

JUPITER ENERGY LIMITED
ACN 084 918 481

ENTITLEMENT ISSUE PROSPECTUS

For a non-renounceable entitlement issue of 1 Share for every 3 Shares held by the Shareholders registered at 5.00 pm (WST) on the Record Date at an issue price of 2.7 cents per Share to raise up to approximately \$9,172,381 (**Offer**).

The Offer is fully underwritten by Waterford Petroleum Limited (**Underwriter**). The underwriting of the Offer is subject to standard terms and conditions. Please refer to Section 4.3 for further details and Section 8.6 of this Prospectus for a summary of the material terms of the underwriting agreement.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Shares offered by this Prospectus should be considered as speculative.

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1. SUMMARY OF IMPORTANT DATES AND IMPORTANT NOTES

TIMETABLE AND IMPORTANT DATES*

Lodgement of Prospectus with the ASIC	18 August 2010
Lodgement of Prospectus and Appendix 3B with ASX	18 August 2010
Notice sent to Optionholders	18 August 2010
Notice sent to Shareholders	19 August 2010
Ex date	27 August 2010
Record Date for determining Entitlements	5.00 pm (WST) on 2 September 2010
Prospectus despatched to Shareholders	8 September 2010
Closing Date*	5.00 pm (WST) on 22 September 2010
Shares quoted on a deferred settlement basis	23 September 2010
ASX notified of under subscriptions	27 September 2010
Despatch of holding statements	Before 12.00 pm (WST) on 30 September 2010
Date of quotation of Shares issued under the Offer*	1 October 2010

* The Directors may extend the Closing Date by giving at least 6 Business Days notice to ASX prior to the Closing Date. As such the date the Shares are expected to commence trading on ASX may vary.

IMPORTANT NOTES

Shareholders should read this document in its entirety and, if in doubt, should consult their professional advisors.

This Prospectus is dated 18 August 2010 and a copy of this Prospectus was lodged with the ASIC on that date. The ASIC and ASX take no responsibility for the content of this Prospectus.

The Expiry Date of the Prospectus is 13 months after the date the Prospectus was lodged with the ASIC. No Shares will be allotted or issued on the basis of this Prospectus after the Expiry Date.

No person is authorised to give information or to make any representation in connection with this Prospectus which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

Applications for Shares offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form which accompanies this Prospectus.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

RISK FACTORS

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus. For further information in relation to the risk factors of the Company please refer to Section 7 of this Prospectus.

ELECTRONIC PROSPECTUS

A copy of this Prospectus can be downloaded from the website of the Company at www.jupiterenergy.com.au. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

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2. CORPORATE DIRECTORY

<p>Directors</p> <p>Geoff Gander (Executive Chairman)</p> <p>David Thorpe (Managing Director)</p> <p>Erkin Svanbayev (Executive Director)</p> <p>Andrew Childs (Non-Executive Director)</p> <p>Company Secretary</p> <p>Scott Mison</p> <p>Registered Office</p> <p>Unit 9, 38 Colin Street WEST PERTH WA 6005</p> <p>Telephone: +61 8 9322 8222 Facsimile: +61 8 9322 8244</p> <p>Website: www.jupiterenergy.com.au Email: info@jupiterenergy.com.au</p>	<p>Underwriter</p> <p>Waterford Petroleum Limited Channel House, Forest Lane St Peter Port Guernsey, Channel Islands</p> <p>Solicitors to the Company</p> <p>Steinepreis Paganin Lawyers and Consultants Level 4, The Read Buildings 16 Milligan Street PERTH WA 6000</p> <p>Share Registry*</p> <p>Computershare Investor Services Pty Limited Level 2, Reserve Bank Building 45 St Georges Terrace PERTH WA 6000</p> <p>Telephone: +61 8 9323 2000 Facsimile: +61 8 9323 2033</p>
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* This entity has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus. Their name is included for information purposes only.

3. CHAIRMAN'S LETTER

Dear Shareholder

Jupiter Energy Limited (**Jupiter Energy** or **Company**) has entered a significant period in its history as an oil exploration and production company focussed on Kazakhstan. The Company recently completed its first new well (J-50) on the Block 31 permit (**Permit**) that the Company acquired 100% ownership of during 2008. Jupiter Energy began the sale of oil from this well in May 2010 and will shortly lodge its application to the Kazakh Government for a Trial Production licence for the J-50 well.

In July 2010 the Company announced that it had received notification of a 37 mmbo (million barrels of oil) increase in the P50 recoverable resources of JPR's Block 31 Triassic reservoirs. The additional resources are located north of the successful J-50 well and are the result of an independent review of Block 31, post the drilling of J-50. The Jurassic and Triassic formations in Block 31 are now estimated to contain up to 80 mmbo recoverable resources which is a significant increase from the previously announced 43 mmbo. The total of independently verified Mid Triassic P50 resources in Block 31 now stands at 58 mmbo recoverable and the Company also maintains an internal assessment of the Jurassic prospective resource of 22 mmbo recoverable.

The key to progressing the development of the Permit is funding and on 13 August 2010 the Board was delighted to welcome Waterford Petroleum Limited (**Waterford**) as a strategic investor in the Company. Waterford has already taken a 13% holding (\$3.59 million) in Jupiter Energy and has committed to a further investment of \$2.66 million via a loan that will be converted to shares, subject to approval from shareholders at a General Meeting to be held in September 2010. A further \$1.25 million has also been committed by Soyuzneftegas Limited, again via a loan that will be converted to shares, subject to approval from shareholders at the September General Meeting

I am now delighted to offer shareholders the opportunity to participate in a one for three non-renounceable entitlement issue of Shares which will raise a further \$9.17 million, bringing the total funds raised to \$16.67 million (before costs). The Rights Issue has been fully underwritten by Waterford, confirming that the organisation is fully committed to the development of Jupiter Energy into a leading E&P company in Kazakhstan.

The Offer is priced at 2.7 cents which is the same price as the recent 15% placement to Waterford and the proposed loan conversion price. All Shareholders registered as at 5.00 pm (WST) on 2 September 2010 will be entitled to participate in the pro-rata non-renounceable entitlement issue of Shares on the basis of 1 Share for every 3 Shares then held. The closing date for acceptances is 5.00 pm (WST) on 22 September 2010.

