

## Jupiter Energy Limited

## CORPORATE\*

### Oil Confirmed in J-50 Well

A\$0.066<sup>#</sup>

Year-end June	2010E	2011E	2012E	2013E
Oil Production ('000 bbl)	-	598	1,198	1,896
Revenue (A\$m)	-	28.4	62.3	102.1
Adj. Pre-tax Profit (A\$m)	(3.8)	12.2	33.0	54.1
Adj. EPS (¢)	(0.4)	1.0	2.5	4.1
Net Cash/(Debt) (A\$m)	16.9	8.6	13.8	33.2
P/E (x)	(18.7)	6.9	2.6	1.6

Key Data	
Ticker	JPR.AX
Shares in issue	783.2m
Market capitalisation	A\$51.7m
12-month price range	1.2-8.5c
Next event	J-50 coring
Equity under option	42.5%

Source: Company, Pursuit Capital estimates

#Priced at close, 19 March 2010

\* Pursuit Capital has a corporate relationship with Jupiter Energy and therefore this information should be viewed as Marketing Material. Pursuit Capital does not publish recommendations on companies with which it has a corporate relationship.

Jupiter Energy Limited (“Jupiter”) is focussed on development of oil resources in South West Kazakhstan. Its 100% owned project, Block 31, contains an estimated 41 million barrels of recoverable oil and is located within a region that has produced in excess of 6 billion barrels of oil. Jupiter believes that it has the right mix of local and western experience to bring Block 31 into production in 2010. The Company has today announced that oil has been confirmed in the primary target in its first new well, J-50.

#### Company description

Jupiter Energy is an oil exploration company with its assets located in Kazakhstan.

- **J-50 Oil Intersections** – Jupiter’s first operated well, J-50, intersected oil in both the Jurassic XIII and Middle Triassic units at close to the prognosed depths. Based on nearby wells, the primary objective of the middle Triassic is expected to be 120m thick with the Company anticipating >500bopd flow rates once tested.
- **Coring underway** – The Company has commenced a programme of coring 45m of the Middle Triassic unit, which is expected to take about twelve days to be followed by electric wireline logging and casing.
- **Reserves and Resources confirmed** – Prior to the drilling of J-50, independent oil & gas consultant, Senergy, has confirmed that the Triassic units contain 8.6mmbbl 2P Reserves (P50) as well as 12.2mmbbl of Prospective Resources (P50). This is in addition to the 22.2mmbbl of Prospective Resources that the Company has estimated for the Jurassic XIII unit within Block 31.
- **Strong local presence** – Jupiter understands some of the potential complexities of operating in countries such as Kazakhstan. An important part of managing these issues is to have a strong local presence with senior Kazakh staff that understands the fiscal, logistical and legal regimes.
- **Good share price potential** – We have modelled the field development of Block 31 and ascribed a valuation of A\$261.6m (33c/share unrisks) using an oil price of US\$70/barrel.

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## Company Overview

Jupiter Energy Limited (“Jupiter” or “the Company”) is an ASX-listed (ASX: JPR) petroleum exploration Company, with its activities directed towards finding and delineating oil resources in Kazakhstan.

The Company’s initial purchase was 100% of an exploration permit (known as Block 31) in the Mangistau Basin. The Company successfully extended the permit during 2008 and then acquired 3D seismic over 95 sq km of exploration acreage. As a result of this work the Company identified several prospective targets which have enabled it to reduce the permit to a final surface area of 65 sq km. The Company recently completed the re-entry of a well drilled on the permit in 1969 (NWZ 2) and this workover has been successful. The well has now been suspended and will be put onto production testing during the first half of 2010.

**Focussed on Kazakhstan**

The Company’s first new well (J-50) spudded in late December 2009 and has confirmed oil in both the Jurassic and Middle Triassic units. Coring is underway in the Middle Triassic reservoir.

**Oil confirmed in J-50 well**

Jupiter has offices in Perth, Australia and in both Almaty and Aktau, Kazakhstan. The Company currently employs 16 personnel across these 3 offices.



