

Riding the Caspian Wave

Investment Highlights

- J-52 well drilled to expectation.** JPR completed the drilling of the J-52 well to a total depth of 3,152m in late 2010. The middle Triassic carbonate reservoir, which was the primary target, was interpreted from 2,994 to 3,098m (104m total). Wireline log interpretations indicated a ~55% net to gross column (57m net) which is in line with JPR's pre-drill estimates and similar to the J-50 well. The secondary reservoir target which was thought to be the Jurassic reservoir and currently referred to as the "Z-sand" is estimated to hold 5m of net pay based on wireline log analysis.
- Production testing to determine J-52 resource potential.** JPR plans to commence production testing of the J-52 well in February. The results of the well test will determine the resource potential of the J-52 well. Pre-drill, JPR estimated the J-52 well could prove an additional 22mmbbls oil.
- Updated independent reserves and resource report.** An updated reserves and resources report will be undertaken by Senergy Limited (Senergy) during 1Q 2011 which will incorporate data from the J-50, J-52, and NWZ2 wells. If the J-52 well testing is successful, the potential outcome could be a substantial increase of JPR's current 2P reserves position of 8.6mmbbls.
- Trial production license delayed.** The trial production license application for the J-50 well has been delayed and is now expected to be granted by the end of 1Q 2011.
- Potential AIM listing drives management restructure.** JPR are in the process of a potential AIM dual listing during 2011. Managing Director David Thorpe will leave JPR at the end of January and Geoff Gandar will relocate to London. Scott Mison, currently company secretary will join the Board as a Director.
- We maintain our 'SPECULATIVE BUY' recommendation for JPR and price target of \$0.13/sh.** The key near term catalysts will be the well testing of J-52 (Feb 2011), potential reserves update (1Q 2011) and the granting of a trial production license (1Q 2011).

31 January 2011

12mth Rating

SPEC BUY

Price	A\$	0.04
Target Price	A\$	0.13
12m Total Return	%	245.6

RIC: **JPR.AX**

BBG: **JPR AU**

Shares o/s	m	1511.4
Free Float	%	94.0
Market Cap.	A\$m	57.4
Net Debt (Cash)	A\$m	-9.0
Net Debt/Equity	%	na
3m Av. D. T'over	A\$m	0.30
52wk High/Low	A\$	0.07/0.03
2yr adj. beta		0.98

Valuation:

Methodology		DCF
Value per share	A\$	0.13

Analyst:

Edwin Bulseco

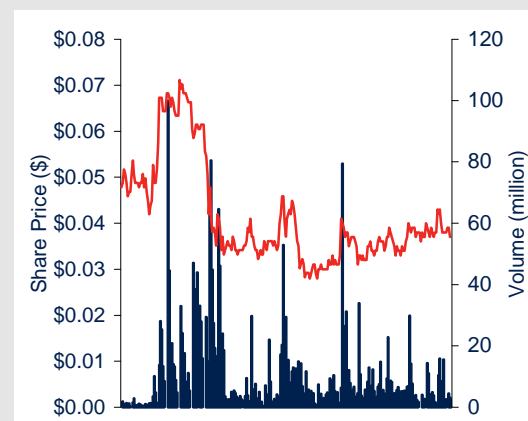
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12 Month Share Price Performance



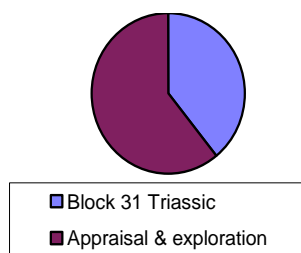
Performance %	1mth	3mth	12mth
Absolute	-10.0	-14.1	-38.5
Rel. S&P/ASX 300	-14.1	-21.5	-46.9

