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31 January 2011

QUARTERLY UPDATE ON ACTIVITIES FOR THE PERIOD TO 31 DECEMBER 2010

KEY POINTS:

- **J-52 well completed on time and within budget. Initial interpretation of the wireline logs is encouraging.**
- **Production testing on J-52 to commence in February 2011.**
- **International oil & gas engineering consulting group Senergy Limited has been engaged to conduct independent reserve and resource evaluation for Block 31.**
- **JPR strengthens in country expertise and appoints experienced engineer as Senior Vice President of Kazakh operation in Aktau.**
- **Applications for both a Trial Production Licence for the J-50 well and an enlargement to the acreage of Block 31 are both in progress.**

Jupiter Energy Limited (ASX: JPR) presents the following update on activities for the 3 month period ending 31 December 2010. Also included in this report are details of any subsequent events that have occurred up to the date of this release.

J-52 Well

The J-52 well reached a total depth of 3152m on 27 December 2010, 54 days after it was spud; wireline logs were run, the well was cased and suspended and the drilling rig demobilised. Operational progress and geological results were consistent with the Company's drilling plans and well prognosis; there were no health and safety incidents during the drilling operation.

Hydrocarbon shows while drilling and initial interpretation of the wireline logs both indicated possible movable hydrocarbons in two intervals in the well. Each interval was successfully cored and each 9m core contained free, movable oil.

The J-52 well is the Company's 2010 commitment well and the Company is current with the work commitments under the contract for Block 31.

Jupiter holds 100% of Block 31 which is located onshore Kazakhstan just east of the city of Aktau and the Caspian Sea (see Figure 1). The J-52 well is located 3.6 km southeast of the J-50 well and 2 km north of NWZ#2 well (see Figure 2).

Mid Triassic

The primary reservoir objective for J-52, the Middle Triassic carbonate reservoir unit, which was production tested in J-50, was interpreted in J-52 from 2994m to 3098m (104m) and cored from 2999m to 3008m (9m). Initial wireline log interpretations indicated approximately 55% net to gross which is typical for the Mangistau area.

The net hydrocarbon column approximates the pre-drill estimates and supports previous volumetric estimates.

Z-Sand

The secondary reservoir objective for J-52, the Z-Sand, was interpreted from wireline logs to have a gross interval from 2853m to 2882m (29m). This reservoir was cored from 2855m to 2864m (9m).

Wireline log analysis calculates approximately 5m of net pay which is most likely oil saturated.

This reservoir is very similar to an as yet untested zone in the J-50 well and also correlates to the Ju-XIII reservoir in NWZ#2 which flowed oil in 1969 and more recently during an unfinished recompletion. The age of this interval will be determined by paleontological dating however, for the moment, it has been named the Z-Sand.

The volume and potential of the Z-Sand is to be recalculated as part of the analysis of the J-52 well results.

Forward Program

The Company has now implemented plans to commence production testing the J-52 well using a smaller and more cost effective service rig and expects to have all permits in place to begin operations in February 2011. The Company will release further information on the progress of the production testing program when appropriate.

J-50 Well

The J-50 well completed the 3 month maximum production test period permitted under the Kazakh 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 has involved the preparation and submission of studies to the Government authorities to process the TPL application. An update on the application is expected during the first quarter of 2011.

NWZ#2

In November 2010 the Company announced that it had suspended work on the well until after the results of J-52 had been processed. It is expected work will recommence on NWZ#2 after the flow testing of the J-52 Z-Sand.

Block 31 Extension Application

The Company has identified prospective exploration acreage adjacent to the boundary of Block 31 and applied for an extension to Block 31. An update on the progress of this application is expected during the first quarter of 2011.

Aktau Operations

In early October 2010, the Company announced consolidation of its operations into one office based in Aktau to ensure the growing Kazakh operation was managed as an integrated business organisation. The Company strengthened its Kazakh based team and made several senior appointments during September and October 2010. The office consolidation was completed on 30 November 2010 and the Company retains a small office in Almaty where Erkin Svanbayev continues to act as a Business Development Consultant to the Company and assists in Government relations and oil exports.

The Company is pleased to announce a further senior management appointment.

