

27 April 2011

Update on the status of J-50 and J-52 Trial Production Licence Applications

The Board of Jupiter Energy Limited (the Company) provides this update on the current status of the Trial Production Licence (TPL) applications for both the J-50 and J-52 wells.

By way of background: The TPL application process has many individual steps. Each of the relevant government authorities is provided with the information required to enable these authorities to check that the proposals comply with the relevant regulation prior to granting the approvals for an entity to begin production from a well, or group of wells.

Much of the sub-surface data required to support such an application is acquired during the drilling process and the maximum 3 month production testing period that follows the initial completion of a potentially commercial discovery.

An integral part of commencing the TPL process is the approval by the State Reserves Committee of the oil reserves associated with the well and this approval is required before an entity is able to proceed with the TPL application to cover other key areas governed by bodies such as the Ecological, Economic and Environmental committees within the Kazakh Ministry of Oil & Gas.

Trial Production Licence for J-50

The Company ended its 3 month production testing phase on the J-50 well at the end of August 2010 and then began the compilation of data required to support the first TPL application to be submitted by Jupiter Energy Limited in Kazakhstan.

The oil reserves submission for the J-50 well was completed on behalf of the Company by Reservoir Evaluation Services LLP (RES), a division of AGR Petroleum Services (AGR). AGR is an international oil & gas consulting company that specialises in oil & gas reserve estimations. RES is approved by the Kazakh authorities to carry out such work.

RES, on behalf of the Company, submitted the J-50 reserves report to the State Reserves Committee in late 2010. It should be noted that some of the delay between the J-50 well being shut in and the delivery of the reserves report was the result of the reorganisation of the Kazakh Ministry of Oil & Gas.

Whilst agreement has now been reached with the State Reserves Committee regarding the quantum of reserves associated with the J-50 well, because of the close proximity of the well to the border of the adjoining Akkar North field (approximately 100m), the Company has been requested by the State Reserves Committee to work with the owner of that field, MangistauMunaiGas (MMG), to reach agreement on a joint production plan for the development of the reserves within the single accumulation that straddles both sides of the boundary between Akkar North and Block 31.

Under newly introduced Kazakh legislation, this joint plan may also include the need to reach agreement on the unitisation of the reserves located within this single accumulation. For clarity, unitisation is common practice in many oil and gas producing countries (including Australia), sometimes supported by oil and gas legislation, and it is the framework under which the various licensees of an oil or gas accumulation agree to jointly develop and produce the accumulation in return for an agreed share of the production.

The State Reserves Committee and the Company are both keen to progress discussions with MMG in a timely manner but agreement on a joint production plan has yet to be achieved and a definitive timeline to achieving such a plan is still unable to be confirmed.

The Company is making every effort to resolve the issue so the J-50 TPL application process can continue. The Company will provide a further update on the J-50 TPL application in due course.

Trial Production Licence for J-52

In relation to the J-52 well: the Company has engaged RES to complete the J-52 oil reserves report required for submission to the State Reserves Committee. It is expected that this report will be completed during Q2 2011.

The location of the J-52 well is ~3.8km south east of the J-50 well and it is not expected that the issues facing the J-50 TPL application with regards to the need for a joint production plan with MMG will impact the J-52 TPL application process.

As with the J-50 TPL application, the Company will provide a further update on the J-52 TPL application in due course.

Commenting on the TPL process, JPR Chairman/CEO Geoff Gander said, "Whilst the Company believes it is making progress with the J-50 TPL application, we are unable to be more definitive on timing. As further progress is made we will provide updates."

Any questions in relation to this announcement should be directed to the Company on +61 8 9322 8222.

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