As discussed above, the Company intends to use the funds raised under this Prospectus to fund the drilling of the J-51 on the Permit, to bring the NWZ 2 well onto production and to fund any further extensions of the Permit. All other funds raised will be allocated to working capital. Further details of the use of funds are set out in Section 5.1 of this Prospectus.

If you have any doubt please contact your professional adviser.

The Board takes this opportunity to thank all Shareholders for their ongoing support and with that support looks forward to achieving continued success over the coming 12 months.

Yours faithfully

GEOFF GANDER
CHAIRMAN

4. DETAILS OF THE OFFER

4.1 Offer

The Offer is being made as a non-renounceable entitlement issue of 1 Share for every 3 Shares held by Shareholders registered at the Record Date at an issue price of 2.7 cents per Share.

Based on the capital structure of the Company as at the date of this Prospectus and assuming no Options are exercised prior to the Record Date, a maximum of 339,717,817 Shares will be issued pursuant to this Offer to raise up to approximately \$9,172,381.

As at the date of this Prospectus the Company currently has 33,000,000 Options on issue and 45,000,000 Performance Rights. Please refer to Section 5.4 for information on the exercise prices and expiry dates of the Options and the vesting conditions of the Performance Rights.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 6 for further information regarding the rights and liabilities attaching to the Shares.

The purpose of the Offer and the use of funds raised are set out in Section 5.1 of this Prospectus.

4.2 Application for Shares

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement.

You may participate in the Offer as follows:

- (a) if you wish to accept your **full** Entitlement:
 - (i) complete the Entitlement and Acceptance Form; and
 - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form; or
- (b) if you only wish to accept **part** of your Entitlement:
 - (i) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and
 - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies (at 2.7 cents per Share); or
- (c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

Completed Entitlement and Acceptance Forms and accompanying cheques made payable to **"Jupiter Energy Limited – Share Placement Account"** and

crossed **"Not Negotiable"** must be mailed or delivered to one of the following addresses no later than the Closing Date:

Jupiter Energy Limited
C/- Computershare Investor Services Pty Limited
Level 2, Reserve Bank Building
45 St Georges Terrace
PERTH WA 6000

or

Jupiter Energy Limited
C/- Computershare Investor Services Pty Limited
GPO Box D182
PERTH WA 6840

The Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

4.3 Fully Underwritten

By an agreement between Waterford Petroleum Limited (**Underwriter** or **Waterford**) and the Company (**Underwriting Agreement**), the Underwriter has agreed to fully underwrite the Offer.

Please refer to Section 8.6 for a summary of the material terms of the Underwriting Agreement.

The Underwriter currently has a relevant interest in 132,933,059 Shares, with voting power in the Company of 13%. Please refer to Section 8.7 of this Prospectus for further details in relation to the current voting power of the Underwriter, and the potential effects of the Underwriting Agreement on the voting power of the Underwriter.

The Underwriter is a company incorporated in Guernsey, and is a member of the Waterford Group, a private holding company which invests, with a long term view, in international resources projects including oil and gas exploration, development and production companies.

As was announced to ASX on 13 August 2010, the Company was pleased to welcome the Underwriter as a strategic cornerstone investor in the Company, as part of a significant capital raising transaction to progress development of the Company's assets.

4.4 Shortfall

Any Entitlement not taken up pursuant to the Offer will form the Shortfall and will be dealt with in accordance with the Underwriting Agreement.

The offer of any Shortfall is a separate offer made pursuant to this Prospectus. The issue price for each Share to be issued under the offer of any Shortfall shall be 2.7 cents being the price at which Shares have been offered under the Offer.

The Underwriting Agreement is subject to a number of termination events. The Directors reserve the right to place the Shortfall to parties determined in their absolute discretion within three months of the Closing Date in accordance with, or following termination of, the Underwriting Agreement.

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4.5 Allotment of Shares

Shares issued pursuant to the Offer will be allotted as soon as practicable after the Closing Date and in accordance with the ASX Listing Rules and timetable set out in Section 1 of this Prospectus.

Pending the allotment and issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Shares issued under the Offer will be mailed as soon as possible after the Closing Date.

4.6 ASX Listing

Application for Official Quotation of the Shares offered pursuant to this Prospectus will be made in accordance with the timetable set out in Section 1 of this Prospectus and in any event within 7 days after the date of this Prospectus. If approval is not obtained from ASX before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

4.7 Overseas Shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Shares will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

Shareholders resident in New Zealand should consider the additional statements set out in Section 4.8 of this Prospectus and should consult their professional advisors as to whether any government or other consents are required, or other formalities need to be observed, to enable them to exercise their Entitlements under the Offer.

4.8 Offer in New Zealand

The Offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and the Corporations Regulations 2001. In New Zealand, this is Part 5 of the Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008.

The Offer and the content of the Prospectus are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act sets out how the Offer must be made.

There are differences in how securities are regulated under Australian law.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities.

Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to the Offer. If you need to make a complaint about the Offer, please contact the Securities Commission, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian securities is not the same as for New Zealand securities.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The Offer may involve a currency exchange risk. The currency for the securities is not New Zealand dollars. The value of the securities will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant. If you expect the securities to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

As stated at Section 4.6 of this Prospectus, the Company will apply to ASX for quotation of the Shares offered under this Prospectus. If quotation is granted the Shares offered under this Prospectus will be able to be traded on ASX. If you wish to trade the securities through that market, you will have to make arrangements for a participant in that market to sell the securities on your behalf. If the securities market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the securities and trading may differ from securities markets that operate in New Zealand.

4.9 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing share or option certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

4.10 Privacy Act

If you complete an application for Shares, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASTC Settlement Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

4.11 Enquiries

Any questions concerning the Offer should be directed to Scott Mison, Company Secretary on +61 8 9322 8222.

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5. PURPOSE AND EFFECT OF THE OFFER

5.1 Purpose of the Offer

The purpose of the Offer is to raise up to approximately \$9,172,381. The funds raised from the Offer are planned to be used in accordance with the table set out below:

Item	Proceeds of the Offer	Full Subscription
1	Drilling of 2010 Commitment Well (J-51)	6,000,000
2	Bringing of NWZ 2 Well onto Production	500,000
3	Extension of Block 31 Permit	500,000
4	Working Capital	1,827,838
5	Expenses of the Offer ¹	344,543
	Total	\$9,172,381

Notes:

1. Refer to Section 8.13 of this Prospectus for further details relating to the estimated expenses of the Offer.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the ultimate way funds will be applied. The Board reserves the right to alter the way funds are applied on this basis.

