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FIRST QUARTER ACTIVITIES REPORT – SEPTEMBER 2006

Jupiter Energy Limited (ASX: JPR) is pleased to present the following report on activities for the three months ending 30 September 2006. Also included in this report are details of any significant subsequent events that have taken place in October 2006.

Activities:

- Jupiter Energy Limited (Jupiter Energy) by way of its wholly owned subsidiary Jupiter Biofuels Limited lodged a Prospectus with ASIC on 22 September 2006. The Prospectus is seeking to raise $75m via the issue of 150 million shares @ $0.50 per share. The funds will be used to build a biodiesel plant in Kuantan, Malaysia. Biodiesel is one of the fastest growing markets in alternative energy and the Board believe that this project will significantly add to the value of Jupiter Energy.

- Jupiter Biofuels Limited has a comprehensive business model and the highlights of the model are:

    1. A 30 year lease of a strategic 8.75 (22 acre) site in Kuantan, Malaysia on which the biodiesel facility will be built.
    2. All the necessary Malaysian government licences and approvals to develop the facility including a licence from the Malaysian Industrial Development Authority (MIDA) and the granting of tax pioneer status for five (5) years from production of biodiesel. This status means that income from the facility will be free of tax for a minimum of 5 years and this status may be extended for up to an additional 10 years.
    3. Contracts with the European based Desmet Ballestra to acquire the technology required to build a 250,000 Tonnes Per Annum (TPA) biodiesel plant.
    4. Contracts with Merit Engineers and SMEC (Malaysia) Sdn Bhd to build the plant, which will produce 280 million litres of biodiesel per annum when running at 100% of name plate capacity.
    5. Contracts to provide enough crude and/or refined palm oil feedstock to the plant for three (3) years of production.
    6. An off take agreement to sell 100% of the Plant's 250,000 TPA capacity for five (5) years after the commencement of production.
    7. A detailed Financial Model that supports the financial projections outlined in the Prospectus that shows Jupiter Biofuels producing an NPAT of c $13.5 million for the first half year of full production (1 July 2008 to 31 December 2008).

- A copy of the Prospectus has been sent to all shareholders and the Company is working with Lead Broker to the issue, Bridges Financial Services Pty Ltd, to complete the raising during October and early November 2006.

- The Company has also sent shareholders a Notice of Meeting for the upcoming Annual General Meeting (AGM) that will be held on 10 November 2006. Contained in the Notice of Meeting are details of all the resolutions to be considered at the meeting and the Board encourages shareholders to either attend the AGM in person or complete the Proxy Form that was sent with the Notice of Meeting to ensure your vote on all resolutions is registered.

- One of the resolutions to be considered at the AGM will be the approval of the In specie distribution of 100% of the Jupiter Biofuels shares held in Jupiter Energy on a pro rata basis to shareholders. The Company is aware that this resolution needs to be voted on with a clear understanding by shareholders of the progress being made with the proposed capital raising of $75m.

- In relation to its core Oil & Gas exploration activities, Jupiter has also made a number of investments:

    1. Jupiter has carried out further detailed seismic work on PEP 163 of which Jupiter has earned a 50% interest.
    2. Jupiter has carried out initial seismic work on the adjacent permit PEP 164 and has agreed terms with Lakes Oil NL regarding the opportunity for Jupiter to earn a 33.3% interest in PEP 164 should the results of the seismic work suggest opportunities for commercial quantities of oil and/or gas. The 33.3% interest in the permit would require the expenditure by Jupiter of $1.2m less the cost of the seismic work already carried out on PEP 164.
    3. The Company is awaiting a report from Lakes Oil NL regarding the results of the seismic work carried out and the Jupiter Energy Board will make a decision on the future of PEP 163 and the option on PEP 164 at that time.

- The Company finished the September 2006 quarter with 117,072,523 fully paid ordinary shares on issue and with $4.3 million in cash.

