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Initial Project in Kazakhstan and Strategic Outlook for the next 12 months

3 July 2007

The Board of Jupiter Energy Limited (ASX: JPR) is pleased to advise that a binding Term Sheet has been signed between JPR and vendors of the Sub Surface Rights on a permit in the Mangistau Basin in South West Kazakhstan.

The potential opportunity was detailed in the Company Update released to shareholders on 29 May 2007 and, as advised in the Company's 15 June 2007 announcement, JPR management subsequently visited Kazakhstan in the second half of June and this visit has led to the Company now successfully completing negotiations with local vendors of the permit. A summary of the proposed transaction is outlined below and represents the initial transaction for JPR in what is expected to be a period of focused growth for the Company in terms of acquiring both exploration and production territories in Kazakhstan.

Kazakhstan is recognized as a country with international quality oil permits and there is an abundance of good opportunities for organizations that have good local relationships. JPR has been able to quickly establish significant contacts in Kazakhstan and has a stated objective of accumulating undervalued prospective oil exploration acreage and niche oil producing assets within the country. This announcement outlines the first of a number of these planned acquisitions.

The Permit

The permit is located in the Zhetybai-Uzen step where government records indicate reserves are 6 Billion barrels of oil equivalent (BOE) of which 80% is oil. The two biggest oil fields are Uzen and Zhetybai which produce from both the Jurassic and the Triassic.

The permit, consisting of two blocks, covers an area of over 100 sq km and is located on trend with three existing producing oil fields which have potential reserves of 21-56 million barrels of oil (mmbbls). The Contract with the Ministry of Energy and Mineral Resources (MEMR) is for exploration to begin on the permit in 2007.