Source: Company

## Principal Assets

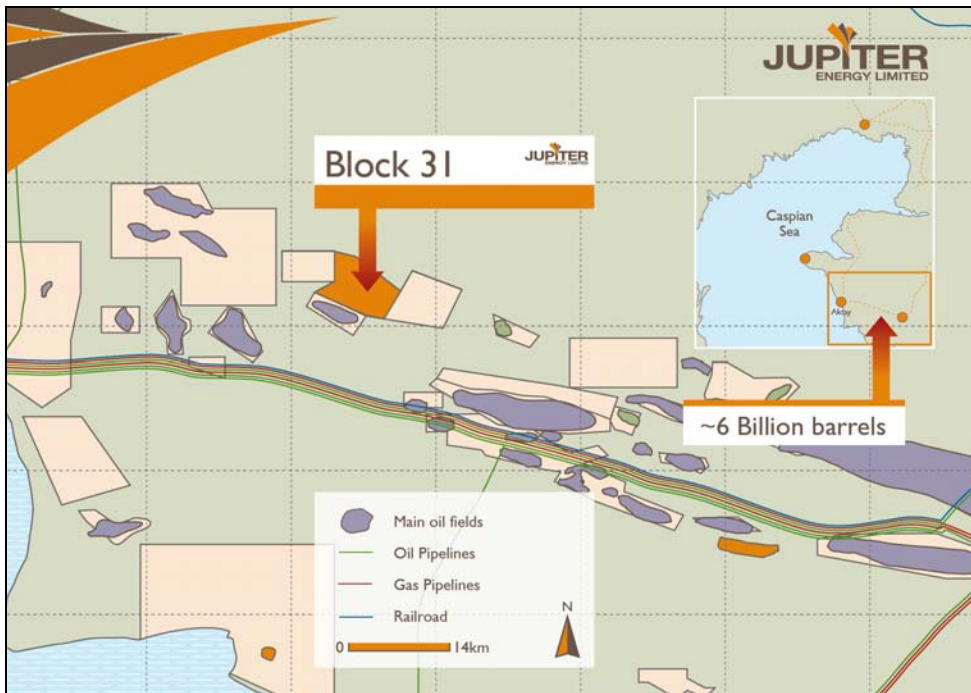
Jupiter Energy Limited owns 100% of an exploration permit (Block 31) located in the Mangistau Basin in South West Kazakhstan. The permit covers an area of 65 sq km and is on trend with three existing producing oil fields. The prospective permit is located within the Zhetybai-Uzen step and adjacent to the Akkar North and North West Zhetybai oilfields. Government records indicate that there has already been production of approximately 6 billion barrels of oil from within this region. The acquisition of 3D seismic on the western section of the permit was completed in early 2009 and the Company has since successfully re-entered an old well located on the permit. In December 2009, Jupiter commenced drilling operations on J-50, targeting a Triassic structure that exists on both the Akkar North field and Block 31. Oil intersections have been confirmed in this well, with the Company currently coring the Middle Triassic reservoir.

**6 billion barrels produced in the region**

**Block 31 Permit**

On 30 June 2008, the Company announced that it had successfully purchased the Sub Surface Rights on a permit in the Mangistau Basin in South West Kazakhstan. The permit (Block 31) is located in the Zhetybai-Uzen step where government records indicate 6 billion barrels of oil have already been produced. The two biggest oil fields are Uzen and Zhetybai which produce from both Jurassic and Triassic formations.

**Close to existing oil & gas infrastructure**



Source: Company

The permit, after a successful application for an extension which was completed in October 2008, covers an area of over 127 sq km which will shortly be reduced to 65 sq km when the Company completes the process of relinquishing areas that have been deemed non prospective. The Contract with the Ministry of Energy and Mineral Resources (MEMR) commenced in 2007 and runs for a six year exploration period with the right to extend it twice for two years for a total period of ten years. The Contract also has a 25 year production licence. The work program for the permit contains spending commitments linked to the years under which the permit is under its exploration licence. Additional working commitments are then linked to the years when it is under its production licence. With the completion of J-50, expected shortly, Jupiter will have met its commitments for 2007-2009 and the new wells planned for 2010 and 2011 will be sufficient to meet the working commitments for both 2010 and 2011.

**10 year exploration permit plus 25 year production licence**

**Working commitments for 2010 and 2011 nearly met**

The permit had initially been lightly explored with a regional 2D grid of 1970's and 1980's vintage seismic carried out by the Soviets. Mapping of the top Triassic suggests Middle Triassic tilted fault block traps similar to the adjoining Akkar North and Northwest Zhetybai oil fields. These traps indicate a structure present on both the Akkar North oilfield and Jupiter's permit and at least two other substantial structures. Recent 3D seismic along this same trend has revealed Middle Triassic traps, which have already resulted in new field discoveries. The Company invested in acquiring 3D seismic over the western (and most prospective) part of the permit in late 2008 and the final results were available in April 2009. A range

**Tilted fault blocks traps similar to the adjoining Akkar North and Northwest Zhetybai oil fields**

of targets have now been identified and/or confirmed as a result of the 3D seismic program.

Logs from an old well (NWZ 2) that was drilled on the permit in 1969 show an oil discovery with 30m of net sand in the Jurassic XIII. A re-entry of this well by Jupiter has now been successfully completed and the well will be put onto production testing in the first half of 2010. Jupiter is currently drilling a well (J-50) over what is the same structure that is already producing in the Akkar North field. The oil intersections correlate with the nearby well. It is also expected that J-50 will be production tested in the first half of 2010.

**NWZ 2 re-entry confirmed oil discovery with 30m net sand**

Block 31 is well located being positioned in known oil country with good pipelines and infrastructure to both the port of Aktau and inland.

## Resources and Reserves

Block 31 contains oil in both Triassic as well as Jurassic structures.

**Oil in both Triassic and Jurassic units**

### Triassic Structure

The Triassic structure is the initial focus of the Company as there is known oil production on the western margin of the block. Wells located within 400m of the western tenement boundary are currently producing at an estimated 300-600bopd. J-50 is being drilled to assess the structure already proven on the Akkar North field.