5.2 Effect of the Offer

The principal effect of the Offer, assuming all Shares offered under the Prospectus are issued and no Options are exercised prior to the Record Date, will be to:

- (a) increase the cash reserves by \$8,827,838 (after deducting the expenses of the Offer) immediately after completion of the Offer; and
- (b) increase the number of Shares on issue from 1,019,153,450 Shares as at the date of this Prospectus to 1,358,871,267 Shares.

5.3 Pro-Forma Consolidated Balance Sheet

The unaudited Consolidated Balance Sheet as at 31 May 2010 and the unaudited Pro-Forma Consolidated Balance Sheet as at 31 May 2010 shown on the following page have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position. They have been prepared assuming all Shares offered under the Prospectus are issued, no Options are exercised prior to the Record Date and after deducting the expenses of the Offer.

The Balance Sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all

of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	Consolidated 31 May 2010	Pro Forma Consolidated 31 May 2010
ASSETS	\$	\$
Current assets		
Cash and cash equivalents	2,199,755	11,027,593
Trade and other receivables	40,300	40,300
Total current assets	2,240,055	11,067,893
Non-current assets		
Exploration and evaluation	24,898,915	24,898,915
Property, plant and equipment	118,693	118,693
Total non-current assets	25,017,608	25,017,608
Total assets	27,257,663	36,085,501
LIABILITIES		
Current liabilities		
Trade and other payables	147,818	147,818
Total current liabilities	147,818	147,818
Non-current liabilities		
Total non-current liabilities	-	-
Total liabilities	147,818	147,818
Net assets	27,109,845	35,937,683
EQUITY		
Contributed equity	43,464,658	52,292,496
Reserves	922,897	922,897
Accumulated losses	(17,277,710)	(17,277,710)
Total equity	27,109,845	35,937,683

5.4 Effect on Capital Structure

The effect of the Offer on the capital structure of the Company (assuming all Shares offered under the Prospectus are issued and no Options are exercised prior to the Record Date), together with other Shares issues that are to occur subject to Shareholder approval in September 2010, is set out below.

Shares

	Number
Shares currently on issue	1,019,153,450
Shares offered pursuant to the Offer	339,717,817
Shares issued on conversion of loans	144,844,719 ¹
Shares issued to Pursuit Capital	7,718,695 ²
Total Shares on issue after completion of the Offer	1,511,434,681

¹ Shares will be issued subject to shareholder approval at a General Meeting in September 2010. See Section 8.2 and 8.5 of this document for more details.

² Shares will be issued subject to shareholder approval at a General Meeting in September

2010. See Section 8.3 of this document for more details.

Options

	Number
Options (unlisted) (exercise price 8 cents / expiry date 30 June 2011)	20,000,000
Options (unlisted) (exercise price 18.5 cents / expiry date 31 December 2012)	3,000,000
Options (unlisted) (exercise price 10 cents / expiry date 31 December 2012)	6,000,000
Options (unlisted) (exercise price 15 cents / expiry date 31 December 2012)	4,000,000
Total Options on issue after completion of the Offer	33,000,000

Performance Rights

	Number
Vesting if JPR has reached a minimum market capitalisation level of \$A100 million for a period of 20 consecutive trading days or JPR has achieved a cumulative production total of 150,000 barrels of oil – whichever is the sooner. Expire 31/12/2010	15,000,000
Vesting if JPR has reached a minimum market capitalisation level of \$A200 million for a period of 20 consecutive trading days or JPR has achieved a cumulative production total of 300,000 barrels of oil – whichever is the sooner. Expire 31/12/2011	15,000,000
Vesting if JPR has reached a minimum market capitalisation level of \$A300 million for a period of 20 consecutive trading days or JPR has achieved a cumulative production total of 500,000 barrels of oil – whichever is the sooner. Expire 31/12/2012	15,000,000
Total Performance Rights on issue after completion of the Offer	45,000,000

6. RIGHTS AND LIABILITIES ATTACHING TO SHARES

The following is a summary of the more significant rights and liabilities attaching to Shares to be issued pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

General Meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of the Company.

Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the share.

Dividend Rights

The Directors may from time to time declare and pay or credit a dividend in accordance with the Corporations Act. Subject to any special right as to dividends attaching to a share, all dividends will be declared and paid according to the proportion of the dividend paid to the holder of a fully paid Share that the amount paid up on the Share bears to the total issue price of the Share (but any amount paid during the period in respect of which a dividend is declared only entitles the Shareholder to an apportioned amount of that dividend as from the date of payment). The Directors may from time to time pay or credit to the Shareholders such interim dividends as they may determine. No dividends shall be payable except out of profits. A determination by the Directors as to the profits of the Company shall be conclusive. No dividend shall carry interest as against the Company.

The Directors may from time to time grant to Shareholders or any class of shareholders the right to elect to reinvest cash dividends paid by the Company by subscribing for Shares in the Company on such terms and conditions as the Directors think fit. The Directors may, at their discretion, resolve in respect of any

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dividend which it is proposed to pay or to declare on any Shares of the Company, that holders of such Shares may elect to forgo their right to the whole or part of the proposed dividend and to receive instead an issue of Shares credited as fully paid to the extent and on the terms and conditions of the Constitution. The Directors may set aside out of the profits of the Company such amounts as they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Winding-Up

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders. The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

Transfer of Shares

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the Listing Rules.

Future Increase in Capital

The allotment and issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

Variation of Rights

Under Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

7. RISK FACTORS

7.1 Introduction

The Shares offered under this Prospectus are considered speculative, and involve investors being exposed to risk. The Directors strongly recommend potential applicants examine the contents of this Prospectus and consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this Section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

7.2 Risks Specific to the Company

(a) Exploration Success

The oil permit of the Company is at an early stage of exploration, and potential investors should understand that oil exploration and development are high-risk undertakings.

There can be no assurance that exploration of this permit, or any other permit that may be acquired in the future, will result in the discovery of an economic oil reserve. Even if an apparently viable reserve is identified, there is no guarantee that it can be economically exploited.

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

(b) Operating Risks

The operations of the Company may be affected by various factors, including failure to locate or identify oil reserves, failure to achieve predicted volumes in exploration and drilling, operational and technical difficulties encountered in drilling, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or drilling of its permit. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

(c) **Reserve Estimates**

Reserve estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, reserve estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and drilling plans which may, in turn, adversely affect the Company's operations.

