

Significant Resource Upgrade

Investment Highlights

- **JPR has announced a resource upgrade of Block 31 to 80.4 mmbbls of oil (previously 43mmbbls). The latest resource assessment has been performed by Reservoir Evaluation Services LLP based on drilling data from the J50 well.**
- **Resource upgrade highlights asset potential.** The latest resource numbers effectively double potential resources from Block 31. The additional resources are located in an area to the north of the J-50 well. Significant resource upside exists with additional appraisal/development drilling of Block 31. JPR has also commenced a review of the southern section of Block 31 which could further increase resources.
- **J-50 Well Test Continues.** The J-50 well production test continues with the well currently producing on choke at 360bopd. This rate is lower than the previously announced 435bopd due to ongoing production testing at different choke sizes to obtain a sustainable flow rate to maximise ultimate recovery.
- **Delivery of appraisal/development drilling critical.** We believe the delivery of additional development wells in Block 31 is critical to de-risk JPR. We recognise the significant resource potential of Block 31 but believe JPR will need to demonstrate successful delivery of future appraisal/development wells to unlock the full value of this resource. We look forward to a final stabilised flow-rate on the J-50 well and the delivery of the J-51 and J-52 wells.
- **Discussions with potential Joint Venture partners.** JPR has commenced discussions with a number of parties wishing to participate in the development of Block 31. A JV partner would provide additional funding to accelerate the development of Block 31.
- **We maintain our Speculative BUY recommendation but increase our price target to \$0.16/share due to the resource upgrade.** We look forward to a final long term production rate on J-50 and further appraisal/development drilling of Block 31 which will de-risk JPR. We continue to view the granting of a trial production/export licence as critical which will allow JPR to sell oil to the export market.

13 July 2010

12mth Rating

BUY

Price	A\$	0.04
Target Price	A\$	0.16
12m Total Return	%	297.6

RIC: **JPR.AX**

BBG: **JPR AU**

Shares o/s	m	886.2
Free Float	%	94.0
Market Cap.	A\$m	34.6
Net Debt (Cash)	A\$m	-1.8
Net Debt/Equity	%	na
3m Av. D. T'over	A\$m	0
52wk High/Low	A\$	0.08/0.02
2yr adj. beta		0

Valuation:

Methodology		DCF
Value per share	A\$	0.16

Analyst:

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Phone:

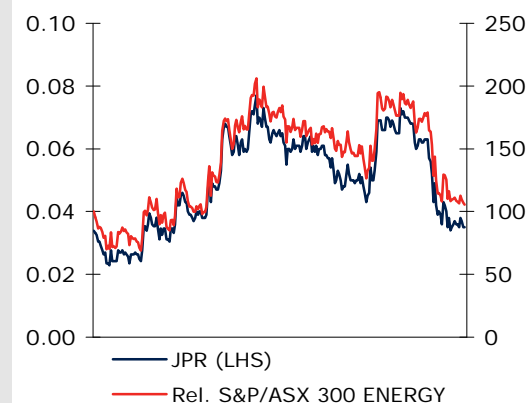
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Year End June 30	2008A	2009A	2010F	2011F	2012F
Reported NPAT (\$m)	(2.5)	(2.6)	(6.6)	5.8	21.7
Recurrent NPAT (\$m)	(2.5)	(2.6)	(6.6)	5.8	21.7
Recurrent EPS (cents)	(0.7)	(0.7)	(0.9)	0.8	3.0
EPS Growth (%)	na	na	na	na	277.5
PER (x)	(5.5)	(5.4)	(4.2)	5.0	1.3
EBITDA (\$m)	(2.5)	(2.6)	(5.7)	7.3	28.4
EV/EBITDA (x)	(3.1)	(4.9)	(4.6)	3.4	0.5
Capex (\$m)	0.0	0.0	3.5	20.0	17.0
Free Cashflow	(8.8)	(5.1)	(13.3)	(12.7)	11.4
FCFPS (cents)	(2.5)	(1.4)	(1.9)	(1.7)	1.6
PFCF (x)	(1.6)	(2.7)	(2.1)	(2.3)	2.5
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



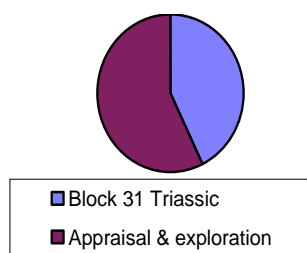
Performance %	1mth	3mth	12mth
Absolute	0	0	0
Rel. S&P/ASX 300	0	0	0