**Wells producing at 300-600bopd on western margin of Block 31**

There is an estimated 8.6mmbbl of 2P Reserves and 12.2mmbbl of Prospective Resources (P50) within the Triassic structure within Block 31. Oil and gas consultants, Senergy Oil & Gas, have completed an independent assessment of the Triassic structure within Block 31, which has produced the following results:

Reserves	Oil in Place (mmbbl)	Reserve (mmbbl)
P90	21.4	5.5
<b>P50</b>	<b>31.0</b>	<b>8.6</b>
P10	43.0	13.4
Prospective Resources	Oil in Place (mmbbl)	Prospective Resource
P90	24.6	4.8
<b>P50</b>	<b>52.0</b>	<b>12.2</b>
P10	92.0	24.5

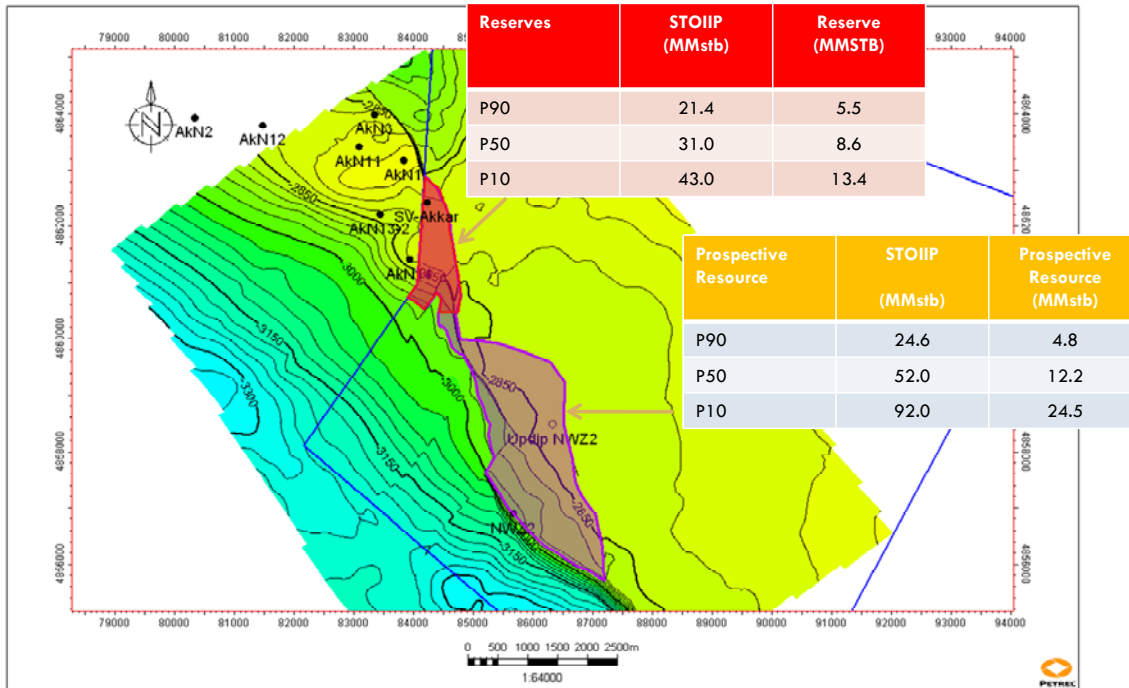
**Senergy have confirmed 8.6mmbbl of 2P Reserves in Triassic**

Source: Senergy Oil & Gas

Senergy has confirmed that the Reserve and Prospective Resource potential within the Triassic structures is significant. Most notably, the P2 Reserve figure calculated by Senergy is ~43% larger than previously calculated by the Company and released to the market (see announcement Nov 23, 2009). It is expected that the testing results for J-50 will be used to refine the above parameters during 2010.

**P2 Reserves are 43% larger than previously reported**

**Reserves & Prospective Resources – Block 31**



Source: Senergy Oil & Gas

**Jurassic XIII Structure**

As well as the Triassic structure, the area in the main part of the block is also known to contain oil in the Jurassic XIII structure. The assessment of the oil potential in the Jurassic was one of the driving factors behind the decision to re-enter NWZ-2 in 2009. In the undeveloped Northwest Zhetybai oil field to the south of Block 31, there was recorded oil saturation in the Jurassic XIII structure in four of the wells. When Jupiter re-entered NWZ-2 in 2009, it confirmed that there was 30m of net pay within the Jurassic XIII structure and the Company is budgeting for the well to flow at 300 bopd when on full production.

Jupiter has estimated that there is a potential recoverable resource of 22.2mmbbl within the Jurassic XIII structure. It is expected that following production testing and after drilling at least one additional well that targets the Jurassic, Senergy will be asked to complete an independent assessment of the Jurassic XIII structure.

**NWZ 2 expected to flow at 300bopd at full production**

**Jupiter estimates 20mmbbl of Prospective Resources within Jurassic**

**Other Opportunities**

With its strong local presence in Almaty and Aktau, Jupiter has developed important relationships and contacts with key land owners and energy groups thereby giving it good access to additional opportunities within Kazakhstan. These may include extensions to the current permit, acquisition opportunities of new blocks and acreage as well as possible processing plant facilities. These opportunities will be dependent on a range of factors including ongoing funding.

