

Funding Plans Announced for J-51 and J-52 Wells

Investment Highlights

- JPR has announced plans to raise \$16.67m (before costs) which will go towards the drilling of the J-51 and J-52 wells. The funds will be raised via 1) A placement priced at 2.7cents (\$3.59m) to the Waterford Group who will take a 13% stake in JPR; 2) JPR entering into two converting loan agreements which are convertible into 144.8m shares priced at 2.7cents (\$3.91m) and 3) A 1 for 3 non-renounceable rights issue priced at 2.7cents (\$9.17m).**
- Strategic investor secured.** JPR has secured a strategic cornerstone investor with the Waterford Group taking a 13% stake in JPR. The Waterford Group is a private holding company which invests in international resource projects. Waterford will also nominate 2 directors to the JPR board.
- Funding to progress development of Block 31.** Additional funding was required to continue the development of Block 31. A successful raising of the \$16.67m will allow JPR to start drilling the J-51 well in September as planned and give JPR the option of accelerating the drilling of the J-52 well into late 2010.
- Production could reach 1000bopd by mid 2011.** If the J-51 and J-52 wells perform in line with the J-50 well which is currently producing between 350 to 435bopd on well test, JPR has the opportunity to raise production to 1000bopd by mid 2011. This will be a significant step towards becoming a self-funded operation.
- We maintain our SPECULATIVE BUY recommendation for JPR with a revised price target of \$0.13/share which incorporates the equity dilution of the capital raising.** Assuming JPR will raise the targeted funds key risks still remain. No long term production rate has been released on the J-50 well as it enters the final stages of the extended well test. We would like to see the delivery of the J-50 well along with J-51 and J-52 to better assess the performance of Block 31. We also see the granting of a trial production licence which allows JPR to sell oil to the export market as critical.

13 August 2010

12mth Rating

SPEC BUY

Price	A\$	0.04
Target Price	A\$	0.13
12m Total Return	%	259.6

RIC: **JPR.AX**

BBG: **JPR AU**

Shares o/s	m	886.2
Free Float	%	94.0
Market Cap.	A\$m	32.8
Net Debt (Cash)	A\$m	-10.9
Net Debt/Equity	%	na
3m Av. D. T'over	A\$m	0.54
52wk High/Low	A\$	0.08/0.03
2yr adj. beta		1.18

Valuation:

Methodology		DCF
Value per share	A\$	0.13

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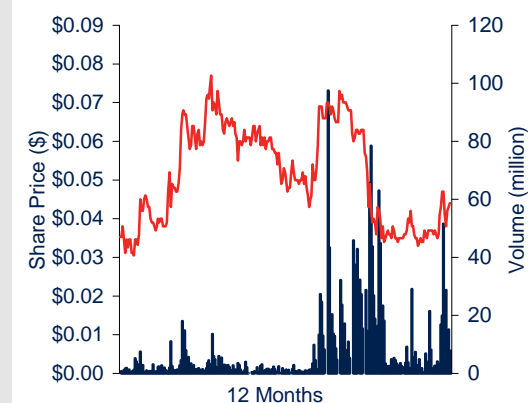
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Year End June 30	2008A	2009A	2010F	2011F	2012F
Reported NPAT (\$m)	(2.5)	(2.6)	(11.0)	(2.9)	16.4
Recurrent NPAT (\$m)	(2.5)	(2.6)	(11.0)	(2.9)	16.4
Recurrent EPS (cents)	(0.7)	(0.7)	(1.6)	(0.4)	2.2
EPS Growth (%)	na	na	na	na	na
PER (x)	(5.2)	(5.1)	(2.4)	(9.4)	1.7
EBITDA (\$m)	(2.5)	(2.6)	(10.1)	(1.2)	23.4
EV/EBITDA (x)	(2.8)	(4.7)	(2.5)	(22.0)	0.8
Capex (\$m)	0.0	0.0	0.0	15.0	17.0
Free Cashflow	(8.8)	(5.1)	(13.8)	(16.2)	6.4
FCFPS (cents)	(2.5)	(1.4)	(1.9)	(2.2)	0.9
PFCF (x)	(1.5)	(2.6)	(1.9)	(1.7)	4.3
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

12 Month Share Price Performance

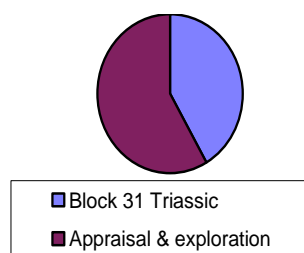
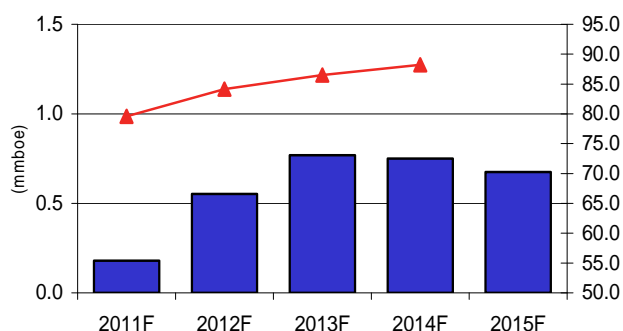


Performance %	1mth	3mth	12mth
Absolute	24.2	-34.9	13.9
Rel. S&P/ASX 300	16.7	-32.8	9.2

Jupiter Energy Ltd (JPR)

