

20 April 2010

Jupiter announces 43 metres of net pay in J-50 and the placement of \$A6.5m

Highlights:

- J-50 has intersected 43 metres nett pay on the basis of initial log interpretations.
- Flow rates are expected from J-50 near the end of April 2010.
- Company raises \$A6.5m from largely UK and Australian institutional investors via placement priced at \$A0.065 per share.
- Placement funds will assist Company accelerate a number of key projects including drilling the J-51 well and the acquisition of additional acreage.
- Funds will also be committed to installation of dedicated production infrastructure and production testing the NWZ 2 well earlier than budgeted.

The Board of Jupiter Energy Limited (ASX: JPR) is pleased to provide shareholders with an important operational update.

The J-50 well has reached a total depth of 3156m and wireline logs have been run over the weekend and on Monday. Initial interpretations of wireline log data indicate that the top of the Middle Triassic reservoir is at 2911m which is 28m higher than previously reported. The interpretations show that a 43m interval of nett hydrocarbon pay has been intersected in a gross column of 120m. The nett pay interval and also the nett to gross ratio are higher than the Company had originally prognosed at the J-50 well location. The interpretations are provisional and will be optimised as additional data such as results from core analysis become available. Operations on the J-50 well have continued towards casing and cementing the well prior to running the completion and production testing.

The Company also announces the placement of 100 million shares to mainly institutional investors from Australia and the UK. This placement will raise \$A6.5 million (before costs) and enable the Company to commence several projects earlier than originally planned thereby allowing the Company to achieve some important milestones and objectives prior to June 30 2010, the expiry date of the listed JPROA options.

The major milestones and Company objectives brought forward by the placement include:

- Tendering for drilling equipment and services for the J-51 well in April.
- Acquisition of long lead time capital items such as wellheads and casing for the J-51 well.
- Hiring additional operations personnel to bring forward the schedule for production testing of NWZ-2 well production rates, thereby confirming flow rates from Block 31's 2nd well before June 2010.
- Upgrade from temporary to permanent top side processing and storage infrastructure for both the J-50 and NWZ 2 wells.
- Acquisition of additional acreage in the Mangistau region, with the primary objective being to increase potential oil reserves.
- Tendering for new exploration and/or production permits in or outside the Mangistau region as opportunities become available. The tender process includes being able to financially structure an initial bid that is independent of a capital raising.

For the benefit of shareholders, additional information on these milestones and objectives is detailed below.

J-51 Well

The J-51 well is the Company's commitment well for 2010. This well is planned as a step out from J-50 and is prognosed to intersect the same Block 31 Middle Triassic reservoir objective and have similar production characteristics as the J-50 well. The Company plans to spud J-51 as soon as possible to take advantage of the warmer summer months of June and July.

The placement funding will be used to purchase long lead time capital items such as casing prior to spud. In addition, the drilling rig service contract will be tendered and the final contract may include the requirement for a pre-payment or mobilisation charge for moving the rig to the J-51 location prior to spud.

The combined budget for the J-51 well will be in excess of \$US5 million and without raising funds now, the acquisition of long lead time items and securing of the rig cannot be undertaken and the well spud date would slip to probably September 2010. This delay would, in turn, lead to the onset of less favourable operating conditions.

The benefit of achieving an early start to operations on the J-51 well is that the follow up production test and trial production should commence sooner than budgeted. The major advantage of commencing the J-51 well project early is the potential for several months of extra revenue from export oil sales, over and above what the Company had originally budgeted.

NWZ 2 Well

Access to funding from the placement will assist to remove the resource constraints in Jupiter's Aktau based operations team and accelerate production testing of the NWZ-2 well. This well has already been successfully re entered and is awaiting being brought onto production testing. An earlier commencement of production testing will in turn enable the Company to increase its Q3 and Q4 2010 export revenues by bringing the NWZ 2 well onto Trial Production earlier than had been budgeted.

Block 31 Top Side Infrastructure

The Company has rented infrastructure facilities on a short term basis for the J-50 well and additional funding will allow the Company to invest in long term production / infrastructure facilities sooner. This early investment in infrastructure will improve the operational efficiency of these facilities and will also allow for more effective use of capital in line with the Company's longer term production and fiscal objectives.

Acquisition of Additional Acreage in the Mangistau

The Company has focussed on establishing a presence in Kazakhstan by building its acreage position in the Mangistau area and believes there are opportunities to expand its exploration portfolio in the near term. These opportunities will require the Company to demonstrate the ability to develop an asset, initially via acquisition of 3D seismic followed by the drilling of exploration wells. This raising will assist to bring forward any preliminary funding of 3D seismic that may be required to enable more efficient 3D acquisition during the summer period.

New Permit Activities

The Company is actively pursuing expansion in Kazakhstan and is expecting new permits to be made available, under Tender, during this quarter. To have a reasonable chance of success in an open Tender Bid, the Company must be in a financial position to demonstrate its ability to pay at least part of the relevant Signature Bonus to the Government. This raising will provide the Company with that ability. However, if such an opportunity does not eventuate, excess funds will be directed towards drilling the J-51 well.

JPROA June 2010 Options

A question that the Board has had to consider in making the decision to raise additional funds at this time has been the impact that the raising may have on the successful exercise of some or all of the June 30 2010 options. It is the view of the JPR Board that the raising will have a positive impact on the opportunity to exercise of these options.

Several outcomes will be brought forward by the placement:

- Information about flow rates from both J-50 and NWZ 2 will be more timely.
- The potential for participating in opportunities to expand the Company's acreage will be increased, and
- The timing of the spud and potential subsequent cash flow from the J-51 well will be brought forward.

All these are important outcomes which should assist to build and improve the value of Jupiter Energy and strengthen the JPR share price in the short term.

The raising also provides certainty about the availability of working capital to continue developing the Company so that it can achieve these significant milestones on the way to it's first export revenues from the sale of its oil from both the J-50 and NWZ 2 wells. Export sales from both J-50 and NWZ 2 wells will enable the Company to reach a cashflow positive position earlier and enable JPR to work towards a self funded business from it's Mangistau region operations by 1H 2011.

The Board is in discussions with a number of brokers interested in potentially underwriting the JPROA options and if, and when, any definitive agreement is reached with one or more of the parties an announcement, outlining the agreement, will be made to shareholders and option holders. The Board believes it is critical to at least commence production testing from the J-50 well before any agreement can be finalised.

SUMMARY

The immediate focus for the Company is to efficiently complete the J-50 well and achieve initial flow rates from the well clean up before starting a 3 month production test. As previously announced, the Company expects to update shareholders on the initial flow rates from J-50 by the end of April 2010.

If shareholders have any questions on this announcement, they should direct them to the Company on (08) 9322 8222.

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