## Activities Timeline

The key activities for Jupiter in 2010 commenced with the drilling of J-50 that spudded in December 2009. We expect that an additional well will be drilled in 2010. This should mean that there will be production testing of three wells (including NWZ-2) in 2010, with both the NWZ 2 and J-50 wells being put onto trial production later in H2 2010.

Going forward, the development of the field will largely be driven by the results of drilling and to a lesser degree, the level of funds available to the Company.

If the outstanding Options are converted, we expect the Company to have sufficient funds to drill up to 18 wells between 2010 and 2015. If the Options are not converted and no other funding is available, we expect eight wells to be drilled over three years, with the remainder of the 18 to be funded out of cashflow over the following five years.

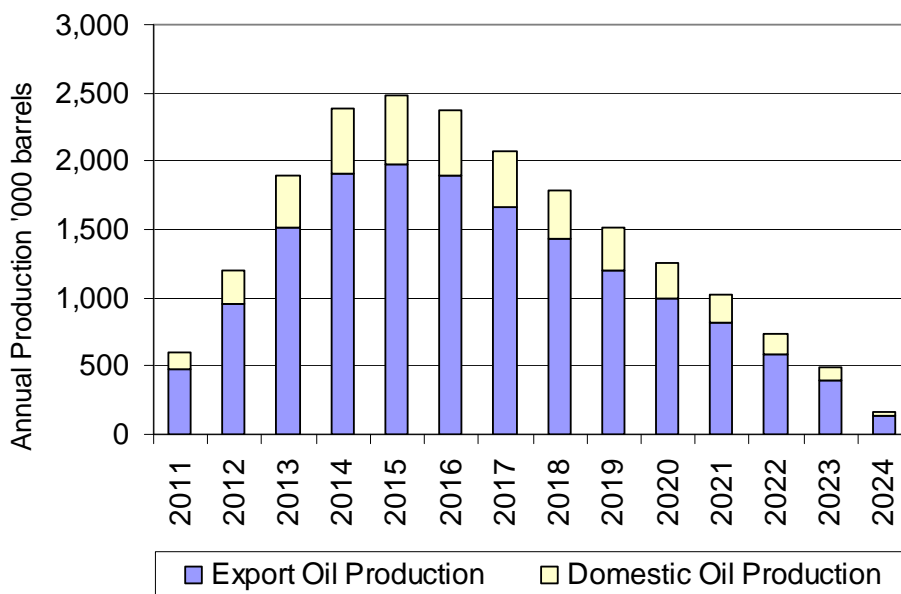
From a news flow perspective, we expect that the steady drilling of wells over the coming years should result in an increase in Reserves, whilst incremental production from additional successful wells is likely to move Jupiter into the ranks of the mid tier oil producers such as ROC Oil and Carnarvon Petroleum.

**Drilling and trial production the focus in 2010**

**Conversion of 8c Options should enable 18 well field development**

**Expected production to create mid-tier ASX oil producer**

### Modelled Oil Production



Source: Pursuit Capital estimates



## Financial Analysis

On 23 September 2009, the Company raised \$7,237,204 (AUD) by way of a non-renounceable entitlement issue of 1 share for every share held by existing shareholders. Proceeds from the raising were predominantly allocated to the most recent drilling program at the J-50 well which spudded 29 December 2009 (approx A\$6m). Further to this, the Company raised a further A\$2.115m via a placement of 47m shares at A\$0.045 to UK based institutions.

Following the rights issue and placement, Jupiter has 783,220,391 fully paid ordinary shares on issue. The Company also has 300,000,000 listed Options (JPROA) on issue, which have a conversion price of A\$0.08 and an expiry date of 30 June 2010. There are also 33,000,000 unlisted Options with conversion prices of A\$0.08-A\$0.185.

## Valuation

As Jupiter has only recently commenced its drilling program at Block 31, there are a lot of variables that could have an impact upon the future definition of reserves and future production rates. However, as the project is surrounded by known oil fields (Northwest Zhetybai, Akkar North), there is a lot of information regionally about the target structures that provide confidence that the project will be brought into production over the next 12 months.

**Lots of regional information on reservoir quality**

We have modelled Jupiter using discounted cashflow (DCF) analysis at a 10% discount rate based on the successful drilling of eighteen wells into the project over the coming years. Whilst DCF gives an indication of the potential value of the project assuming the successful development of the work program, it does not necessarily give an indication of how the market will value Jupiter as it achieves various milestones.

**Modelling assumes successful development of the field**

The oil and gas sector is relatively unique, at least compared to other resources sectors, in that the market generally reacts quickly to positive and negative news about a project, regardless of the geography. The share price tends to move to take into consideration this news and often is a forward looking price, anticipating the state of the project 6-12 months down the track.

### Model Assumptions

All of the wells are assumed to be simple vertical wells and no deviated or horizontal wells have been contemplated. The cost of these wells is assumed to be similar to the cost of J-50 at US\$6m per well.

We have assumed that the wells produce at a peak level of 500bopd, declining thereafter at 3% per quarter. We have not differentiated the production rates for the Triassic and Jurassic XIII structures, although as more information is gained and the well development plan is formulated we expect that the model will be refined.