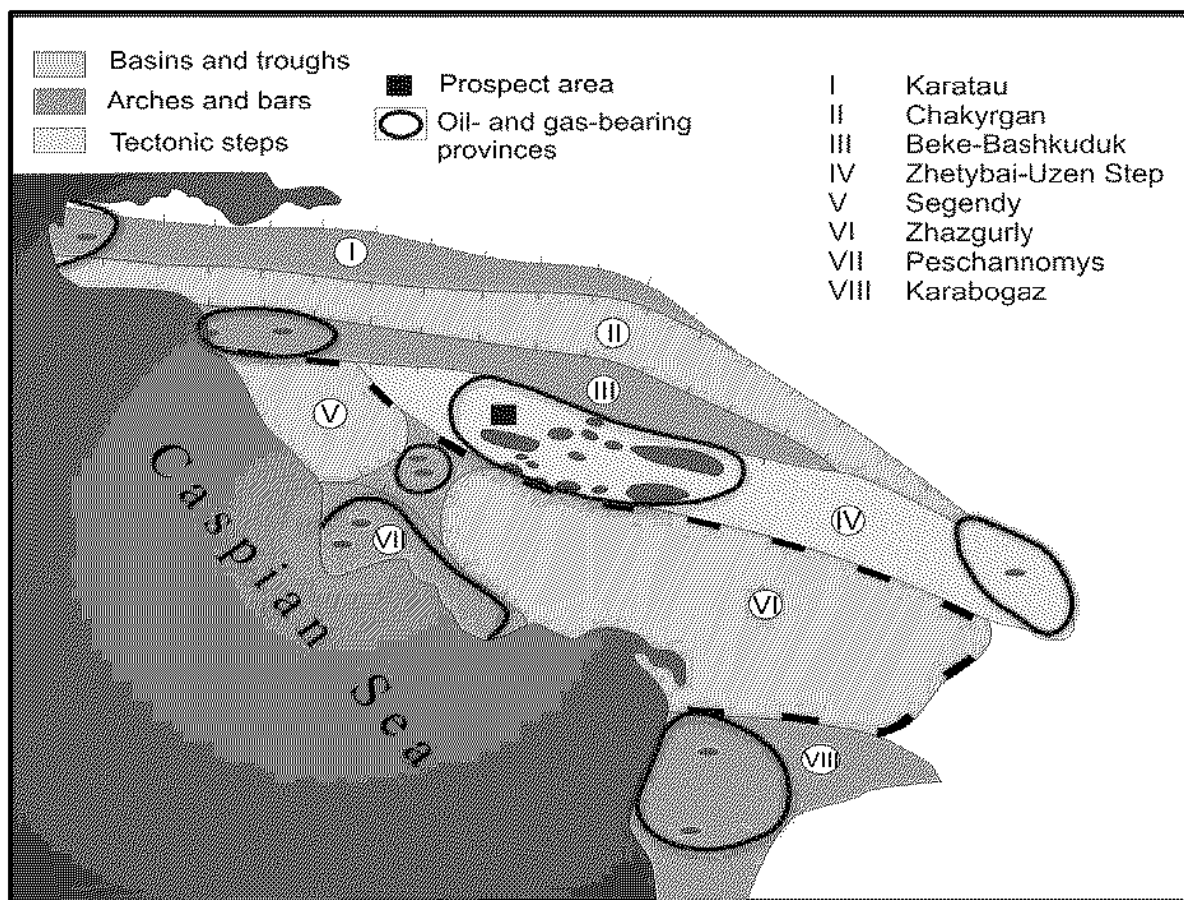


Figure 1: Position of permit (red square) in relation to other oil fields in the Mangistau Basin

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 permit has been lightly explored with a regional 2D grid of 1970's and 1980's vintage seismic carried out by the old Soviet regime. Mapping of the top Triassic map suggests Middle Triassic tilted fault blocks traps similar to the Akkar N and NW Zhetybai oil fields. These traps include a potential field extension to Akkar N and at least two other substantial structures. Recent 3D along this same trend has revealed Middle Triassic traps which have already resulted in new field discoveries. The plan is to acquire 3D Seismic in the second half of 2007 with the view to drill the best prospects on the permit as soon as possible in early 2008.