Valuation	A\$m	A\$/sh
Block 31 Triassic	87	0.06
Appraisal & exploration	121	0.08
Corporate	(19)	(0.01)
Cash	11	0.01
Debt	0	0.00
Total @ 10% Discount Rate	200	0.13
Price Target	200	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	0.13

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
Erkin Svanbayev	Executive Director
Sanat Kassymov	Chief Financial Officer
Andrew Childs	Non-Executive Director
Ian Tchacos	Special Advisor to the Board
Scott Mison	Company Secretary

Substantial Shareholders**Year End June 30**

Commodity Assumptions	2009A	2010F	2011F	2012F
A\$:US\$	0.75	0.89	0.87	0.89
Crude Oil - WTI (USD/bbl): (WTI	69.78	75.43	79.56	84.17

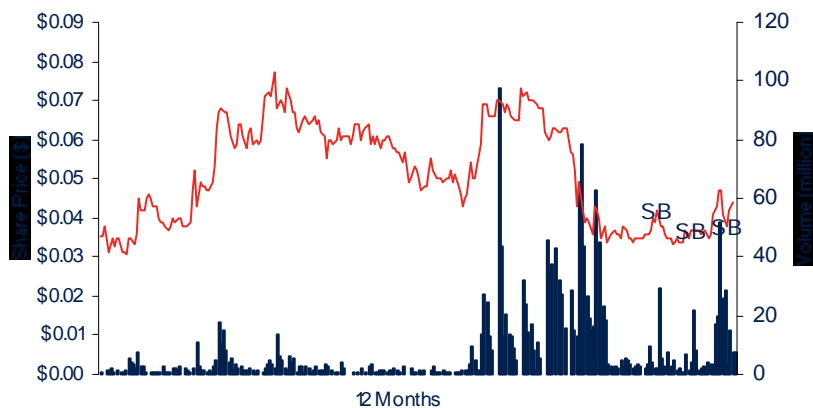
Profit & Loss (A\$m)	2009A	2010F	2011F	2012F
Sales Revenue	0.0	0.1	14.2	45.1
Other Income	0.2	0.2	0.0	0.0
Operating Costs	0.0	0.0	2.7	8.6
Royalties	0.0	0.1	3.6	11.0
Exploration Exp.	0.0	6.1	6.4	0.0
Corporate/Admin	2.8	4.2	2.6	2.2
Other	0.0	1.0	0.0	0.0
EBITDA	(2.6)	(11.0)	(1.2)	23.4
Depn & Amort	0.0	0.0	1.7	7.0
EBIT	(2.6)	(11.0)	(2.9)	16.4
Financing Cost	0.0	0.0	0.0	0.0
Abnormals pre-tax	0.0	0.0	0.0	0.0
Operating Profit	(2.6)	(11.0)	(2.9)	16.4
Tax expense	0.0	0.0	0.0	0.0
Minorities	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0
NPAT	(2.6)	(11.0)	(2.9)	16.4
Normalised NPAT	(2.6)	(11.0)	(2.9)	16.4

Cash Flow (A\$m)	2009A	2010F	2011F	2012F
Adjusted Net Profit	(2.6)	(11.0)	(2.9)	16.4
+ Interest/Tax/Expl Exp	0.0	6.1	6.4	0.0
- Interest/Tax/Expl Inc	2.4	10.4	6.4	0.0
+ Depn/Amort	0.0	0.0	1.7	7.0
+/- Other	(0.2)	1.6	0.0	0.0
Operating Cashflow	(5.1)	(13.8)	(1.2)	23.4
- Capex (+asset sales)	0.0	0.0	15.0	17.0
- Working Capital Increase	0.0	0.0	0.0	0.0
Free Cashflow	(5.1)	(13.8)	(16.2)	6.4
- Dividends (ords & pref)	0.0	0.0	0.0	0.0
+ Equity raised	0.6	13.8	16.0	0.0
+ Debt drawdown (repaid)	0.0	0.0	0.0	0.0
+ Other	0.0	(0.1)	0.0	0.0
Net Change in Cash	(4.5)	(0.1)	(0.2)	6.4
Exchange Rate Gains (losses)	(0.2)	0.1	0.0	0.0
Cash at End Period	1.3	1.3	1.2	7.6
Net Cash/(Debt)	1.3	1.3	1.2	7.6

Balance Sheet (A\$m)	2009A	2010F	2011F	2012F
Cash	1.3	1.3	1.2	7.6
Total Assets	16.6	21.0	34.1	50.5
Total Debt	0.0	0.0	0.0	0.0
Total Liabilities	4.5	6.1	6.1	6.1
Shareholders Funds	12.1	14.9	28.0	44.4
Ratios				
Net Debt/Equity (%)	na	na	na	na
Interest Cover (x)	na	na	na	na
Return on Equity (%)	na	na	na	37.0

Unit Revenue / Costs	2009A	2010F	2011F	2012F
Sales Revenue / boe (\$/boe)	0.0	0.0	79.2	81.7
Cash OPEX / boe (\$/boe)	0.0	0.0	15.3	15.5
Non-cash OPEX / boe (\$/boe)	0.0	0.0	80.1	36.4
EBIT / boe (\$/boe)	0.0	0.0	(56.2)	(5.2)
NPAT / boe (\$/boe)	0.0	0.0	(16.2)	29.7

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	
	Current Share Price		0.04		10.0%

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