

19 October 2010

QUARTERLY UPDATE ON ACTIVITIES FOR THE PERIOD TO 30 SEPTEMBER 2010

HIGHLIGHTS:

- **Secured strategic cornerstone investor as part of a \$16.67m (before costs) capital raising.**
- **Additions at Board and Management level and the consolidation of offices will ensure Company goes into the next 12 months stronger and more focussed.**
- **Company now has funding to drill 2010 and 2011 commitment wells and to bring NWZ 2 onto production testing.**
- **The Trial Production Licence application for the J-50 well is in progress.**
- **Spudding of 2010 commitment well (J-52) planned by early November. J-52 will provide the opportunity to confirm reserves in both the Jurassic and Triassic horizons.**

Jupiter Energy Limited (ASX: JPR) presents the following update on activities for the 3 month period ending 30 September 2010. Also included in this report are details of any subsequent events that have occurred up to the date of this release.

Strategic Cornerstone Investor

The Company announced in August 2010 plans to raise \$16.67m (before costs) as part of a move to bring on a strategic cornerstone investor, thereby assisting the future growth of the Company.

By the end of September 2010, the Company had successfully completed the raising that was made up of several components including an initial placement to the Waterford Group (Waterford), a further placement to Waterford and Soyuzneftegas Limited post approval by shareholders at a General Meeting held on 21 September 2010 and, finally, the completion of a fully underwritten Rights Issue.

The Rights Issue was well received by shareholders and after taking into account the allocation to overseas shareholders via the shortfall process, the acceptance rate was approximately 58%.

The remaining shortfall was taken up by the underwriter (the Waterford Group) meaning that Waterford now has a ~27% equity stake in the Company.

Waterford was formed in 1995 as a financing boutique and portfolio manager for 3rd party assets and today is a substantial investor of its own funds, actively investing in fledgling and start-up companies and those looking for development capital. Waterford's primary focus is the resource sector. Waterford will establish long term relationships with companies and, if required, offer it's active assistance for projects, particularly at critical stages of their development.

Since it's incorporation, Waterford has been successful in raising finance, managing asset portfolios and directly investing in countries within the Former Soviet Union (including Kazakhstan), the Middle East and South America; primarily in the oil & gas upstream sector and gold exploration and production. Waterford has been an investor in many publically traded companies, including Dana Petroleum Plc (LSE), Sibir Energy Plc (LSE:AIM) Nobel Resources Plc (Ireland), Vanguard Petroleum (Australia), EuroSov Petroleum Plc (LSE), Anglo-Siberian Oil Plc (LSE:AIM), First Calgary Petroleum Ltd (TSX & LSE:AIM), Emerald Energy Plc (LSE), and Thistle Mining Corporation (TSX). Waterford's current investments include Petroceltic International Plc (LSE:AIM), Sterling Energy Plc (LSE:AIM), Aladdin Oil & Gas (Norway), Jupiter Energy Ltd (ASX) and a number of unlisted investments.

Changes to the Board

Concurrent with welcoming the Waterford Group as a substantial shareholder, the JPR Board has had some changes. Alastair Beardsall and Baltabek Kuandykov joined the Board on 5 October 2010 and Andrew Childs and Erkin Svanbayev resigned on the same day. Short resumes on Alastair and Baltabek are included below:

Alastair Beardsall

Alastair (56) has been involved in the oil industry for 30 years. In 1980 Alastair started work with Schlumberger, the oil-field services company, and from 1992 he began working for independent exploration and production operators, with increasing responsibility for specific exploration, development and production ventures. Between September 2003 and October 2009, Alastair was Executive Chairman of Emerald Energy plc during which time Emerald grew, from a market capitalisation of less than £8 million, until in October 2009 Emerald was acquired by Sinochem Resources UK Limited, for £7.50 per share in a transaction that valued Emerald at £532 million. Alastair is currently Chairman of AIM listed Sterling Energy Plc.

Baltabek Kuandykov

Baltabek is currently President of Meridian Petroleum, a privately held Kazakh oil & gas company. He was formerly President of Nelson Resources Limited, the oil development and production company operating in Kazakhstan which was listed on the Toronto Stock Exchange until its acquisition by Lukoil in 2005. Mr Kuandykov has considerable experience in the oil and gas industry in the region, having served as President of Kazakhoil (predecessor of the Kazakh State oil company KazMunaiGas) and is a well respected consultant to Chevron Overseas Petroleum on CIS projects. He also worked in a senior capacity for Kazneftegazrazvedka and was president of Kazakhstancaspishelf. Mr Kuandykov also has extensive government experience in Kazakhstan, having served as Deputy Minister of Geology, Head of the Oil and Gas Directorate at the Ministry of Geology, and was Deputy Minister of Energy and Fuel Resources.