On January 17 2011, Henry Wolski joined the Company as Senior Vice President of Jupiter Energy (Kazakhstan) based full time in Aktau. Henry is a 30 year veteran of the oil & gas industry and has spent most of the past 20 years working in Russia and Kazakhstan. A Canadian citizen, he speaks fluent Russian and brings with him broad experience of large scale projects with specific focus in drilling, completion and workover programming and supervision, production and reservoir management as well as considerable expertise in management, supervision and design of hydraulic fracturing and acidizing stimulation operations.

Henry's experience of working in Russia and Kazakhstan will be invaluable and having a head of operations based full time in Aktau will be an asset as the Company starts commercial production in 2011. Henry will be responsible for running all aspects of field operations in country and will work closely with the newly appointed Aktau based Chief Financial Manager, Sanym Bissenaliyeva and the Jupiter Energy Limited Board.

Changes to the Board

Concurrent with welcoming the Waterford Group as a substantial shareholder last quarter, the JPR Board announced the appointment of Alastair Beardsall and Baltabek Kuandykov as Directors on 5 October 2010.

Executive Chairman Geoff Gander is in the process of relocating to the United Kingdom as part of the Company's strategy to broaden the shareholder base and to advance plans for a potential AIM dual listing during 2011.

Managing Director David Thorpe has elected not to relocate to the United Kingdom and the Company announces that he will leave JPR, effective 31 January 2011. The Board takes this opportunity to thank David for his contribution to the Company over the past year and a half and wishes him well in his future career.

Scott Mison, the Company's Company Secretary and Accountant, has joined the Board as a Director and Henry Wolski will assume the responsibilities for day to day operations in Kazakhstan.

Independent Reserves and Resource report

The Company has appointed Senergy Limited (Senergy) to conduct an independent assessment of the reserves and resources of Block 31; Senergy completed an independent review of Block 31 in January 2010.

The 2011 assessment will be based on data obtained from the J-50 and J-52 wells and additional cased hole logging data acquired on the NWZ#2 well in 2010. The new reserve and resource estimates are expected to be undertaken during the first quarter of 2011.

Capital Structure and Finances

As at the date of this announcement, the Company has 1,511,434,681 listed shares trading under the ASX ticker "JPR". The Company also has the following unlisted options on issue:

- 10,000,000 expiring on 30/06/2011 and having a strike price of $A0.08
- 3,000,000 expiring on 31/12/2012 and having a strike price of $A0.185
- 6,000,000 expiring on 31/12/2012 and having a strike price of $A0.10
- 4,000,000 expiring on 31/12/2012 and having a strike price of $A0.15

The Company also has a total of 20million Performance Rights, broken into 2 categories with 10million expiring on 31/12/2011 and 10million expiring on 31/12/2012. The number of Performance Rights has reduced from 45million to 20million with 25million Performance Rights having either lapsed or been cancelled since the last quarterly report.

The vesting milestones for the remaining 20million Performance Rights are as follows:

- 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 31 December 2010 stood at approximately $A9m.

Summary

The new Board is very optimistic about the 12 month outlook and looks forward to reporting on the progress made with a range of important milestones during the first quarter of 2011. If shareholders have any questions regarding this quarterly report they are welcome to contact the Company on +61 89322 8222.

Geoff Gander
Director

ENDS

The information in this document which relates to the Jurassic and Z sand potential resource 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 and gas reserve estimation and to the specific permit in Kazakhstan to qualify as competent to verify the information pertaining to the Jurassic and Z sand potential resource. Mr. Keith Martens has given and not withdrawn his written consent to the inclusion of the Jurassic and Z sand potential resource in the form and context in which they appear. Keith Martens has no material interest in the Company.