Year End June 30	2009A	2010A	2011F	2012F	2013F
Reported NPAT (\$m)	(2.6)	(5.9)	(6.2)	11.7	20.9
Recurrent NPAT (\$m)	(2.6)	(5.9)	(6.2)	11.7	20.9
Recurrent EPS (cents)	(0.7)	(1.0)	(0.4)	0.8	1.4
EPS Growth (%)	na	na	na	na	78.7
PER (x)	(5.3)	(3.7)	(9.3)	4.9	2.7
EBITDA (\$m)	(2.6)	(5.5)	(4.3)	19.3	32.7
EV/EBITDA (x)	(4.8)	(3.7)	(12.5)	2.7	0.7
Capex (\$m)	0.0	2.3	20.7	17.0	0.0
Free Cashflow	(5.1)	(13.7)	(24.9)	2.3	30.6
FCFPS (cents)	(1.4)	(2.4)	(1.7)	0.2	2.0
PFCF (x)	(2.7)	(1.6)	(2.3)	25.1	1.9
DPS (cents)	0.0	0.0	0.0	0.0	0.0
Yield (%)	0.0	0.0	0.0	0.0	0.0
Franking (%)	0.0	0.0	0.0	0.0	0.0

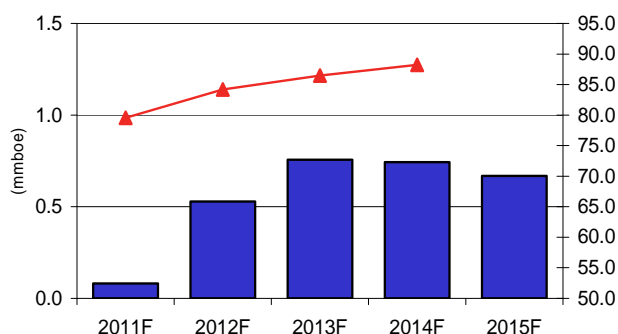
Jupiter Energy Ltd (JPR)		\$0.04	
Valuation	A\$m	A\$/sh	
Block 31 Triassic	98	0.05	
Appraisal & exploration	152	0.08	
Corporate	(22)	(0.01)	
Cash	9	0.00	
Debt	0	0.00	
Total @ 10% Discount Rate	238	0.13	
Price Target	238	0.13	

Price Target Sensitivity	-10%	0%	+10%
Oil Price Sensitivity (A\$/sh)	0.13	0.13	0.14
Exchange Rate Sensitivity (A\$/sh)	0.14	0.13	0.12

Valuation Summary of Operating Assets



Oil Sales Summary- Financial Year



Reserves & Resources

Reserves - Net JPR	Oil/Cond (mmbbl)	Gas (bcf)	Total (mboe)
2P Reserves			
J-51	8.6	0	8.6
Total	8.6	0	8.6
Oil as % of Reserves			100%

Directors & Key Management

Name	Position
Geoff Gander	Executive Chairman
David Thorpe	Managing Director
Baltabek Kuandykov	Non- Executive Director
Alastair Beardsall	Non-Executive Director
Ian Tchacos	Special Advisor to the Board
Scott Mison	Company Secretary

Substantial Shareholders

	Shares (m)	%
Waterford Group	404.6	27%

Year End June 30

Commodity Assumptions	2010A	2011F	2012F	2013F
A\$: US\$	0.89	0.96	0.94	0.92
Crude Oil - WTI (USD/bbl): (WTI)	75.43	79.56	84.17	86.49

