, Senergy has estimated that the Block 31 Middle Triassic 2P\* oil reserves have increased from 8.6MMstb to 24.2MMstb\*. The Middle Triassic reserve assessment by Senergy is very encouraging with an almost 300% increase in Middle Triassic 2P reserves.

Below is a table that summarises the independent estimation of reserves and resources for the Triassic formations as at 5 April 2011. The diagram following the table outlines the areas for which Middle Triassic reserves and prospective resources have currently been estimated within Block 31.

### RESOURCES IN MIDDLE TRIASSIC ZONE

Version	Items	Reserves (MMstb)*			Prospective Resources (MMstb)*		
		1P*	2P*	3P*	P90*	P50*	P10*
April 2011 report	STOIIP*	53.69	104.55	119.54	31.81	42.75	61.07
	Recoverable Oil*	9.82	24.21	32.05	6.25	9.92	15.31

\*Please see key definitions at conclusion of announcement



**Outline of Block 31 Reserves and Resource for the East Akkar Oil Field**

The Company look forwards to completing the flow test of the Middle Triassic and then moving on to test the potential of the Z sand.

### **J-50 Well**

The J-50 Trial Production Licence (TPL) application process is ongoing and a detailed announcement was made on its current status on 27 April 2011. The Company is aware that the application process is taking more time than was initially anticipated; this reflects the level of detail required for the first application on a new field and the additional process to allocate the reserves for the single accumulation present in both Jupiter's Block 31 and the adjacent North Akkar field, owned by MangistauMunaiGas. It is anticipated that future TPL applications for Block 31 wells will be processed in a reduced timeframe.

### **Trading within CREST**

On 6 April 2011 the Company announced that CREST members would be able to hold and transfer interests in the Company's fully paid ordinary shares listed on the ASX within the Euroclear UK & Ireland CREST system, pursuant to a depository interest arrangement established by the Company.

CREST is the Central Securities Depository for the U.K., Republic of Ireland, Isle of Man and Jersey equities and UK gilts.

It is believed that as the Company's share register continues to broaden with more UK

based investors; the depository interest arrangement should appeal to existing and new shareholders, both private and institutional.

## **Capital Structure and Finances**

As at 31 March 2011, the Company had 1,511,434,681 listed shares trading under the ASX ticker "JPR". The Company also had the following unlisted options on issue:

- 10 million expiring on 30/06/2011 and having a strike price of \$0.08
- 3 million expiring on 31/12/2012 and having a strike price of \$0.185
- 6 million expiring on 31/12/2012 and having a strike price of \$0.10
- 4 million expiring on 31/12/2012 and having a strike price of \$0.15

As at 31 March 2011, the Company also had a total of 20 million Performance Rights the vesting milestones of the Performance Rights are as follows:

- Tranche of 10 million expiring 31/12/2011: The Company achieving either total cumulative production of 300,000 barrels of oil or a market capitalisation of \$A200m (whichever is the sooner); and
- Tranche of 10 million expiring 31/12/2012: The Company achieving either total cumulative production of 500,000 barrels of oil or a market capitalisation of \$A300m (whichever is the sooner).

Sales of oil into the domestic market during the quarter totaled ~\$US208,000.

Unaudited cash reserves of the Company as at 31 March 2011 stood at approximately \$A5.4m.

## **Summary**

The Board continues to be optimistic about the 12 month outlook and looks forward to reporting on the progress during the next few months. If shareholders have any questions regarding this quarterly report they are welcome to contact the Company on +61 89322 8222.

Geoff Gander  
Chairman/CEO

**ENDS**



## Competent Person Statement

The information in this document which relates to the Middle Triassic oil reserves and resources is based on information compiled by Senergy Limited. Senergy Limited is an international oil & gas consulting company that specializes in oil and gas reserve estimations.

Senergy Limited is a privately owned independent consulting company established in 1990, with offices in various international locations including Europe, the Middle East, Southeast Asia and Australia. Senergy Limited specialises in petroleum reservoir engineering, geology and geophysics and petroleum economics. All of these services are supplied under an accredited ISO9001 quality assurance system. Except for the provision of professional services on a fee basis, Senergy Limited has no commercial arrangement with any person or company involved in the interests that are the subject of this report.

Senergy Limited has sufficient experience which is relevant to reserve estimations and to the specific exploration permit in Kazakhstan to qualify as competent to verify information pertaining to the Triassic oil reserves (1P, 2P and 3P) and prospective resources (P90, P50 and P10). Senergy Limited has given and not withdrawn its written consent to the inclusion of its name and the Triassic reserve and prospective resource figures in the form and context in which it appears in this announcement. Senergy Limited has no material interest in the Company.

Senergy was requested to provide an independent evaluation of the recoverable hydrocarbons expected in accordance with the 2007 Petroleum Resources Management System (PRMS) prepared by the Oil and Gas Reserves Committee of the Society of Petroleum Engineers (SPE) and reviewed and jointly sponsored by the World Petroleum Council (WPC), the American Association of Petroleum Geologists (AAPG) and the Society of Petroleum Evaluation Engineers (SPEE). Recoverable volumes in their report have been expressed either as reserves or as prospective resources in accordance with the PRMS. More information on PRMS can be found at [www.spe.org/industry/reserves](http://www.spe.org/industry/reserves)

### \* Definition of key terms

#### **General:**

MMstb: Million barrels at stock tank conditions of 14.7 psi and 60 degrees Fahrenheit

STOIIP: Stock Take Oil Initially In Place

Recoverable Oil: The oil-in-place value multiplied by a value called "the recovery factor"

Recovery Factor: The ratio of recoverable oil reserves to the oil in place in a reservoir.

bopd: barrels of oil per day

#### **Reserves:**

1P: Proven

2P: Proven & Probable

3P: Proven, Probable & Possible

**Proven**: Reserves which on the available evidence are virtually certain to be technically and commercially producible, i.e. have a better than 90% chance of being produced.

**Probable**: Reserves which are not yet proven, but which are estimated to have a better than 50% chance of being technically and commercially producible.

**Possible**: Reserves which at present cannot be regarded as probable, but which are estimated to have a significant but less than 50% chance of being technically and commercially producible.

#### **Prospective Resource:**

$P_x$  is defined as a number such that there is a  $x\%$  likelihood that the true reserves exceed  $P_x$ .

A P10 figure means that there is a 10% probability that the actual size of the field reserves are greater than the figure currently attributed. P50 means that there is a 50% probability and P90 means that there is a 90% probability. (A high  $P_x$  is therefore better than a low  $P_x$  in terms of statistical probabilities).