(d) **Commodity Price Volatility and Exchange Rate Risks**

If the Company achieves success leading to oil production, the revenue it will derive through the sale of oil exposes the potential income of the Company to oil price and exchange rate risks. Oil prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for oil, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, the international prices of oil is denominated in United States dollars, whereas some of the income and expenditure of the Company is and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

(e) **Environmental Risks**

The operations and proposed activities of the Company are subject to the laws and regulations concerning the environment in Kazakhstan. As with most exploration projects and oil operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or well development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all Kazakh environmental laws.

(f) **Title Risks**

Interests in permits in Kazakhstan are governed by the granting of licences or leases by the appropriate government authorities. Each permit is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in a permit if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

(g) **Sovereign Risk**

The Company's Kazakhstan projects are subject to the risks associated in operating in a foreign country. These risks may include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, labour relations as well as government control over natural resources or government regulations that require the employment of local staff or contractors or require other benefits to be provided to local residents.

Any future material adverse changes in government policies or legislation in Kazakhstan that affect foreign ownership, exploration, development or activities of companies involved in oil exploration and production, may affect the viability and profitability of the Company.

(h) **Contractual Risks**

The Company is party to various contracts. The ability of the Company to achieve its objectives will depend on the performance by the parties to these contracts of their obligations. If any or all of these parties defaults in the performance of its obligations it may be necessary for the Company to approach a court to seek a legal remedy. Legal action can be costly and there can be no guarantee that a legal remedy will be ultimately granted on the appropriate terms.

7.3 General Risks

(a) **Economic Risks**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

(b) **Market Conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- interest rates and inflation rates;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and oil exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) **Dividends**

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

(d) **Taxation**

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

(e) **Additional Requirements for Capital**

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the capital raising. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

(f) **Reliance on Key Personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

(g) **Investment Speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

8. ADDITIONAL INFORMATION

8.1 Continuous Disclosure Obligations

The Company is a “disclosing entity” (as defined in Section 111AC of the Corporations Act) for the purposes of Section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in Section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report most recently lodged by the Company with the ASIC;
 - (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and

- (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in Section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

Date	Description of Announcement
18/08/2010	Appendix 3B
17/08/2010	JPR Broadcast
13/08/2010	JPR welcomes strategic cornerstone investor to raise \$16.67m
13/08/2010	Trading Halt
09/08/2010	Results of Meeting
30/07/2010	Quarterly Cashflow Report
30/07/2010	Quarterly Activities Report
28/07/2010	Response to ASX Query
15/07/2010	JPR Broadcast
13/07/2010	Independent review upgrades Block 31 resources
08/07/2010	Notice of General Meeting/Proxy Form
06/07/2010	Appendix 3B
05/07/2010	Westhouse Securities initiates coverage on Jupiter Energy
25/06/2010	JPR Broadcast
23/06/2010	Patersons initiates coverage on Jupiter Energy
23/06/2010	Jupiter confirms commercial rates
18/05/2010	Placement update
10/05/2010	Notice under Section 708A and Appendix 3B
10/05/2010	Detailed update on J-50 well
07/05/2010	Jupiter Energys first commercial oil
04/05/2010	J-50 well produces reservoir hydrocarbons to surface
30/04/2010	Quarterly Cashflow Report
30/04/2010	Quarterly Activities Report
30/04/2010	Trading Halt
29/04/2010	Ceasing to be a substantial holder
27/04/2010	Change in substantial holding
27/04/2010	Jupiter increases J-50 nett pay by 28% to 55m
27/04/2010	Change of Director's Interest Notice
23/04/2010	Weekly Update Report on J-50
23/04/2010	Change of Director's Interest Notice
21/04/2010	Change of Director's Interest Notice
21/04/2010	Change of Director's Interest Notice
20/04/2010	Change of Director's Interest Notice
20/04/2010	Change of Director's Interest Notice
20/04/2010	Change of Director's Interest Notice
20/04/2010	Appendix 3B
20/04/2010	JPR Broadcast
20/04/2010	Jupiter announces 43 metres of net pay in J-50 and placement
15/04/2010	Trading Halt
14/04/2010	Jupiter moves towards completing the J-50 well
09/04/2010	Results of Meeting
09/04/2010	Jupiter completes coring middle triassic in J-50 well

06/04/2010	Drilling Update
01/04/2010	Drilling Update
29/03/2010	Corporate Presentation
29/03/2010	JPR continues to core and drill middle triassic resevoir
26/03/2010	Jupiter cores Middle Triassic reservoir in J-50
25/03/2010	JPR Broadcast
24/03/2010	Visor Capital initiates coverage on Jupiter
23/03/2010	Pursuit Capital initiates coverage on Jupiter
23/03/2010	J-50 WELL CONFIRMS OIL DISCOVERY
18/03/2010	Trading Halt
17/03/2010	Drilling Update
16/03/2010	Half Yearly Accounts
16/03/2010	Drilling Update
15/03/2010	J-50 nears target
12/03/2010	Interim Results of Logs run from 1200m to 2778m
12/03/2010	Weekly Drilling Update
09/03/2010	Notice of General Meeting/Proxy Form
08/03/2010	J-50 well confirms presence of hydrocarbons
05/03/2010	Weekly Drilling Update
26/02/2010	Weekly Drilling Update
25/02/2010	Appendix 3B and 708A Notice
19/02/2010	Weekly Drilling Update
12/02/2010	Weekly Drilling Update
11/02/2010	JPR Broadcast
11/02/2010	Jupiter raises funds from UK Institutions
09/02/2010	Trading Halt
05/02/2010	Weekly Drilling Update
01/02/2010	Quarterly Cashflow Report
01/02/2010	Quarterly Activities Report
29/01/2010	Weekly Drilling Update
22/01/2010	Weekly Drilling Update
19/01/2010	Independent review of permit confirms prospectivity
15/01/2010	Weekly Drilling Update
08/01/2010	Initial Director's Interest Notice
08/01/2010	Weekly Drilling Update
31/12/2009	SV Akkar Spuds
23/12/2009	Appointment of Managing Director
22/12/2009	Change of Director's Interest Notice x 3
22/12/2009	Appendix 3B
11/12/2009	SV Akkar well to spud on 22 December 2009
25/11/2009	Results of Meeting
24/11/2009	JPR Broadcast
23/11/2009	Potential reserves upgrade and corporate presentation
16/11/2009	NWZ 2 workover successful
13/11/2009	Trading Halt
02/11/2009	Weekly update on NWZ 2 well workover
28/10/2009	Letter to shareholders re Annual Report 2009
28/10/2009	Quarterly Cashflow Report
28/10/2009	Quarterly Activities Report
26/10/2009	Notice of Annual General Meeting
26/10/2009	Weekly update on NWZ 2 well workover
19/10/2009	Change in substantial holding
19/10/2009	Positive progress on NWZ 2 well workover
12/10/2009	Jupiter commences NWZ 2 well re entry
09/10/2009	Allotment of Shortfall Shares
07/10/2009	Change in substantial holding

companies. The Company's file is available for inspection at ASX during normal office hours.

