

15 July 2008

Jupiter secures \$A50m bank debt facility

KEY HIGHLIGHTS

- **Jupiter Energy Limited (JPR) has agreed indicative terms with Macquarie Bank Limited (MBL) whereby MBL will provide JPR with up to \$A50m in debt. The debt will initially assist in the purchase of 50% of North West Zhetybai (NWZ) - an oil field with proven reserves and located in the Mangistau Basin adjacent to JPR's 100% owned Block 31.**
- **The facility is based on an initial draw down of \$A12m with a further \$A8m to be provided on the successful completion of the 2008/09 NWZ working program.**
- **A further \$30m will be available to support the development of NWZ and/or to assist in acquisitions of further oil fields in Kazakhstan.**
- **The Company is on target to achieve production of 4,000 barrels per day by the end of 2009.**

Details of the Indicative Terms Sheet

The Board of Jupiter Energy Limited (ASX: **JPR**) is pleased to advise that the Company has signed a Mandate Letter and accompanying indicative Terms Sheet with Macquarie Bank Limited (**MBL**) whereby MBL will provide a \$A20m debt facility to support the proposed acquisition by JPR of a 50% interest in the North-West Zhetybai oil field (**NWZ**). Of the \$A20m, an initial tranche of \$A6m will be immediately made available to assist in funding the acquisition of 50% of NWZ and a further \$A6m will be advanced to fund JPR's share of a 12 month working program on the NWZ field. A further \$A8m will then be made available on the successful completion of the working program. As announced to shareholders on 30 June 2008, the acquisition of the 50% share of NWZ will be made through JPR's 100% owned Singapore subsidiary, Jupiter Energy (NWZ) Pte Ltd and will be in collaboration with the Share Investment Fund Verniy Activ (**SIF Verniy Activ**).

Background on North-West Zhetybai

NWZ is located to the southwest of JPR's initial exploration acreage (Block 31) and assuming JPR's extension application for Block 32 is successful, the combination of Block 31, Block 32 and NWZ will form a contiguous 150 sq km area in the oil rich Mangistau Basin. NWZ was discovered in 1984 and based on 2D seismic shot at that time, an initial 7 wells were drilled. 3 wells flowed free oil from 5 zones and there were shows and log anomalies in the 4 other wells. Based on this 1980's 2D seismic, government recorded reserves (1P) for NWZ are listed at 4.5 million barrels of oil (mmbbls) but the current owner has recently completed 3D seismic on the field and believes that there are proven plus probable (2P) reserves of 14 mmbbls. It is important to note that neither of these 1P and 2P figures include the three Jurassic zones above the massive Triassic sandstones and it is JPR's view that 2P reserves actually stand at 21 mmbbls and proven plus probable plus possible (3P) reserves are 36 mmbbls.

2008/09 Working Program

The working program on the field will be funded 50/50 by JPR and SIF Verniy Activ with a total budget of \$A12m. The program will have several components including the re-entering of 4 of the initial wells drilled on the field by the Soviets as well as the drilling of two new wells. At the completion of the program, an independent review of the field will be carried out to determine upgraded 1P, 2P and 3P reserves and JPR will also submit its proposed production plan for NWZ to the government for sign off, prior to going into production in late 2009. The expectation is to have 8 operating wells on the field, each producing c 500 barrels per day, thus providing production capacity of 4,000 barrels a day as soon as the production licence is granted.

Material terms of the Indicative Terms Sheet

The material terms of the indicative Terms Sheet signed with MBL are as follows:

- The immediate draw down will be \$A6m that will be used, in conjunction with the planned equity raising of \$A20m, to fund the acquisition of 50% of NWZ;
- A further \$A6m will be advanced to fund JPR's share of the agreed 12 month working program on NWZ;
- A further \$8m will be advanced on the successful completion of the 12 month working program;
- A further \$A30m will also be available to JPR to assist in the further development of NWZ and/or to assist in further acquisitions of oilfields in Kazakhstan; and

- The facility is subject to MBL completing technical and financial due diligence on the transaction and JPR completing its planned equity raising of \$A20m.

Commenting on the newly formed relationship with MBL, JPR Chairman Geoff Gander said, "We are delighted that we will have Macquarie Bank as our strategic partner as we continue to develop the Company into becoming a significant oil producer in one of the most prospective oil countries in the world."

Summary

In summary, the purchase of NWZ is an important milestone in JPR's corporate history. When combined with JPR's existing exploration portfolio, the NWZ field will provide JPR with the ability to generate revenues and realise its ambition to be an oil producer in the Mangistau Basin. The Board believes that this area will prove to have significant underlying reserves across Blocks 31, 32 and NWZ. The Company will keep shareholders appraised in terms of the completion of the equity funding for the NWZ acquisition as well as the status of its Block 32 extension application. The Company also continues to evaluate other potential permits and progress with other potential oil field acquisitions will be announced in due course.

Any questions regarding this announcement should be direct 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.*