**Wells expected to peak at 500bopd and decline at 3% per quarter**

Operating costs for the wells are estimated to be US\$6/bbl with a further US\$12/bbl payable in Government taxes and duties. It is expected that the majority of oil produced will be sold into the export market, however we also expect a small proportion (20%) to be sold domestically. Based on differences in

**Mixture of export and domestic sales assumed**

export and domestic pricing and taking into account transport and export tariffs, we have assumed that Jupiter will receive ~63% of the spot oil price.

With regards to oil pricing, we have modelled Block 31 at a range of oil prices. Different investors have different outlooks on future oil pricing and the range of values allows each investor to incorporate their own view into the assessment of value.

**Modelled at a range of spot oil prices**

Spot Oil Price	Valuation A\$m	A¢/share
US\$50/bbl	124.2	15.9
US\$60/bbl	194.1	24.8
<b>US\$70/bbl</b>	<b>261.6</b>	<b>33.4</b>
<b>US\$80/bbl (current spot)</b>	<b>329.2</b>	<b>42.0</b>
US\$90/bbl	399.4	51.0
US\$100/bbl	461.0	58.9

Source: Pursuit Capital estimates

As can be seen from the table above, we value Jupiter at A\$329.2m at the current oil price of US\$80/bbl. For the following data table, we have used the US\$70/bbl as the base case numbers. On the basis of a US\$70/bbl oil price, we expect Jupiter to generate A\$28.4m revenue in FY2011 and A\$62.3m in FY2012. This should result in a net profit of A\$10.4m in FY2011, increasing to A\$28.0m in FY2012. Of course, any changes to the oil price will impact on these projections.

Note that the above valuation is presented on an unrisks basis and represents the successful development of the field as planned. It also uses a 10% discount rate. As a sensitivity, we have also modelled the Company at 12% and 14% discount rates, which results in a valuation of A\$235m and A\$212m respectively.

If we were to look at Jupiter on a risks basis and assumed US\$5 per Reserve barrel and a 30% probability of converting the Prospective Resources into Reserves, we end up with a valuation of A\$94.6m or 12.8cps, or about double the current share price.