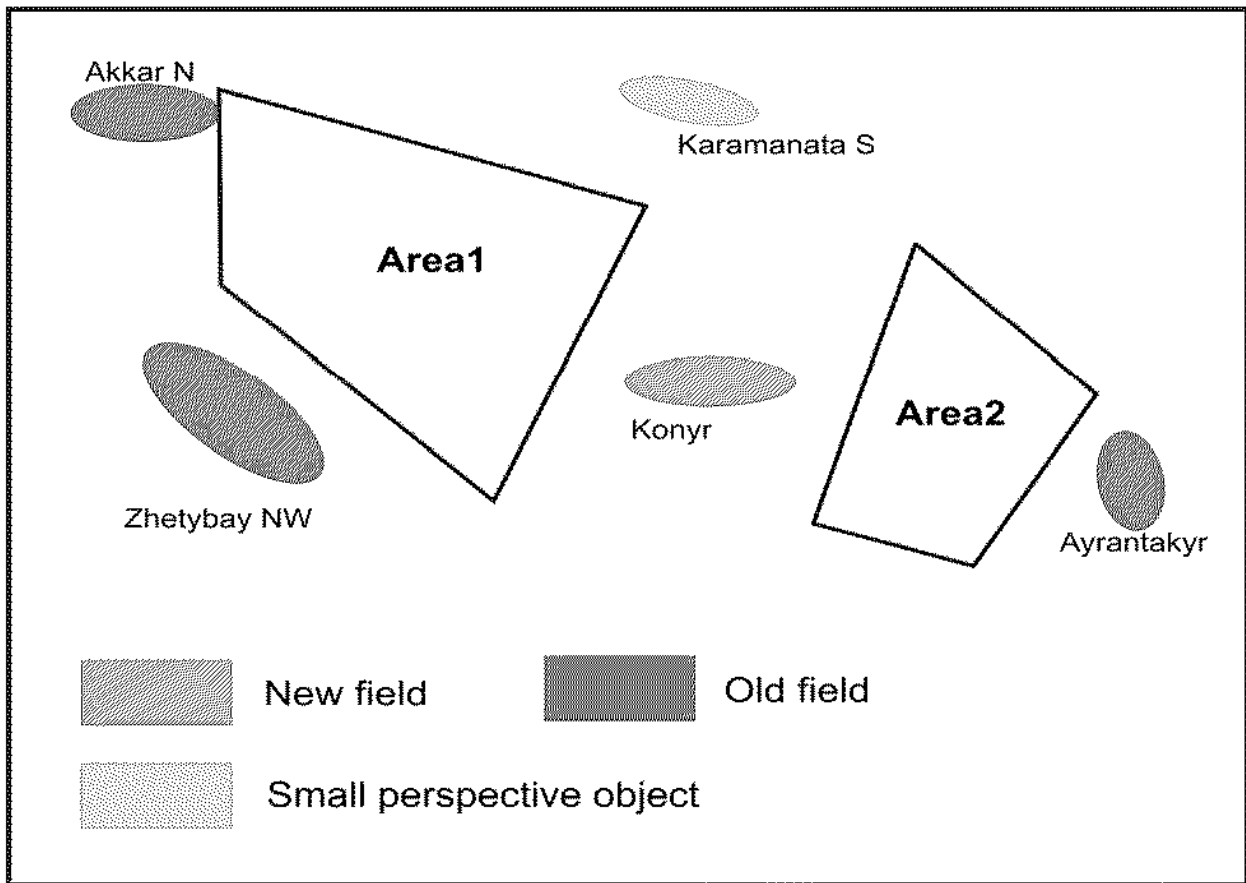


Figure 2: Position of the 2 block permit in relation to other oil fields in the same area

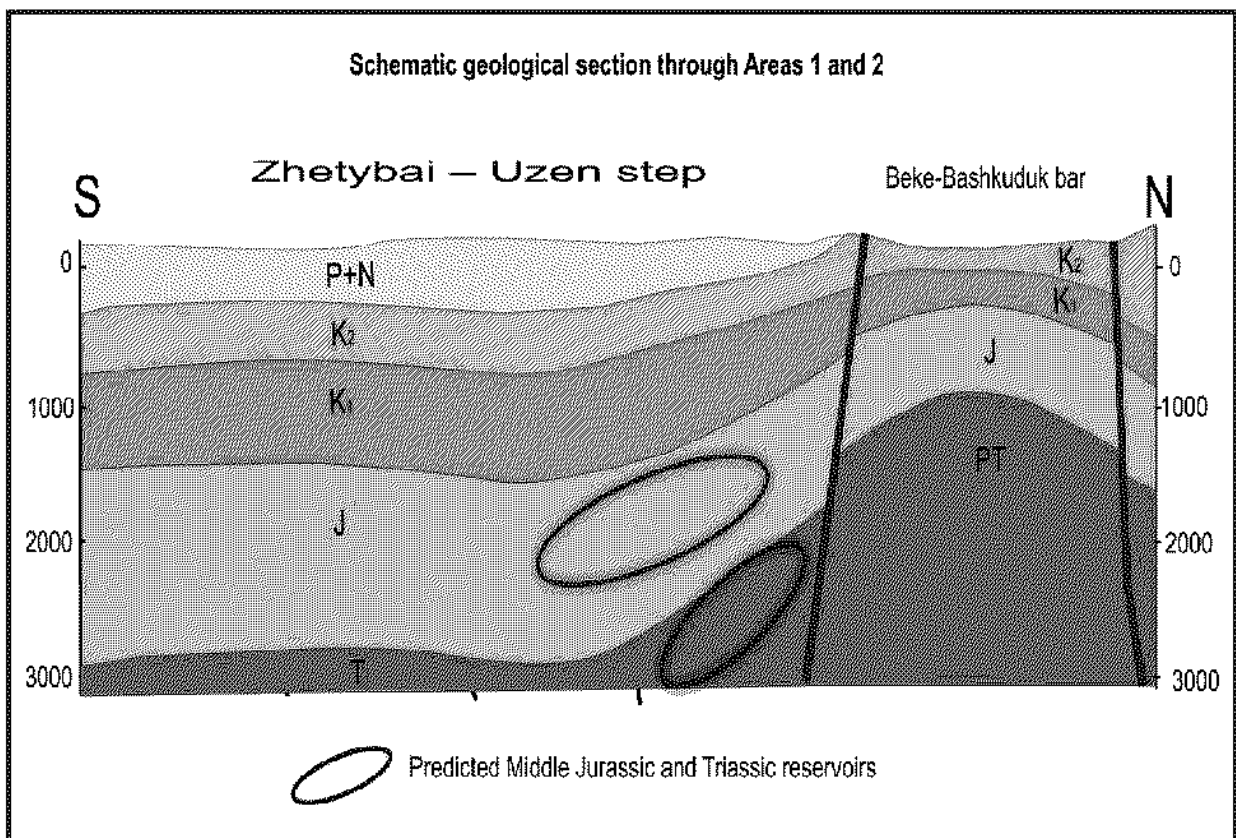


Figure 3: Predicted areas of drilling interest on permit

The Transaction

The underlying terms of the transaction are as follows:

On behalf of JPR's 100% owned subsidiary, J.M. Broekmeyer B.V., (to be renamed Jupiter Red B.V. and hereafter in this announcement referred to as Jupiter Red B.V.), JPR will pay the vendors of the permit, Leogo International Limited (or its nominee), an initial deposit of \$US 500,000 within 14 days of the signing of the Binding Term Sheet to acquire the permit. The Vendors will seek MEMR approval to assign the Sub Surface Rights to Jupiter Red B.V. and receive a waiver from the Government of Kazakhstan to refuse to exercise its pre-emptive right to also acquire an interest in these Sub Surface Rights. The waiver process is followed in Kazakhstan whenever there is a sale of rights of Oil & Gas permits from one party to another and it is expected to take up to 120 days to complete.