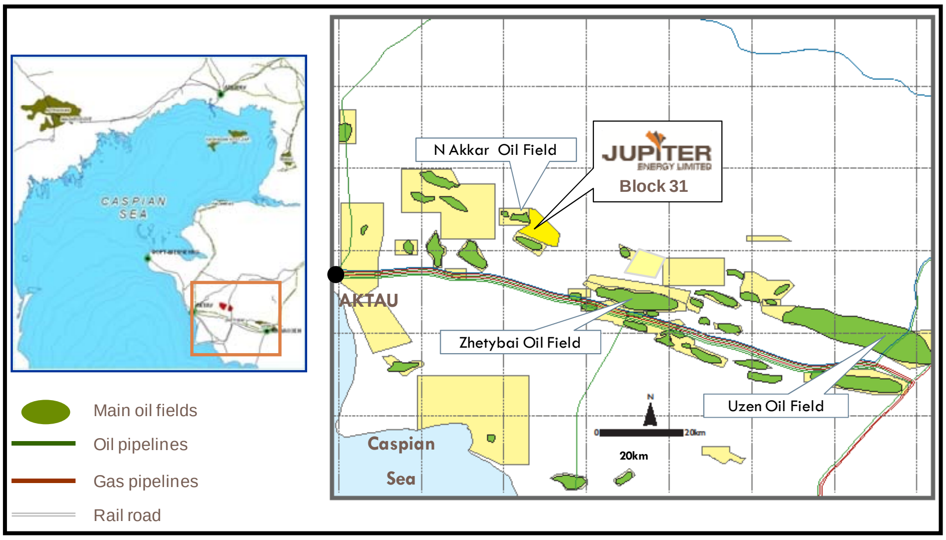

Figure 1: Location map of Jupiter Energy Limited's Block 31 in Kazakhstan showing close proximity to onshore infrastructure as well as adjacent fields including the prolific nearby Zhetybai and Uzen oilfields in the Mangistau Basin.

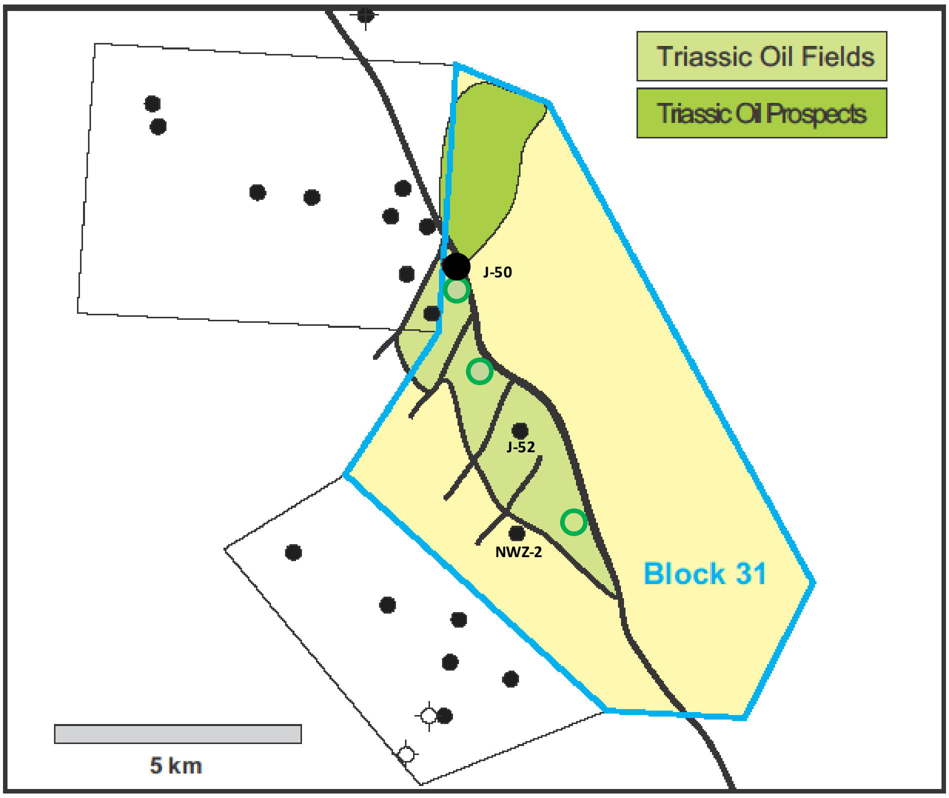

Figure 2:Map showing distribution of wells drilled in Block 31 and adjacent permits. The outline of the known Mid Triassic oil field is shown in light green and the large undrilled prospect to the north in darker green. Drilling and workover activity in three (3) wells in Block 31 (J-50, J-52 and NWZ-2) confirm hydrocarbons in the permit. Future well locations being considered are shown by the green circles.