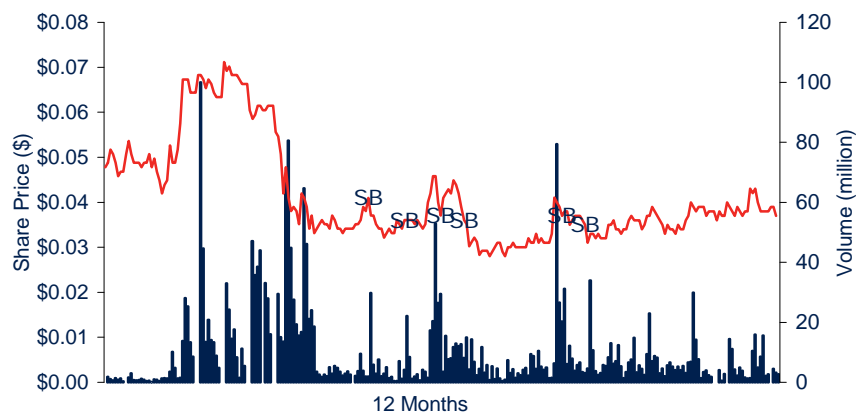
Profit & Loss (A\$m)	2010A	2011F	2012F	2013F
Sales Revenue	0.0	5.9	41.7	61.5
Other Income	0.1	0.6	0.0	0.0
Operating Costs	0.0	2.0	8.2	12.0
Royalties	0.0	1.8	10.2	14.7
Exploration Exp.	0.0	2.4	0.0	0.0
Corporate/Admin	5.6	4.5	4.0	2.2
Other	0.0	0.0	0.0	0.0
EBITDA	(5.5)	(4.3)	19.3	32.7
Depn & Amort	0.0	1.9	7.6	9.7
EBIT	(5.5)	(6.2)	11.7	23.0
Financing Cost	0.0	0.0	0.0	0.0
Abnormals pre-tax	0.0	0.0	0.0	0.0
Operating Profit	(5.5)	(6.2)	11.7	23.0
Tax expense	0.0	0.0	0.0	2.1
Minorities	0.0	0.0	0.0	0.0
Other	0.4	0.0	0.0	0.0
NPAT	(5.9)	(6.2)	11.7	20.9
Normalised NPAT	(5.9)	(6.2)	11.7	20.9

Cash Flow (A\$m)	2010A	2011F	2012F	2013F
Adjusted Net Profit	(5.9)	(6.2)	11.7	20.9
+ Interest/Tax/Expl Exp	0.0	2.5	0.0	2.1
- Interest/Tax/Expl Inc	10.4	2.4	0.0	2.1
+ Depn/Amort	0.0	1.9	7.6	9.7
+/- Other	4.9	0.1	0.0	0.0
Operating Cashflow	(11.4)	(4.3)	19.3	30.6
- Capex (+asset sales)	2.3	20.7	17.0	0.0
- Working Capital Increase	0.0	0.0	0.0	0.0
Free Cashflow	(13.7)	(24.9)	2.3	30.6
- Dividends (ords & pref)	0.0	0.0	0.0	0.0
+ Equity raised	13.8	28.0	0.0	0.0
+ Debt drawdown (repaid)	0.0	0.0	0.0	0.0
+ Other	(0.1)	(0.0)	0.0	0.0
Net Change in Cash	(0.0)	3.1	2.3	30.6
Exchange Rate Gains (losses)	0.1	(1.1)	0.0	0.0
Cash at End Period	1.3	3.3	5.5	36.2
Net Cash/(Debt)	1.3	3.3	5.5	36.2

Balance Sheet (A\$m)	2010A	2011F	2012F	2013F
Cash	1.3	3.3	5.5	36.2
Total Assets	25.1	48.2	59.9	80.8
Total Debt	0.0	0.0	0.0	0.0
Total Liabilities	1.7	2.9	2.9	2.9
Shareholders Funds	23.4	45.2	57.0	77.9
Ratios				
Net Debt/Equity (%)	na	na	na	na
Interest Cover (x)	na	na	na	na
Return on Equity (%)	na	na	20.6	26.9

Unit Revenue / Costs	2010A	2011F	2012F	2012F
Sales Revenue / boe (\$/boe)	0.0	71.7	79.0	81.3
Cash OPEX / boe (\$/boe)	0.0	24.6	15.5	15.8
Non-cash OPEX / boe (\$/boe)	0.0	129.5	41.3	35.0
EBIT / boe (\$/boe)	0.0	(67.3)	(11.7)	15.5
NPAT / boe (\$/boe)	0.0	(75.6)	22.2	27.7

Recommendation History



Date	Type	Target Price	Share Price	Recommendation	Return
23 Jun 10	Research Note	0.09	0.04	SB	
13 Jul 10	Research Note	0.16	0.04	SB	
02 Aug 10	Research Note	0.16	0.04	SB	
13 Aug 10	Research Note	0.13	0.04	SB	
06 Oct 10	Research Note	0.13	0.04	SB	
19 Oct 10	Research Note	0.13	0.04	SB	
	Current Share Price		0.04		-7.5%

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