8.2 Material contracts

The Company has entered into certain material contracts in relation to the capital raisings recently announced by the Company. Details of these agreements are contained in Sections 8.3 to 8.6.

8.3 Pursuit Capital Agreement

As was announced to ASX on 13 August 2010, the Company's recent capital raisings have been arranged by Pursuit Capital Pty Limited (**Pursuit**). Following is a summary of the material terms and conditions of the Mandate Agreement entered into between the Company and Pursuit signed on 12 August 2010.

The Company engaged Pursuit to assist in identifying a suitable investor or investors that would ensure that the Company had sufficient funds to drill their 2010 and 2011 commitment wells on Block 31. On the Company reaching agreement with an investor or investors, Pursuit would receive:

- (a) a commission of 1.25% (plus applicable GST) of the total amount raised through the investor or investors - to be paid in cash; and
- (b) a commission of 1.25% of the total amount raised through the investor or investors - to be paid in Shares at a deemed issue price of 2.7 cents. The Shares are to be issued subject to Shareholder approval and will be escrowed for a period of 6 months from the date of issue.

The cash component of the commission and all applicable GST and disbursements, will be due and payable within seven (7) days of the completion of each stage of the investment being made. The Shares will be issued at completion of entire fund raising.

Pursuit is entitled to a cash payment of \$208,405 (plus GST) and the issue of 7,718,695 Shares, subject to shareholder approval. The Company will be seeking Shareholder approval for the issue of the Shares in September 2010. Should the Shares not be issued on or before 31 October 2010, Pursuit will be paid the equivalent cash amount of \$208,405 (plus GST).

8.4 Converting Loan Agreement – Waterford Petroleum Limited

As was announced to ASX on 13 August 2010, the Company has entered into a converting loan agreement with Waterford.

Under the converting loan agreement:

- (a) Waterford has agreed to advance the Company \$2,664,969 (**Advance**);
- (b) the Advance is repayable on 30 November 2010 (**Termination Date**);
- (c) subject to Shareholder approval, the Advance will convert into Shares at 2.7 cents per Share, being 98,702,573 Shares, in full satisfaction of repayment of the Advance (**Conversion**);
- (d) the Advance will accrue interest at 10% per annum from drawdown until repayment. Waterford has agreed to waive the right to receive any interest if Shareholders approve the Conversion;

- (e) an establishment fee of \$1,000,000 is payable by the Company to Waterford on the Termination Date. Waterford has agreed to waive its rights to receive the establishment fee if Shareholders approve the Conversion.

The Company has drawn down the entire amount of the Advance. The Company will be seeking Shareholder approval for Conversion in September 2010.

8.5 Converting Loan Agreement – Soyuzneftegas Limited

As was announced to ASX on 13 August 2010, the Company has entered into a converting loan agreement with Soyuzneftegas Limited (**Soyuzneftegas**).

Under the converting loan agreement:

- (a) Soyuzneftegas has agreed to advance the Company \$1,245,838 (**Advance**);
- (b) the Advance is repayable on 30 November 2010 (**Termination Date**);
- (c) subject to Shareholder approval, the Advance will convert into Shares at 2.7 cents per Share, being 46,142,146 Shares, in full satisfaction of repayment of the Advance (**Conversion**);
- (d) the Advance will accrue interest at 10% per annum from drawdown until repayment. Soyuzneftegas has agreed to waive the right to receive any interest if Shareholders approve the Conversion;
- (e) an establishment fee of \$1,000,000 is payable by the Company to Soyuzneftegas on the Termination Date. Soyuzneftegas has agreed to waive its rights to receive the establishment fee if Shareholders approve the Conversion.

The Company has drawn down the entire amount of the Advance. The Company will be seeking Shareholder approval for Conversion in September 2010.

8.6 Underwriting Agreement

On 12 August 2010, the Company and the Underwriter entered the Underwriting Agreement pursuant to which the Underwriter has agreed to underwrite the total amount of the Offer, being the Underwritten Amount.

Under the Underwriting Agreement, the Company has agreed to pay the Underwriter an underwriting fee of 2% (excluding GST) of the value of the Underwritten Amount. The Company has also agreed to pay the Underwriter a placement fee of 4% (excluding GST) of the value of the Shares for which the Underwriter subscribes in accordance with the Underwriting Agreement. The Underwriter is also entitled to be reimbursed for its reasonable expenses.

The obligation of the Underwriter to underwrite the Offer is subject to certain standard events of termination which are set out in Annexure A (**Termination Events**). The Underwriter may terminate its obligations under the Underwriting Agreement if a Termination Event occurs.

The Underwriting Agreement is otherwise subject to standard terms and conditions which are customary for an agreement of its nature.

8.7 Current and Potential Voting Power of the Underwriter

The Underwriter currently has a relevant interest in Shares, representing 13.04% of the voting power in the Company. Pursuant to the terms of the Underwriting Agreement, the Underwriter has agreed to fully underwrite the Offer.

The potential effect that the issue of Shares under the Offer, together with Shares to be issued in connection with the other recently announced capital raisings conducted by the Company, will have on the control of the Company is set out below.

The Company has entered into the funding agreements referred to in Sections 8.3 to 8.5 that will result in the issue of Shares pursuant to converting loans, subject to shareholder approval at a meeting to be held in September 2010. Details of the number of Shares that will be on issue following completion of these Share issues (the **Conversion Shares**) and the Offer are set out in Section 5.4. 98,702,573 of these Conversion Shares will be issued to the Underwriter before the allotment of Shares under this Prospectus.