Consolidation of Operations into one location

In early October 2010, the Company announced the consolidation of its Kazakhstan operations and business functions into one location in Aktau. The Aktau office had previously focussed on Operations whilst the Almaty office had been responsible for Finance, Administration, Legal and Geoscience.

The decision was made in September 2010 to consolidate the business functions to ensure the growing Kazakh operation is an integrated business organisation. The Company is also in the process of strengthening the Aktau team and expects to hire a senior manager to take a leadership role in drilling and production management. The consolidation will be completed by 30 November 2010. The Company will maintain a representative presence in Almaty where Erkin Svanbayev will continue to act as a Consultant to the Company focussed on Government relations and oil exports.

J-50 Well

The J-50 well completed the maximum 3 month production test period permitted under the regulations on 31 August 2010 and the well was shut in at this time. The Company is now in the process of applying for a Trial Production Licence (TPL) for J-50; this is expected to take several months and involves the preparation and submission of studies to the Government authorities to process the TPL application.

NWZ 2 Well

Work on the stimulation of the NWZ 2 well and installation of the Electronic Submersible Pump (ESP) and associated surface infrastructure is well progressed and it is expected that the well will be on test production in November. Initial production rates will be reported as they are determined.

J-52 Well

The Company decided in early October 2010 that whilst the application for the J-50 TPL is being advanced, the drilling of J-51 should be postponed on the basis that as a production well, J-51 will not be utilised before the J-50 TPL is granted.

The 2010 commitment well will now be J-52, an exploration well that will test the prospectivity of an area to the south east of the J-50 discovery well.

The J-52 well has two primary reservoir objectives and, if successful, provides the potential to prove up an additional 22 million barrels of oil (mmbo) resources in the shallower Jurassic horizons as well as confirm the eastern extent of the mapped East Akkar Middle Triassic structure. Successful evaluation of these reservoirs will advance the development planning for Block 31.

The well is expected to spud by early November 2010 and the Company will provide updates as required on progress being made with the drilling.

The Company has awarded the drilling contract for the J-52 well to the Kazakh drilling company FracJet. The contractor will be using a ZJ-40 rig which is larger than the rig used to drill J-50. The current expectation is to drill, evaluate and suspend J-52 in approximately 70 days and this will include coring both the Jurassic and Triassic reservoir formations. The drilling rig will then be

demobilised and the well will be stimulated and production tested using a smaller and more cost-effective work-over rig.

Capital Structure and Finances

As at 30 September 2010, the Company had 1,325,716,342 listed shares trading as JPR. After the allotment of the Rights Issue shortfall in early October 2010, the number of shares on issue increased to 1,511,434,681.

As at 30 September 2010, the Company had the following 38m unlisted options on issue:

- 20,000,000 expiring on 30/06/2011 and having a strike price of \$0.08
- 3,000,000 expiring on 31/12/2012 and having a strike price of \$0.185
- 6,000,000 expiring on 31/12/2012 and having a strike price of \$0.10
- 4,000,000 expiring on 31/12/2012 and having a strike price of \$0.15

As at 30 September 2010, the company also had a total of 45m Performance Rights, broken into 3 categories with 15m expiring on 31/12/2010, 15m expiring on 31/12/2011 and 15m expiring on 31/12/2012. The vesting milestones for the Performance Rights are as follows:

- 31/12/2010 Performance Rights: The Company achieving either cumulative production of 150,000 barrels of oil or a market capitalisation of \$A100m (whichever is the sooner);
- 31/12/2011 Performance Rights: The Company achieving either cumulative production of 300,000 barrels of oil or a market capitalisation of \$A200m (whichever is the sooner);
- 31/12/2012 Performance Rights: The Company achieving either cumulative production of 500,000 barrels of oil or a market capitalisation of \$A300m (whichever is the sooner).

Cash reserves of the Company as at 30 September 2010 stood at approximately \$A9.10m. With the final proceeds from the Rights Issue being banked in early October, this figure increased to \$A14.0m.

Summary

The new Board is very optimistic about the 12 month outlook and looks forward to reporting on progress with the drilling of J-52 during the fourth quarter.

If anyone has any questions regarding this quarterly report they are welcome to contact the Company on +61 8 9322 8222.

Geoff Gander
Director

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