

1 September 2008

## **Jupiter renegotiates purchase of 100% of North West Zhetybai oilfield**

### **KEY HIGHLIGHTS**

- Jupiter has agreed new terms with vendor based on an initial payment of \$US17m with \$US12m due on completion and a 2<sup>nd</sup> deferred payment of \$US5m.
- Final payment will be based on proven (1P) oil reserves identified x \$US5 per barrel with the maximum price of the field capped at a valuation based on 1P reserves of 12 mmbbls.
- Field must have minimum 1P reserves of 4.5 mmbbls in order for vendor to earn more than the initial \$US17m payment.

### **Details of the Transaction**

The Board of Jupiter Energy Limited (ASX: JPR) is pleased to advise that the Company has agreed a further revision to the Memorandum of Understanding (MOU) which sets out the terms upon which JPR proposes to acquire 100% of the North-West Zhetybai oil field (NWZ) situated in the Mangistau Basin, Kazakhstan.

### **Material terms of the revised MOU**

The material terms of the revised MOU are as follows:

- A payment of \$US17,000,000 will be made to the owners of the field.
- \$US12,000,000 is due on completion and \$US5,000,000 two months later;
- JPR will commit to a 1 year work program to further develop the field and prove up its 1P reserves;
- Once the reserves are independently confirmed, JPR will make a final payment to the vendor. This payment will be calculated by multiplying the proven 1P reserves of the field by \$US5 per barrel and deducting the \$US17m already paid to the vendor;
- If the 1P reserves are less than 4.5 mmbbls no further payment will be made. (A table giving a range of examples of the total price to be paid under different 1P scenarios is attached as Appendix 1 to this announcement);
- The transaction is subject to due diligence, JPR shareholder approval and JPR completing the required debt/equity package to enable the transaction to proceed.

### **Approval process**

A Notice of Meeting will be completed and mailed to shareholders as soon as possible, outlining the proposed transaction, the funding approach and all the relevant resolutions that shareholders will need to consider to approve the transaction.

### **Summary**

The Board believes that this revised agreement will get market support and the Company will keep shareholders apprised in terms of the preparation of the Notice of Meeting as well as the status of its Block 32 extension application.

Any questions regarding this announcement should be directed to JPR Chairman, Geoff Gander, on 0417 914 137.

**ENDS**

***Footnote:** The information in this document that relates to oil exploration results and reserves is based on information compiled by Mr. Keith Martens who is a Director of Martens Petroleum Consulting Pty Ltd. Mr Keith Martens has sufficient experience which is relevant to oil exploration and to the specific activity in Kazakhstan to qualify as competent to verify the above statements . Mr Keith Martens consents to the inclusion of the 1P, 2P and 3P reserves and production outlook in the form and context in which they appear.*

## APPENDIX 1 – DIFFERENT PRICING SCENARIOS FOR NWZ

Confirmed 1P (mmbbls)	1 <sup>st</sup> payment	2 <sup>nd</sup> payment	3 <sup>rd</sup> payment	TOTAL (\$US)
<4.5	12,000,000	5,000,000	0	17,000,000
5	12,000,000	5,000,000	8,000,000	25,000,000
6	12,000,000	5,000,000	13,000,000	30,000,000
7	12,000,000	5,000,000	18,000,000	35,000,000
8	12,000,000	5,000,000	23,000,000	40,000,000
9	12,000,000	5,000,000	28,000,000	45,000,000
10	12,000,000	5,000,000	33,000,000	50,000,000
11	12,000,000	5,000,000	38,000,000	55,000,000
12 +	12,000,000	5,000,000	43,000,000	60,000,000

### Key Parameters:

- Upfront payment to owner: \$US12,000,000.
- 2<sup>nd</sup> payment to owner: \$US5,000,000.
- Final Payment based on \$US5 per barrel of 1P reserves. 1P reserves will be confirmed by an independent consultant after a 12 month working program is completed.
- No further payment if 1P reserves are found to be less than 4.5 mmbbls.
- Payment is capped at a maximum of 1P reserves of 12 mmbbls.
- Total payment range: \$US17,000,000 (min) to \$US60,000,000 (max).