To comply with the requirement to fully disclose the Underwriter's potential voting power in the Company, the table below sets out various scenarios to indicate the effect on the Company's shareholding depending on the Shortfall (if any).

The potential maximum increase in the voting power of the Underwriter is set out below and will only occur if no Shareholders take up their Entitlement under the Offer and all of the Shortfall Shares are issued to the Underwriter. The Underwriter and its associates will not take up their full Entitlement as Shareholders under the Offer. The Underwriter will only be issued with the Shortfall in accordance with the Underwriting Agreement. In the table below, it is assumed that no Options are exercised prior to the Record Date.

Event/Date	Number of Shares held by Underwriter and its associates	Voting Power of Underwriter
Date of Prospectus	132,933,059	13.04%
After issue of Conversion Shares but before the issue of Shares under the Offer	231,635,632	19.90%
After issue of Conversion Shares and all Shares under the Offer assuming 25% Shortfall to the Underwriter	316,565,086	21.05%
After issue of Conversion Shares and all Shares under the Offer assuming 50% Shortfall to the Underwriter	401,494,538	26.70%
After issue of Conversion Shares and all Shares under the Offer assuming 75% Shortfall to the Underwriter	486,423,994	32.35%
After issue of Conversion Shares and no Shares under the Offer assuming maximum Shortfall to the Underwriter	571,353,448	38.0%

8.8 Intentions of the Underwriter

The Underwriter has indicated that its intentions mentioned in this Section are based on the facts and information regarding the Company and the general business environment which are known to it as at the date of this Prospectus. Any future decisions will, of course, be reached by the Underwriter based on all material information and circumstances at the relevant time. Accordingly, if circumstances change or new information becomes available in the future, the Underwriter's intentions could change.

The Underwriter has informed the Company that on the facts and circumstances presently known to it, it is supportive of the Company's current direction. The Underwriter has indicated that it is presently willing to consider any proposals the Company's Board and management may put forward as to how the Underwriter could support and assist the Company towards its objectives.

The Underwriter has advised the Company that since it is presently supportive of the Company's current direction, the Underwriter does not currently intend to make any major changes to the direction and objectives of the Company, and that other than as disclosed in this Prospectus, the Underwriter:

- (a) does not currently intend to make any significant changes to the existing businesses of the Company;
- (b) does not currently intend to inject further capital into the Company other than in underwriting the Offer;
- (c) does not currently intend to become involved in decisions regarding the future employment of the Company's present employees and contemplates that they will continue in the ordinary course of business;
- (d) does not currently intend for any property be transferred between the Company and the Underwriter or any person associated with the Underwriter;
- (e) does not currently intend to redeploy the fixed assets of the Company; and
- (f) does not currently intend to change the Company's existing financial or dividend policies.

The requirements of the Corporations Act and the ASX Listing Rules in relation to conflicts of interest and "related party" transactions will apply in the event that the Underwriter is considered at any time to be a related party of the Company.

The Underwriter will make decisions on its course of action in light of material facts and circumstances at the relevant times and after it receives appropriate legal and financial advice on such matters, where required, including in relation to any requirement for Shareholder approvals.

The statements reflect current intentions only as at the date hereof which may change as new information becomes available or circumstances change or with the passage of time.

As was announced to ASX on 13 August 2010, the Company will invite the Underwriter to nominate two directors to join the Company's Board. The Company does not presently have any details regarding any persons who may be put forward by the Underwriter.

As was also announced on 13 August 2010, the Company and the Underwriter have recognised the importance for the Company to have increased exposure to the European investment community, to ensure the Company has ongoing access to capital. The Company will in due course explore opportunities to dual list the Company's securities on either the official list or AIM market of the London Stock Exchange.

8.9 Directors' Interests

Other than as set out below or elsewhere in this Prospectus, no Director nor any firm in which such a Director is a partner, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation, promotion or the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director or to any firm in which any such Director is a partner or director, either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the firm in connection with the formation or promotion of the Company or the Offer.

Directors' relevant interests in securities of the Company at the date of this Prospectus are:

Name	Shares	Options	Performance Rights ³	Entitlement	Full Entitlement Cost (\$)
Geoff Gander	28,700,000	-	15,000,000	9,566,667	258,300
Erkin Svanbayev	11,000,000	5,000,000 ¹	15,000,000	3,666,667	99,000
David Thorpe	5,300,000	-	15,000,000	1,766,667	47,700
Andrew Childs	13,000,000	5,000,000 ²	0	4,333,333	117,000

¹ 3,000,000 Options are exercisable at 10 cents each on or before 31 December 2012 and 2,000,000 options exercisable at 15 cents each on or before 31 December 2012

² 3,000,000 Options are exercisable at 10 cents each on or before 31 December 2012 and 2,000,000 options exercisable at 15 cents each on or before 31 December 2012.

³ See Section 5.4 for detailed breakdown of the Performance Rights and their vesting conditions.

The Constitution of the Company provides that the non-executive Directors may be paid for their services as Directors, a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting, to be divided among the Directors and in default of agreement then in equal shares.

The Company paid to the Directors and former directors of the Company a total of \$444,731 for the year ended 30 June 2009 and \$1,012,545 for the year ended 30 June 2010. For the period from 1 July 2010 to the date of this Prospectus \$94,320 has been paid or is payable by the Company by way of approved remuneration for services provided by all Directors or former directors of the Company (executive, non-executive and alternate), companies associated with those Directors or former directors of the Company or their associates in their capacity as Directors or former directors of the Company, employees, consultants or advisers (and including superannuation payments).

Directors, companies associated with the directors or their associates are also reimbursed for all reasonable expenses properly incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the Company and other miscellaneous expenses.

8.10 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no expert, underwriter, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner, nor any company with which any of those persons is or was associated, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation, promotion or the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any expert, underwriter, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus, or to any firm in which any of those persons is or was a partner, or to any company with which any of those persons is or was associated, for services rendered by that person, or by the firm or the company, in connection with the formation or promotion of the Company or the Offer.

Steinepreis Paganin act as solicitors to the Company in respect of this Prospectus. Steinepreis Paganin will be paid approximately \$10,000 (excluding GST) for services in relation to this Prospectus. In the past two years, Steinepreis Paganin has been paid fees totalling \$84,867 (excluding GST) for legal services provided to the Company.

