

29 July 2011

QUARTERLY UPDATE ON ACTIVITIES FOR THE PERIOD TO 30 JUNE 2011

KEY POINTS:

- **Block 31 permit extended to cover an area of 123km²**
- **Testing of J-52 Jurassic Reservoir has indicated the presence of oil but commercial flow rates have not been achieved**
- **J-52 Trial Production Licence application remains on schedule**
- **J-50 Trial Production Licence application proceeding**
- **Drilling rig on location for J-51 Exploration Well and preparing to spud**

Jupiter Energy Limited (ASX: JPR) presents the following update on activities for the 3 month period ending 30 June 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

Hydrocarbon shows while drilling the J-52 well and subsequent wireline logging indicated possible movable hydrocarbons in both the Jurassic and Triassic intervals in the well. During drilling, both reservoir formations were successfully cored and each 9m core contained free, movable oil.

J-52 Triassic Formation

In June 2011 the Company completed the 90-day testing period of the J-52 Triassic reservoir and the J-52 Triassic reserves have now been approved by the Kazakh Geological Committee. The Trial Production License Project has been submitted for review and approval by the designated experts prior to its final submission to the Central Development Committee.

J-52 Jurassic Formation

The secondary target in J-52, the Jurassic reservoir, was fracture stimulated and flow tested with an electric submersible pump during July. The well recovered the frac fluid and formation water with traces of oil (~1% oil); the results indicate that whilst there is the presence of oil, the Jurassic reservoir in J-52 may not be viable for commercial production. The Company is reviewing the data and may attempt further tests in future wells that encounter the Jurassic formation.

The Jurassic production testing has now ceased and the well is being prepared for Triassic Trial Production.

J-51 Well

The drilling rig has been mobilised to the J-51 location and is preparing to spud the J-51 exploration well. The surface location for J-51 is 2 km South West from J-50 and 1.7 km North West from J-52 and has been designed to evaluate the prospectivity of the primary Triassic and secondary Jurassic targets within the structure known as Akkar East. The casing design is configured to allow the well to be used as a future production well.

J-50 Well

The J-50 Trial Production Licence Project has been prepared and has been submitted for review and approval by the designated experts prior to its final submission to the Central Development Committee.

The process has been more complex than the J-52 application because of the need to allocate the reserves for the single accumulation (on which J-50 has been drilled) that is present in both Jupiter's Block 31 and the adjacent North Akkar field.

Block 31 Extension

The Kazakh Ministry of Oil & Gas (MOG) has given its approval to an application made by JPR to extend the existing Block 31 acreage of 63.39 km² by an additional 59.29 km² for a new total of 122.68 km²; diagrams showing the location of the extension area are at the end of this announcement.

One material addition has been made to the work program associated with the Block 31 Contract, namely a commitment by the Company to acquire 3D seismic over the new extension area. The contract for the seismic acquisition has been concluded and the seismic acquisition process will begin in the next few weeks.

Block 31 Licence Obligations

The Company is current with its work obligations under the Block 31 Contract; the J-51 well will complete the obligations for 2011 and the Company is planning to commence drilling the first of the two 2012 commitment wells before the end of 2011.

Capital Structure and Finances

As at 30 June 2011, the Company had 1,737,934,742 listed shares trading under the ASX ticker "JPR". The Company also had 13 million unlisted options on issue all expiring on 31 December 2012 with exercise prices between \$0.10 and \$0.185.

The Company also had on issue a total of 10 million unvested Performance Rights.¹

Unaudited cash reserves of the Company as at 30 June 2011 stood at approximately \$A14m, with most cash being held as \$US.

August 2011 General Meeting

The Company lodged a Notice of Meeting on 6 July 2011 notifying Shareholders of a meeting to be held on 12 August 2011 to consider several resolutions. A copy of the Notice of Meeting may be downloaded from the Company's website.

One of the resolutions to be considered at the meeting on 12 August 2011 is approval to consolidate the current issued capital on a 15:1 basis. If approved, the number of shares on issue will reduce to 115,862,317. The number of unlisted options on issue and their respective exercise prices will also change to reflect this consolidation.

Other resolutions being put to Shareholders are for the approval to issue Performance Rights.² If the Rights are approved, the current 10 million Performance Rights¹ will be cancelled and replaced with 32 million pre-consolidation (2,133,335 post consolidation) Performance Rights which are to be allocated as follows:

Issued to: (or their nominee)	Pre-Consolidation Amount	Post-Consolidation Amount (15:1) ³
Alastair Beardsall	10,000,000	666,667
Baltabek Kuandykov	10,000,000	666,667
Geoff Gander	10,000,000 ¹	666,667
Scott Mison	2,000,000	133,334
TOTAL	32,000,000	2,133,335

Notes:

1: The existing 10m Performance Rights already issued to Geoff Gander on 25 November 2009 will be cancelled if the new Performance Rights are approved by Shareholders on 12 August 2011.