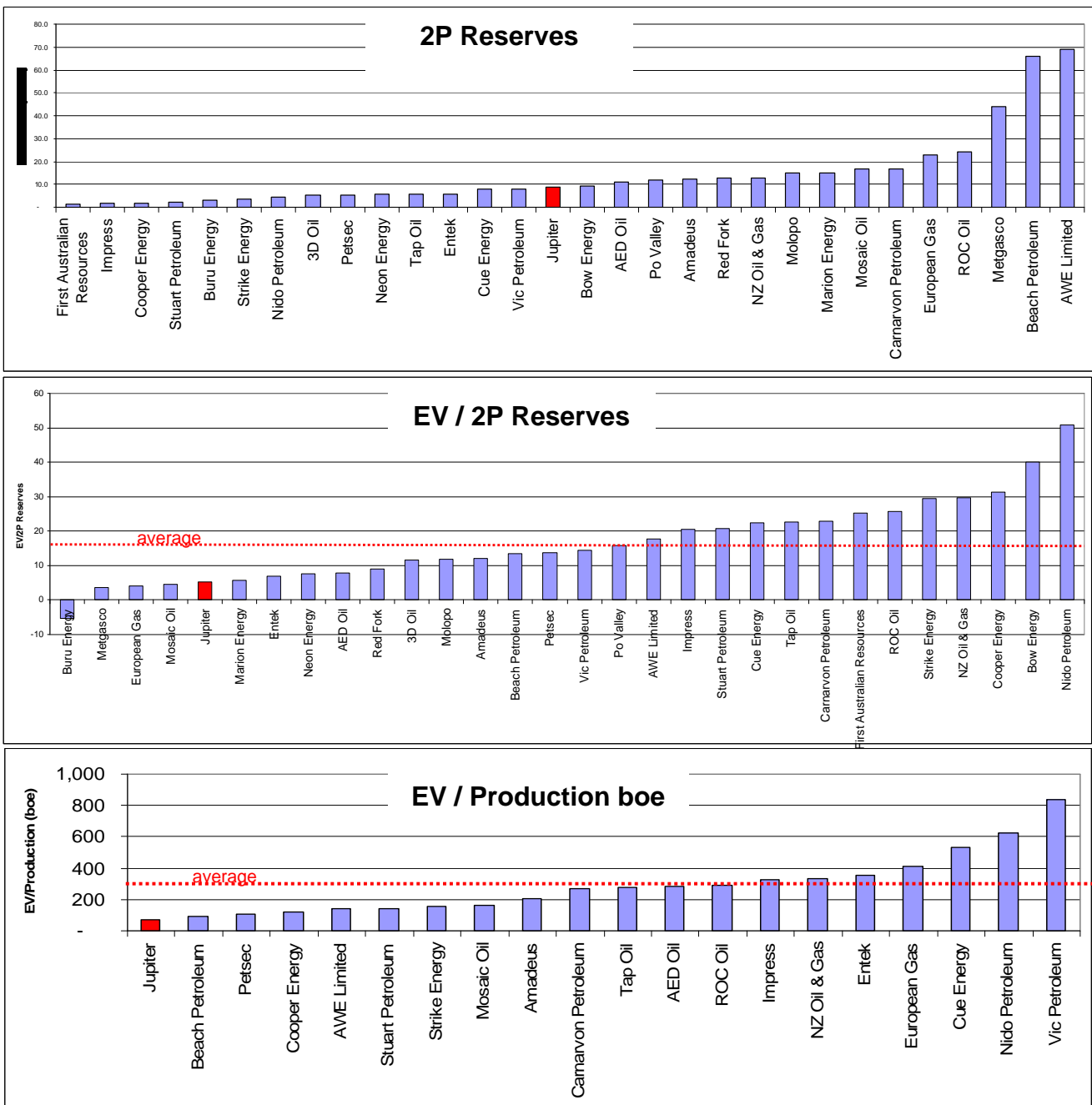
JUPITER ENERGY		Share Price		March 2010				
JPR.AX		A\$0.066						
<b>Key Market Information</b>								
Share Price	A\$0.066							
Market Capitalisation	A\$52m							
52 Week High-Low	1.2 - 8.5c							
Issued Capital	783.2m							
Issued Capital (fully diluted inc. ITM options)	783.2m							
Options	333.0m@A\$0.08							
Hedging	-							
Yearly Turnover/Volume	\$18.6m/336.7m shares							
Liquidity Measure (Yearly Turnover/Issued Capital)	43%							
Valuation	A\$0.33							
<b>Directors</b>				<b>Company Information</b>				
Geoff Gander (Exec Chairman)		Suite 9, 38 Colin Street						
David Thorpe (Managing Director)		West Perth, WA, 6005						
Erkin Svanbayev (Exec Director)		Tel: +61 8 9322 8222						
Andrew Childs (Non-Exec Dir)		Fax: +61 8 9322 8244						
		Web: www.jupiterenergy.com.au						
<b>Top 10 Shareholders</b>								
	m shares							
CS Fourth Nominees Pty Ltd	29.07	3.7						
Biscra Holdings Ltd	16.00	2.0						
Diamond Developments Pty Ltd	14.46	1.8						
Kapiri Holdings Pty Ltd	9.55	1.2						
Vitoria Pty Ltd	9.20	1.2						
Mr Graeme John Clatworthy	6.63	0.8						
Nefco Nominees Pty Ltd	6.55	0.8						
Perizia Properties Pty Ltd	6.00	0.8						
Mr Andrew Ross Childs	5.20	0.7						
Mr Erkin Svanbayev	5.00	0.6						
<b>Resources &amp; Reserves</b>								
	P90	P50	P10					
<b>Triassic Structure</b>								
Reserves	5.5	8.6	13.4					
Prospective Resources	4.8	12.2	24.5					
<b>Jurassic XIII Structure</b>								
Prospective Resources	20.0							
<b>Production Summary</b>								
	Unit	2010E	2011E	2012E	2013E			
*Attributable								
Export Oil	000bbl	-	478.5	958.3	1517.2			
Domestic Oil	000bbl	-	119.6	239.6	379.3			
<b>Price Assumptions</b>								
	Unit	2010E	2011E	2012E	2013E			
Gas	\$/GJ	6.00	6.00	6.00	6.00			
Oil - West Texas Int' (OIL)	US\$/bbl	70.00	70.00	70.00	70.00			
Exchange Rate	A\$/US\$	0.87	0.94	0.85	0.83			
<b>Share Price Valuation (NAV)</b>								
		Est. \$m		Est. \$/share				
Block 31		225.8		0.29				
Exploration		50.0		0.06				
Cash		0.4		0.00				
Corporate Overheads		(16.1)		(0.02)				
Total Debt		0.0		0.00				
Tax Losses		1.5		0.00				
Options & Other Equity		0.0		0.00				
Total		261.6		0.33				
<b>Financial Performance</b>				Unit	FY2009A	FY2010E	FY2011E	FY2012E
Turnover	A\$m	-	-	28.4	62.3			
Total Costs	A\$m	(2.8)	(3.7)	(15.5)	(26.7)			
EBITDA	A\$m	(2.8)	(3.7)	12.8	35.6			
Depreciation/Amort	A\$m	-	-	(0.8)	(3.3)			
EBIT	A\$m	(2.8)	(3.7)	12.0	32.4			
Net Interest	A\$m	0.2	0.0	0.7	0.6			
Pre-tax Profit	A\$m	(2.6)	(3.7)	12.7	32.9			
Tax Expense	A\$m	-	-	(1.9)	(4.9)			
NPAT	A\$m	(2.6)	(3.7)	10.8	28.0			
Abnormal Items	A\$m	-	-	-	-			
Reported Profit	A\$m	(2.6)	(3.7)	10.8	28.0			
<b>Financial Position</b>				Unit	FY2009A	FY2010E	FY2011E	FY2012E
Cash	A\$m	1.3	17.0	9.3	15.3			
Other Current Assets	A\$m	0.1	0.0	6.2	12.0			
Total Current Assets	A\$m	1.4	17.0	15.6	27.3			
Property, Plant & Equip.	A\$m	0.0	0.0	0.0	0.0			
Exploration	A\$m	15.2	29.4	47.8	76.9			
Investments/other	A\$m	0.0	0.0	0.0	0.0			
Total Non-Curr. Assets	A\$m	15.2	29.4	47.8	76.9			
Total Assets	A\$m	16.6	46.4	63.4	104.2			
Short-term Borrowings	A\$m	-	-	-	-			
Other	A\$m	4.5	4.6	8.9	15.2			
Total Curr. Liabilities	A\$m	4.5	4.6	8.9	15.2			
Long-term Borrowings	A\$m	-	-	-	-			
Other	A\$m	-	-	1.9	6.8			
Total Non-Curr. Liabil.	A\$m	-	-	1.9	6.8			
Total Liabilities	A\$m	4.5	4.6	10.8	22.0			
Net Assets	A\$m	12.1	41.8	52.6	82.2			
<b>Cash Flow</b>				Unit	FY2009A	FY2010E	FY2011E	FY2012E
Operating Cashflow	A\$m	(2.9)	(3.4)	10.9	36.2			
Income Tax Paid	A\$m	-	-	-	-			
Interest & Other	A\$m	0.1	0.0	0.7	0.6			
Operating Activities	A\$m	(2.8)	(3.3)	11.6	36.7			
Property, Plant & Equip.	A\$m	(0.0)	-	-	-			
Exploration	A\$m	(2.4)	(14.2)	(19.3)	(32.4)			
Investments	A\$m	0	0	0	0			
Investment Activities	A\$m	(2.4)	(14.2)	(19.3)	(32.4)			
Repayment of Borrowings	A\$m	-	-	-	-			
Equity	A\$m	0.6	33.4	-	1.6			
Financing Activities	A\$m	0.6	33.2	-	1.6			
Net Cashflow	A\$m	(4.5)	15.7	(7.7)	6.0			
<b>Ratio Analysis</b>				Unit	FY2009A	FY2010E	FY2011E	FY2012E
Cash Flow Per Share	A¢	(0.7)	(0.3)	1.1	2.8			
Cash Flow Multiple	X	(9.1)	(19.6)	6.1	2.3			
Earnings Per Share	A¢	(0.7)	(0.3)	1.0	2.5			
Price to Earnings Ratio	X	(9.1)	(19.6)	6.6	2.6			
Dividends Per Share	A¢	-	-	-	-			
Dividend Yield	%	0	0	0	0			
Interest Cover	X	89.6	na	na	-			
Return on Equity	%	n/a	n/a	21%	34%			
<b>Sensitivity Analysis</b>				Valuation (\$/s)	NPAT	EPS (¢)	CFPS (¢)	
Base Case	0.33		10.8	1.0	1.1			
Oil Price +10%	0.40		13.0	1.2	1.3			
Oil Price -10%	0.28		9.2	0.8	0.9			
Operating Costs +10%	0.31		9.7	0.9	1.0			
Operating Costs -10%	0.36		11.9	1.1	1.2			
<i>*Note: NPAT, EPS, CFPS forecasts are for 2011</i>								
Analyst: Andrew Rowell				Last Updated: 23/03/2010				
Phone: +61 (0)8 6267 9032								
Sources: Proquote, Company Announcements, Pursuit Capital Estimates								