8.11 Consents

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of

that party as specified in this Section.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Waterford Petroleum Limited has given its written consent to being named as Underwriter to the Offer in this Prospectus, and to the inclusion of statements in Section 8.8 of this Prospectus regarding its intentions in relation to the Company. Waterford Petroleum Limited has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

8.12 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

8.13 Expenses of Offer

The total expenses of the Offer are estimated to be approximately \$344,543 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	2,068
ASX fees	16,874
Underwriting Fees	183,447
Arranger Fee	114,654
Advisers fees	10,000
Share Registry fees	10,000
Printing and other expenses	7,500
Total	344,543

Pursuit Capital Pty Ltd (**Pursuit**) has arranged the Company's recent capital raisings and is entitled to the remuneration as set out in Section 8.3. 4,246,444 of the Shares to which Pursuit is entitled (subject to Shareholder approval) relate to Pursuit's arrangement of the Offer.

8.14 Market Price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest	5.1 cents	10 May 2010
Lowest	3.3 cents	25 May 2010
Last	3.1 cents	17 August 2010

8.15 Electronic Prospectus

Pursuant to Class Order 00/44, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus

lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Forms. If you have not, please phone the Company on +61 8 9322 8222 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at www.jupiterenergy.com.au.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

9. **DIRECTORS' AUTHORISATION**

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.



GEOFF GANDER
DIRECTOR
JUPITER ENERGY LIMITED

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10. **DEFINITIONS**

\$ means Australian dollars.

Applicant means a Shareholder who applies for Shares pursuant to the Offer.

Application Form means an Entitlement and Acceptance Form.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691), or the Australian Securities Exchange, as the context requires.

ASX Settlement Rules means the settlement rules of the securities clearing house which operates CHESS.

ASX Listing Rules means the Listing Rules of ASX.

Board means the board of Directors unless the context indicates otherwise.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Closing Date means the date specified in the timetable set out in Section 1 of this Prospectus (unless extended).

Company or **Jupiter Energy** means Jupiter Energy Limited (ACN 084 918 481).

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the directors of the Company as at the date of this Prospectus.

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Prospectus.

Offer means the non-renounceable entitlement issue of 1 Share for every 3 Shares held by Shareholders on the Record Date at an issue price of 2.7 cents per Share to raise up to approximately \$9,172,381.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Prospectus means this prospectus.

Record Date means the date specified in the timetable set out in Section 1 of this Prospectus.

Share means a fully paid ordinary share in the capital of the Company.

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Shareholder means a holder of a Share.

Shortfall means the Shares not applied for under this Prospectus (if any).

Shortfall Share means those Shares issued pursuant to the Shortfall.

Underwriter or **Waterford** means Waterford Petroleum Limited.

Underwriting Agreement means the underwriting agreement entered into between the Company and the Underwriter dated 12 August 2010 and summarised in Section 8.6 of this Prospectus.

Underwritten Amount means \$9,172,381.

WST means Western Standard Time as observed in Perth, Western Australia.

ANNEXURE A – TERMINATION EVENTS

The Underwriter may terminate its obligations under the Underwriting Agreement if:

- (a) **(announcement and application for quotation)**: the Company does not make an announcement of the Offer or lodge a completed Appendix 3B with ASX by the Lodgement Date;
- (b) **(lodgement of Prospectus)**: the Company does not lodge the Prospectus by the Lodgement Date;
- (c) **(Prospectus)**: any of the following occurs in relation to the Prospectus:
- (i) the Underwriter reasonably forms the view that there is a material omission, it contains a material statement which is misleading or deceptive, or a material statement has become misleading or deceptive;
 - (ii) ASIC gives notice of intention to hold a hearing under section 739(2) of the Corporations Act or makes an interim order under section 739(3) of the Corporations Act; or
 - (iii) any person other than the Underwriter who consented to being named in the Prospectus withdraws that consent;
- (d) **(Supplementary Prospectus)**: the Underwriter reasonably forms the view that a supplementary or replacement document (as appropriate) must be lodged with ASIC under section 719 or section 724 of the Corporations Act and the Company does not lodge a supplementary or replacement document (as the case may be) in the form and content and within the time reasonably required by the Underwriter;
- (e) **(No Official Quotation)**: Official Quotation has not been granted by the Shortfall Notice Deadline Date or, having been granted, is subsequently withdrawn, withheld or qualified; or
- (f) **(Restriction on allotment)**: the Company is prevented from allotting the Offer Shares within the time required by the Underwriting Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority; or
- (g) **(ASIC or other prosecution)**: ASIC gives notice of any deficiency in the Offer or related documents or ASIC gives notice of an intention to hold a hearing, examination or investigation, or it requires information to be disclosed in connection with the Offer or the Company; or
- (h) **(Takeovers Panel)**: the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel; or
- (i) **(Hostilities)**: there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of the Underwriting Agreement involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, India, Pakistan, or the Peoples Republic of China, Israel, Khazakstan or any member of the European Union, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world; or

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- (j) **(Authorisation)**: any authorisation which is material to anything referred to in the Offer or the terms of the Underwriting Agreement is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter; or
- (k) **(Indictable offence)**: a director or a senior manager of a Relevant Company is charged with an indictable offence; or
- (l) **(Termination Events)**: any of the following events occurs, and in the reasonable opinion of the Underwriter reached in good faith, the event or two or more events together have, or are likely to have a Material Adverse Effect or could give rise to a liability of the Underwriter under the Corporations Act:
- (i) **(Default)**: default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking;
 - (ii) **(Incorrect or untrue representation)**: any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect;
 - (iii) **(Contravention of constitution or Act)**: a contravention by a Relevant Company of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
 - (iv) **(Adverse change)**: an event occurs which gives rise to a Material Adverse Effect or any adverse change or any development including a prospective adverse change after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any Relevant Company including, without limitation, if any forecast disclosed to ASX prior to the date of the Underwriting Agreement becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time;
 - (v) **(Public statements)**: without the prior approval of the Underwriter a public statement is made by the Company in relation to the Offer;
 - (vi) **(Misleading information)**: any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the Issue or the affairs of any Relevant Company is or becomes misleading or deceptive or likely to mislead or deceive;
 - (vii) **(Official Quotation qualified)**: the Official Quotation is qualified or conditional other than as set out in the definition of "Official Quotation";
 - (viii) **(Change in Act or policy)**: there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy;
 - (ix) **(Prescribed Occurrence)**: a Prescribed Occurrence occurs;
 - (x) **(Suspension of debt payments)**: the Company suspends payment of its debts generally;
 - (xi) **(Event of Insolvency)**: an Event of Insolvency occurs in respect of a Relevant Company;

