

28 July 2009

UPDATE ON ACTIVITIES FOR THE PERIOD TO 30 JUNE 2009

HIGHLIGHTS

- **3D mapping and further oilfield data supports an extension of the Akkar N oilfield into Block 31 with the resource being upgraded by 100% to 6 mmbbls recoverable. Forward development plan will now include at least 3 production wells at an expected production rate of 1500 bopd.**
- **4 key targets on Block 31 now show potential of over 28 mmbbls recoverable. At \$US60/barrel oil, netback potential on the overall permit stands at over \$US700m.**
- **Government approvals expect to be granted for the NWZ 2 re entry by mid August 2009. Rig will be in position a week after approvals are received. NWZ 2 re entry is fully funded and is expected to take up to 50 days.**
- **Logs from the original NWZ 2 well logs indicate a discovery was made with 30m of net sand from the Jurassic flowing oil on test. If the re entry is successful, the NWZ 2 well should flow at least 300 barrels of oil per day and will be on production test for up to 3 months. A production and export licence will then be applied for with oil exports expected to commence in 2Q 2010.**
- **Proposals for the drilling of 1st Akkar N extension well in late 2009 are now being considered along with various funding options.**
- **The attached presentation outlines the development plan for the Akkar N extension wells and the drilling program for the NWZ 2 re entry.**

Jupiter Energy Limited (ASX: JPR) presents the following update on activities for the 3 month period ended 30 June 2009. Also included in this report are details of any subsequent events that have occurred up to the date of this announcement.

In summary, the Company feels it is now extremely well positioned to begin producing oil from Block 31 in 2009 and is also close to finalising its plans for its 2009 and 2010 drilling program. The re entry of the NWZ #2 (NWZ 2) well which was announced to shareholders on 27 May 2009 it expected to provide JPR with early revenue flow and the recently completed 3D seismic program confirms what was always expected: that Block 31 offers an exciting appraisal/development opportunity with upgraded potential oil reserves of ~ 28 million barrels of

oil (mmbbls). This latest upgrade in potential from 25 to 28 mmbbls is based on better than expected reserves in the Akkar N extension target. Targets identified/confirmed by the 3D program will now form the basis of the drilling program planned for 2009 and 2010.

NWZ 2 and Akkar N - 3D Seismic:

3D seismic was shot over the western part of the Block 31 in November and December 2008. Key areas of interest were the NWZ 2 structure that is located on the land that formed part of the extension to Block 31 approved by the Kazakh authorities in October 2008 as well as the area adjacent to the adjoining Akkar North (Akkar N) oilfield. After processing and interpretation of the 3D seismic during 1Q 2009, the results of the program confirmed that both areas offered very good potential for oil reserves. (Please note: The 3D seismic results were summarised in the presentation attached to the Quarterly Update released to shareholders on 29 April 2009.)

History of the NWZ #2 Well:

The NWZ 2 well was drilled and cased by the Soviets at the same time as the NWZ 3 well was drilled on the adjoining North West Zhetybai (NWZ) oilfield. A review of the logs from the NWZ 2 soviet 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.

The owner of the NWZ oilfield has recently successfully completed the re entry of the old NWZ 3 well and has confirmed to JPR that the casing and overall condition of the well was excellent. Based on this feedback, JPR is confident that the re entry of NWZ 2 has a high probability of success, allowing the Company to be producing oil by November 2009. The re entered NWZ 3 located on the adjoining field is currently carrying out production testing and flowing oil at 250-300 bopd and based on the NWZ 2 logs available to JPR, it is expected that JPR's NWZ 2 well will flow at ~ 300 bopd on production test.

The re entry and extended flow program is expected to cost approximately \$US500,000 and is fully funded. An additional \$US60,000 has been budgeted to cover additional staffing costs and an allowance to cover some perforation work on the well. The government approval process is near completion and a drilling company experienced in completing re entries in this area is ready to commence operations as soon as the government approval process is formalised. It is expected drilling will commence in late August. Additional on site operational staff have been identified and the re entry program is expected to take up to 50 days from the date of commencement.

Assuming a successful re entry, the well will be placed on production test for up to 3 months after which time it will be suspended and a production and export licence from the Kazakh authorities will be applied for. Once granted, production from this well will commence, probably during 2Q 2010.

Additional Wells:

A development well is also expected to be drilled on Block 31, commencing in late 4Q 2009. The current location of this well is expected to be adjacent to the Akkar N oilfield. The Akkar N oilfield is already producing ~ 2,000 bopd and has booked reserves of 23 mmbbls. The 3D seismic has clearly shown that there is an extension of the Akkar N field that runs into the Block 31 permit and the attached presentation provides more empirical evidence supporting this.

A review of all the available data indicates a potential ~ 6 mmbbls recoverable from this target which is a 100% increase from the initial estimate of 3 mmbbls. The JPR Board is of the opinion that this would be the location of least risk on which to commence the new well drilling program, thereby providing an excellent opportunity for the Company to have two producing wells on

Block 31 during 2010. The attached presentation provides more detail on the Akkar N extension opportunity.

Funding for the new well:

The Company has been in active discussions with a number of organisations that had indicated interest in being involved in the ongoing development of Block 31. JPR has identified several groups that have shown real intent to participate in some form of farm in and/or funding program and the Company is continuing discussions with these groups with a view to making a final decision on the best way forward for the funding of the Akkar N extension well as soon as possible.

Capital Structure and Finances:

As at 30 June 2009, the Company had 361,860,189 listed shares (trading as JPR) and 300,000,000 listed options (trading as JPROA). The JPROA options have an exercise price of \$0.08 and expire on 30 June 2010. The Company also has 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 March 2009 stood at approximately \$A1.29m with the next major cash outgoing being the NWZ 2 re entry program, budgeted at \$A700,000.

The JPR Board is also pleased to advise that Biscra Holdings has agreed to revised payment terms for its outstanding \$US3.5m consulting fee relating to the successful Block 31 extension: \$US1m is now due for payment on 31 December 2009 and \$US2.5m is due for payment on 30 June 2010. These dates can be changed by mutual agreement if circumstances justify an extension to these timelines.

Summary:

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 a successful re entry program will only serve to confirm the prospectivity of the permit. The Akkar N extension appears to offer greater upside than initially expected and will be the next target drilled, with the program expected to commence in late 2009.

If shareholders have any questions regarding this update report or the attached presentation, 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