## Peer Comparison

As noted above, DCF provides an estimate of the potential value of the project assuming that the work program is completed successfully. The market valuation of a company could be significantly different to this, based on a number of variables. These include stage of development, size of the project, location of the project, capabilities of management as well as the general health of the financial markets.

Market takes into account management, geography and market health

One way of assessing the potential value of Jupiter is to compare it to its peers to see how other companies get valued by the market based on defined resources, reserves and production rates. As can be seen in the figures below, Jupiter sits below the average based on the expected production rates for 2010 as well as based on 2P Reserves.



Source: Company reports, Pursuit Capital

## Major Risks

There are a number of risks which may have a material and adverse impact on the future operating and financial performance of Jupiter and the value of Jupiter shares. These include specific risks associated with Jupiter's business and its involvement in oil exploration. While most risk factors are largely beyond the control of Jupiter and its Directors, the Company will seek to mitigate these risks where possible. Below is a summary of some of the major risk factors which affect Jupiter.

- Commodity prices and exchange rates and in particular the prices of oil and gas;
- The discovery and delineation of hydrocarbon reserves that can be economically exploited on any of the existing or future permits in which Jupiter has an interest cannot be guaranteed. The presence of hydrocarbon resources will not be known until the target reservoir has been drilled and the ability to commercially extract the hydrocarbons will not be known until appropriate well tests and feasibility studies have been completed.;
- The cost and timing of exploration activities – which can be adversely affected by the availability of and competition for drilling rigs, remote sensing equipment and appropriately skilled and experienced consultants. In particular, the failure to secure a drilling rig within permit work programme timetables may result in the need to renegotiate permit terms with the relevant authority or relinquishment of the permit;
- risks associated with the current strong natural resources environment, which has been observed to cause significant increases in the capital costs of a number of resource projects around the world;
- The granting and renewal of relevant permits and approvals for exploration, development and production activities from relevant government authorities;
- The Company is heavily reliant on the expertise and relationships of its relatively small executive team and it may be adversely affected if it was unable to retain the services of these personnel or other suitable senior personnel;
- The risk of material adverse changes in the government policies or legislation Kazakhstan affecting oil and gas exploration and production activities; and
- environmental management issues which the Company may be required to comply with from time to time and the potential risk that regulatory environmental requirements or circumstances could impact on the economic performance of the Company's operations.