Jupiter Energy Ltd (JPR)

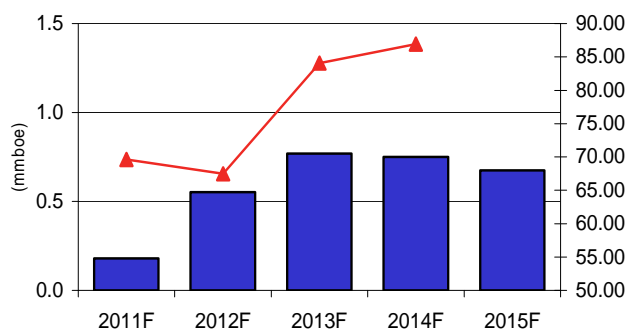
Valuation	A\$m	A\$/sh
Block 31 Triassic	90	0.07
Appraisal & exploration	121	0.10
Corporate	(18)	(0.01)
Cash	2	0.00
Debt	0	0.00
Total @ 10% Discount Rate	196	0.16
Price Target	196	0.16

Price Target Sensitivity	-10%	0%	+10%
Oil Price Sensitivity (A\$/sh)	0.15	0.16	0.16
Exchange Rate Sensitivity (A\$/sh)	0.17	0.16	0.15

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
Andrew Childs	Non-Executive Director
Ian Tchacos	Special Advisor to the Board
Scott Mison	Company Secretary

Year End June 30

Commodity Assumptions	2009A	2010F	2011F	2012F
A\$:US\$	0.75	0.80	0.81	0.80
Crude Oil - WTI (USD/bbl): (WTI	69.65	67.50	84.07	86.92

Profit & Loss (A\$m)	2009A	2010F	2011F	2012F
Sales Revenue	0.0	0.0	16.5	51.7
Other Income	0.2	0.1	0.0	0.0
Operating Costs	0.0	0.0	2.7	8.6
Royalties	0.0	0.1	4.3	12.5
Exploration Exp.	0.0	2.0	0.0	0.0
Corporate/Admin	2.8	3.6	2.2	2.2
Other	0.0	1.0	0.0	0.0
EBITDA	(2.6)	(6.6)	7.3	28.4
Depn & Amort	0.0	0.0	1.5	6.7
EBIT	(2.6)	(6.6)	5.8	21.7
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)	(6.6)	5.8	21.7
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)	(6.6)	5.8	21.7
Normalised NPAT	(2.6)	(6.6)	5.8	21.7

Cash Flow (A\$m)	2009A	2010F	2011F	2012F
Adjusted Net Profit	(2.6)	(6.6)	5.8	21.7
+ Interest/Tax/Expl Exp	0.0	2.0	0.0	0.0
- Interest/Tax/Expl Inc	2.4	6.4	0.0	0.0
+ Depn/Amort	0.0	0.0	1.5	6.7
+/- Other	(0.2)	1.2	0.0	0.0
Operating Cashflow	(5.1)	(9.8)	7.3	28.4
- Capex (+asset sales)	0.0	3.5	20.0	17.0
- Working Capital Increase	0.0	0.0	0.0	0.0
Free Cashflow	(5.1)	(13.3)	(12.7)	11.4
- Dividends (ords & pref)	0.0	0.0	0.0	0.0
+ Equity raised	0.6	13.6	15.0	0.0
+ Debt drawdown (repaid)	0.0	0.0	0.0	0.0
+ Other	0.0	0.0	0.0	0.0
Net Change in Cash	(4.5)	0.3	2.3	11.4
Exchange Rate Gains (losses)	(0.2)	0.1	0.0	0.0
Cash at End Period	1.3	1.7	4.0	15.5
Net Cash/(Debt)	1.3	1.7	4.0	15.5

Balance Sheet (A\$m)	2009A	2010F	2011F	2012F
Cash	1.3	1.7	4.0	15.5
Total Assets	16.6	24.9	45.6	67.4
Total Debt	0.0	0.0	0.0	0.0
Total Liabilities	4.5	5.8	5.8	5.8
Shareholders Funds	12.1	19.1	39.9	61.6
Ratios				
Net Debt/Equity (%)	na	na	na	na
Interest Cover (x)	na	na	na	na
Return on Equity (%)	na	na	14.4	35.3

Substantial Shareholders

	Shares (m)	%
N/A		

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