- During the first quarter of 2006/2007, the remaining 31,662,000 12.5 cent shares approved for placement at the 16 June General Meeting of shareholders were issued to raise $3,957,750 before costs. Issued with these shares were 6,332,400 free attaching unlisted options bringing the total number of 8 cent options issued to 8 million. These unlisted options have an exercise price of 8 cents and expire on 31 December 2008. As at 30 September 2006 there were 3,840,000 8 cent options on issue meaning that during the quarter 4,160,000 options were exercised and this raised an additional $332,800 for the Company.

- As at 30 September 2006, there were also 22,338,004 listed 20 cent options on issue. These options expire on 31 October 2006 and all option holders have recently been sent a letter advising them that their options are soon to expire and instructions on how to exercise them.

- There were also 8,250,000 unlisted 12 cent options on issue as at 30 September 2006. These options expire on 30 June 2008.

IT IS IMPORTANT THAT OPTION HOLDERS NOTE THAT IN ORDER TO RECEIVE ANY OF THE IN SPECIE DISTRIBUTION OF JUPITER BIOFUELS SHARES THEY MUST CONVERT THEIR OPTIONS PRIOR TO EITHER THE EXPIRY DATE OF 31 OCTOBER 2006

(IN THE CASE OF THE LISTED $0.20 OPTIONS) OR BY THE RECORD DATE OF 17 NOVEMBER 2006 (IN THE CASE OF THE $0.08 AND $0.12 CENT UNLISTED OPTIONS.)

Subsequent Events:

A copy of the Jupiter Biofuels Limited Prospectus and the Notice of Annual General Meeting was mailed to shareholders during the week commencing 9 October 2006.

If shareholders have any questions regarding this Quarterly Report, they can contact the JPR office on (08) 9322 8222 or myself on 0417 914 137 or via email – geoff@highway1.com.au.

Geoff Gander
Executive Director

EXPLORATION ACITIVITIES - PEP 163 and PEP 164

PEP 163 and 164 cover a total area of 3,888 square kilometers of the eastern Otway Basin and are located 10 kilometers from the city of Geelong and 50 kilometers from Melbourne. The proximity to established markets and infrastructure suggest that even modest discoveries of gas and/or oil could be commercially developed.

Under the terms of an agreement signed on April 26 2005 with Lakes Oil NL, Jupiter agreed to fund the first $1.2 million of the drilling and completion costs of the Bellarine No. 1 well to earn 50% interest in PEP 163 and took an option to acquire a 33.3% interest in the adjacent PEP 164 by the further expenditure of $1.2 million.

The 50% interest in PEP 163 has been earnt.

The Operator of the drilling at PEP 163 (Lakes Oil NL) subsequently presented detailed findings of the drilling program to Jupiter and concluded that there was strong evidence of gas shows to 1000m and using technologies that are available including Formation Micro Image and Sonic Scanner, it would be prudent to re examine the hole to 1000m to ascertain whether economic gas quantities are available. As a result, further seismic work has been carried out on PEP 163 and Jupiter is awaiting the results of this work.

In relation to PEP 164, Lakes Oil NL, who hold 100% of the permit, informed Jupiter that based on the seismic work carried out on PEP 164 by the Victorian Government in the 1970's, it would be commercially prudent to complete a more targeted seismic project which would enable a closer analysis of the areas within PEP 164 already expected to show potential. Jupiter has now funded that seismic work and awaits the results. Lakes Oil NL has already agreed to extend the current option on PEP 164 to continue to allow Jupiter to earn a 33.33% interested in PEP 164 through the expenditure of $1.2m less the cost of the seismic work. JPR will make a final decision on whether to proceed with the option over PEP 164 once the seismic data has been fully analysed.

BIODIESEL PROJECT

A Prospectus providing a comprehensive overview of the Biodiesel project was sent to shareholders during the week commencing October 9 2006. The Board encourages all shareholders to read the Prospectus in detail.

Shareholders will be asked to vote on a resolution to approve the In Specie distribution of 100% of the shares of Jupiter Biofuels Limited as part of the process of listing Jupiter Biofuels Limited as a stand alone entity on the ASX. The listing will be subject to the successful raising of $75m via the Jupiter Biofuels Prospectus. The Board will keep shareholders appraised on the progress being made with the planned $75m capital raising in the lead up to the AGM.

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