2: The terms and conditions relating to the vesting of all Performance Rights are detailed in the Explanatory Statement that accompanied the 12 August 2011 Notice of Meeting.

3: These figures assume Shareholders approve the 15:1 consolidation of issued capital on 12 August 2011

Summary

The Board continues to be optimistic about the Company's outlook and looks forward to reporting on progress towards the key milestones over the next six 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



Figure 1: Map outlining the extension area within the broader Mangistau region

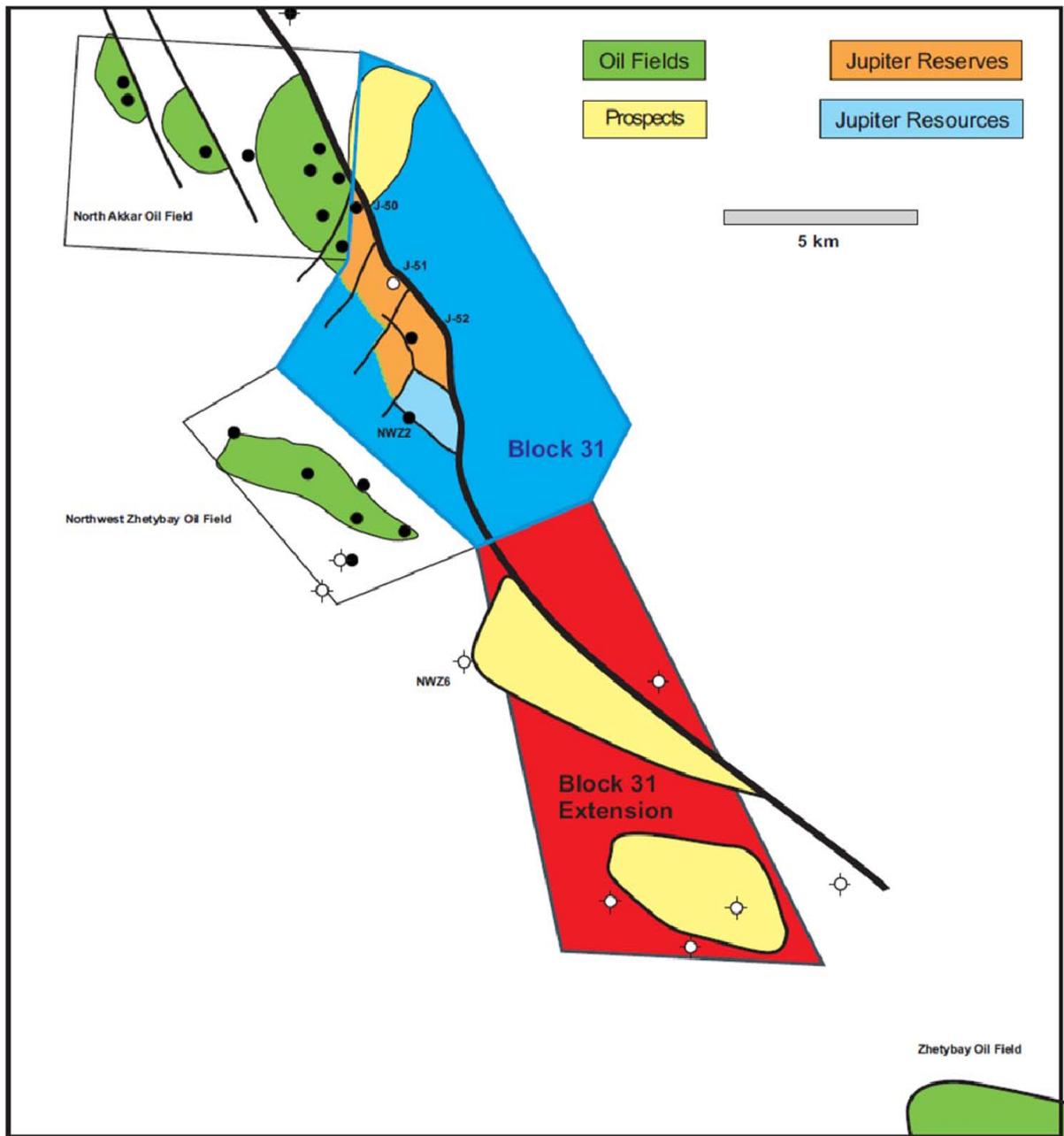


Figure 2: Map showing the newly extended Block 31 permit and the location of the J-50, J-51, J-52 and NWZ2 wells