On completion, Jupiter Red B.V. will conclude the purchase of the Sub Surface Rights from Leogo International Limited by way of:

- The issue of 16 million fully paid ordinary shares in JPR at a deemed issue price of \$A0.30 per share. This equates to a payment of \$A4.8 million (c. \$US 4,000,000).
- The payment of \$US 5,500,000 which, when combined with the initial deposit, makes the total cash consideration paid \$US 6,000,000, equating to a total purchase price paid, in cash and shares, of \$US 10,000,000.

The transaction is subject to certain conditions precedent and these are:

- Jupiter Red B.V. receiving the necessary government approvals and waivers from MEMR to enable the transfer of the Sub Surface Rights;
- completion of due diligence by Jupiter Red B.V. on the Sub Surface Rights, to the satisfaction of the Board of Jupiter Energy Limited;
- the removal of any encumbrances on or in respect of any of the Sub Surface Rights;
- the approval of the issue of the 16 million fully paid ordinary shares by the shareholders of JPR (if this approval is required); and
- the approval by JPR shareholders to raise additional capital to complete the transaction (if this approval is required).

A formal sales agreement may be entered into, if required by the parties.

The JPR Board believes 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 has further plans to grow the portfolio of oil assets and this plan will be implemented over the next 12 months. These plans are outlined, in brief, below.

Forward Outlook

The recent visit to Kazakhstan and London by JPR management has indicated that it will be important for the Company to have access to the European capital markets as soon as is practical to assist in positioning the Company for further acquisitions and potential fund raisings. To this end, the Company intends to complete the dual listing process on London's Alternative Investment Market (AIM) over the next 6-9 months and is targeting a listing date on AIM before 31 March 2008. Once the dual listing is achieved, day to day management of JPR will be relocated to London with a local operations team based in Almaty.

As part of this process, the Company is seeking to acquire additional oil producing permits over the same period and is already reviewing several opportunities located in the same region as this initial permit. The objective is to complete 3D Seismic on the permit as soon as possible after completion of the transaction to enable a drilling program to commence in late 2007 or early 2008 and, over the same time period, complete the acquisition of a share in at least one other oil producing asset in Kazakhstan. This will enable the Company to position itself as both an oil producer and explorer, which is an important part of its ongoing capital markets profile.

Management and Board

The Board of JPR is continuing to grow its core management team and is delighted to announce that Keith Martens has agreed to join the Company as a Technical Consultant. Keith is a Canadian educated 30 year veteran of the Oil & Gas industry. He has worked with a number of Canadian and Australian organisations including Hudson's Bay Oil & Gas, Marathon Petroleum, Santos, Tap Oil and most recently Bow Energy. Keith will focus on coordinating the completion of the 3D Seismic on the permit and its interpretation as well as assisting in the technical review of any new acquisitions being considered by the Company.

Jupiter Red B.V. has opened its office in Almaty and, led by newly appointed JPR Director Erkin Svanbayev, has already grown the team to three people in as many weeks. This growth will continue and it should be noted that the Company is also very fortunate to have access to a substantial technical team already in Almaty. This group is already working with Erkin and Keith to assist in the review of potential acquisitions and is also assisting helping Erkin and Keith in getting access to critical technical data that already exists on the areas being considered by the Company in relation to future acquisitions. The JPR Board and the local Kazakhstan management team will be further developed and additions are expected to be announced in due course.

Summary

The JPR Board is pleased with the progress that has been made over the past few months in Kazakhstan. The country offers enormous opportunities in terms of oil discoveries but, similar to any other country, there are processes and government procedures that need to be complied with. The Company expects progress to continue to

be quick and as a result the objective of becoming an oil producer in Kazakhstan, as well as being dual listed on the ASX and AIM markets within the next 12 months, is well on track.

Any questions relating to this announcement should be directed to Executive Director, Geoff Gander, on 08 9322 8222.

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