- (xii) **(Judgment against a Relevant Company)**: a judgment in an amount exceeding \$25,000 is obtained against a Relevant Company and is not set aside or satisfied within 7 days;
- (xiii) **(Litigation)**: litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced or threatened against any Relevant Company, other than any claims disclosed to the Underwriter in writing prior to the date of the Underwriting Agreement;
- (xiv) **(Board and senior management composition)**: there is a change in the composition of the Board or a change in the senior management of the Company before Completion without the prior written consent of the Underwriter;
- (xv) **(Change in shareholdings)**: there is a material change in the major or controlling shareholdings of a Relevant Company or a takeover offer or scheme of arrangement pursuant to Chapters 5 or 6 of the Corporations Act is publicly announced in relation to a Relevant Company;
- (xvi) **(Timetable)**: there is a delay in any specified date in the Timetable which is greater than 3 Business Days;
- (xvii) **(Force Majeure)**: a Force Majeure affecting the Company's business or any obligation under the Agreement lasting in excess of 7 days occurs;
- (xviii) **(Certain resolutions passed)**: a Relevant Company passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;
- (xix) **(Capital Structure)**: any Relevant Company alters its capital structure in any manner not contemplated by the Offer;
- (xx) **(Investigation)**: any person is appointed under any legislation in respect of companies to investigate the affairs of a Related Company;
- (xxi) **(Market Conditions)**: a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets;
- (xxii) **(Sub-underwriters)**: any of the Company sub-underwriters that are introduced by the Company do not comply with their obligations under the sub-underwriting agreements or threaten to not comply with their respective obligations under the sub-underwriting agreements;
- (xxiii) **(Suspension)**: the Company is removed from the Official List or the Shares become suspended from Official Quotation and that suspension is not lifted within 24 hours following such suspension.

Definitions

The definitions used in this summary of the Underwriting Agreement are the same as used in the Prospectus except as set out below:

Completion means the date on which allotment of the last of the Offer Shares occurs in accordance with the Offer and in accordance with this Agreement.

Lodgement Date means the date of lodgement of the Prospectus for the Offer in the timetable contained in the Underwriting Agreement or as agreed between the Company and the Underwriter from time to time.

Event of Insolvency means:

- (a) a receiver, manager, receiver and manager, trustee, administrator, controller or similar officer is appointed in respect of a person or any asset of a person;
- (b) a liquidator or provisional liquidator is appointed in respect of a corporation;
- (c) any application (not being an application withdrawn or dismissed within 7 days) is made to a court for an order, or an order is made, or a meeting is convened, or a resolution is passed, for the purpose of:
 - (i) appointing a person referred to in paragraphs (a) or (b);
 - (ii) winding up a corporation; or
 - (iii) proposing or implementing a scheme of arrangement;
- (d) any event or conduct occurs which would enable a court to grant a petition, or an order is made, for the bankruptcy of an individual or his estate under any Insolvency Provision;
- (e) a moratorium of any debts of a person, or an official assignment, or a composition, or an arrangement (formal or informal) with a person's creditors, or any similar proceeding or arrangement by which the assets of a person are subjected conditionally or unconditionally to the control of that person's creditors or a trustee, is ordered, declared, or agreed to, or is applied for and the application is not withdrawn or dismissed within 7 days;
- (f) a person becomes, or admits in writing that it is, is declared to be, or is deemed under any applicable Act to be, insolvent or unable to pay its debts; or
- (g) any writ of execution, garnishee order, mareva injunction or similar order, attachment, distress or other process is made, levied or issued against or in relation to any asset of a person.

Force Majeure means any act of God, war, revolution, or any other unlawful act against public order or authority, an industrial dispute, a governmental restraint, or any other event which is not within the control of the parties.

Material Adverse Effect means:

- (a) a material adverse effect on the outcome of the Offer or on the subsequent market for the Offer Shares (including, without limitation, matters likely to have a material adverse effect on a decision of an investor to invest in Offer Shares); or
- (b) a material adverse effect on the assets, condition, trading or financial position, performance, profits and losses, results, prospects, business or operations of the Company and its subsidiaries either individually or taken as a whole; or
- (c) the Underwriter's obligations under the Underwriting Agreement becoming materially more onerous than those which exist at the date of the Underwriting Agreement; or
- (d) a material adverse effect on the tax position of either:
 - (i) the Company and its Subsidiaries either individually or taken as a whole; or

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- (ii) an Australian resident shareholder in the Company.

Prescribed Occurrence means:

- (a) a Relevant Company converting all or any of its Shares into a larger or smaller number of Shares;
- (b) a Relevant Company resolving to reduce its share capital in any way;
- (c) a Relevant Company:
- (i) entering into a buy-back agreement or;
 - (ii) resolving to approve the terms of a buy-back agreement under section 257C or 257D of the Corporations Act;
- (d) a Relevant Company making an issue of, or granting an option to subscribe for, any of its Shares, or agreeing to make such an issue or grant such an option, other than an issue or agreement to issue in accordance with the Offer or the terms of this Agreement;
- (e) a Relevant Company issuing, or agreeing to issue, convertible notes;
- (f) a Relevant Company disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- (g) a Relevant Company charging, agreeing to charge, the whole, or a substantial part, of its business or property;
- (h) a Relevant Company resolving that it be wound up;
- (i) the appointment of a liquidator or provisional liquidator to a Relevant Company;
 - (j) the making of an order by a court for the winding up of a Relevant Company;
- (k) an administrator of a Relevant Company, being appointed under section 436A, 436B or 436C of the Corporations Act;
- (l) a Relevant Company executing a deed of company arrangement; or
- (m) the appointment of a receiver, or a receiver and manager, in relation to the whole, or a substantial part, of the property of a Relevant Company.

Relevant Company means the Company and each subsidiary of the Company within the meaning of the Corporations Act.

Shortfall Notice Deadline Date means the date specified as such in the timetable contained in the Underwriting Agreement or as agreed between the Company and the Underwriter from time to time.