**Price of oil the major economic risk**

**Exploration risk**

**Potential increases in capital costs**

**Reliant on experience of Kazak executives**

## Directors

### Geoff Gander - Executive Chairman

Mr Gander graduated from the University of Western Australia in 1984 where he completed a Bachelor of Commerce Degree. Over the past 7 years, Mr Gander has worked as an industry consultant to a range of ASX listed companies, specialising in turnarounds. He has been involved with developing Jupiter's operations in Kazakhstan since the Company first began looking at opportunities there in 2007. In addition to his Executive Chairman role at Jupiter Energy Limited (JPR), Geoff is also a Non Executive Director of the ASX listed Equatorial Coal Limited (EQX) and a Non Executive Director of Vector Resources Limited (VEC). Mr Gander was appointed as a Director of JPR on 27 January 2005.



### Erkin Svanbayev - Executive Director

Erkin is a Kazakh educated Engineer with an oil and gas background in Kazakhstan and extensive upstream and downstream experience. He is an experienced oil trader, operating predominantly in the Mangistau Basin and shipping oil out through the port city of Aktau. Erkin assists Jupiter Energy in both identifying oil projects in Kazakhstan as well as acting as the key contact for the Company in our Almaty office.



### David Thorpe – Managing Director

David is a graduate of both the University of Western Australia and the University of New South Wales where he completed a Doctor of Philosophy (Geology) and Master of Engineering Science (Petroleum Engineering) respectively. He has worked in field and office based positions for a number of petroleum exploration and production companies in geoscience and drilling engineering roles. His most recent experience has been in Australia with BHP Billiton and previously Woodside however, he also has experience working in international operations. After overseeing the re-entry of the North West Zhetybai 2 (NWZ 2) well and the tendering process for the J-50 well as a consultant, David has now joined the Company as Managing Director.



### Andrew Childs - Non-Executive Director

Andrew is the Managing Director of Petroleum Ventures Pty Ltd, Chairman of Australian Oil Company Limited (AOC), and also sits on the Boards of Orion Energy Pty Limited, Grove Energy Limited, Audax Resources Limited (ADX), Bombora Energy Limited and Stratic Energy Corporation. Andrew graduated from the University of Otago, New Zealand in 1980 with a Bachelor of Science in Geology and Zoology. He gained technical experience with Petroz NL as a Geoscientist and later commercial experience as the Commercial Assistant to the Managing Director. Andrew is a member of the Petroleum Exploration Society of Australia and the American Association of Petroleum Geologists.



## Background Information – Kazakhstan

Native Kazakhs, a mix of Turkic and Mongol nomadic tribes who migrated into the region in the 13th century, were rarely united as a single nation. The area was conquered by Russia in the 18th century, and Kazakhstan became a Soviet Republic in 1936. During the 1950s and 1960s agricultural "Virgin Lands" program, Soviet citizens were encouraged to help cultivate Kazakhstan's northern pastures. This influx of immigrants (mostly Russians, but also some other deported nationalities) skewed the ethnic mixture and enabled non-Kazakhs to outnumber natives. Independence in 1991 caused many of these newcomers to emigrate. Kazakhstan's economy is larger than those of all the other Central Asian states combined, largely due to the country's vast natural resources and a recent history of political stability. Current issues include: developing a cohesive national identity; expanding the development of the country's vast energy resources and exporting them to world markets; achieving a sustainable economic growth; diversifying the economy outside the oil, gas, and mining sectors; enhancing Kazakhstan's competitiveness; and strengthening relations with neighbouring states and other foreign powers.

Location	Central Asia, northwest of China; a small portion west of the Ural (Zhayyq) River in eastern-most Europe
Land Area	2,699,700 sq km
Climate	continental, cold winters and hot summers, arid and semiarid
Resources	major deposits of petroleum, natural gas, coal, iron ore, manganese, chrome ore, nickel, cobalt, copper, molybdenum, lead, zinc, bauxite, gold, uranium
Population	15,399,437 (July 2009 est.)
Religions	Muslim 47%, Russian Orthodox 44%, Protestant 2%, other 7%
Languages	Kazakh (Qazaq, state language) 64.4%, Russian (official, used in everyday business, designated the "language of interethnic communication") 95%
Govt Type	republic; authoritarian presidential rule, with little power outside the executive branch
Capital	Astana
Main Exports	oil and oil products 59%, ferrous metals 19%, chemicals 5%, machinery 3%, grain, wool, meat, coal (2001)
Primary Ports	Aktau (Shevchenko), Atyrau (Gur'yev), Oskemen (Ust-Kamenogorsk), Pavlodar, Semey (Semipalatinsk)

Source: CIA World Factbook

## Contacts

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