

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised for the purposes of the Financial Services and Markets Act 2000 (as amended) who specialises in advising on the acquisition of shares and other securities. The whole text of this document should be read.**

---



**APPENDIX TO THE SCHEDULE 1 ANNOUNCEMENT  
FURTHER INFORMATION ON JUPITER ENERGY LIMITED  
IN CONNECTION WITH ITS PROPOSED ADMISSION TO AIM**

---

Nominated Adviser and Joint Broker  
**Evolution Securities Limited**

Joint Broker  
**Renaissance Capital Limited**

Share capital on Admission  
**115,863,487 ordinary shares of no par value issued and fully paid**

---

**AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority.**

**A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.**

**Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule 2 of the AIM Rules for Nominated Advisers.**

**The London Stock Exchange has not itself examined or approved the contents of this document.**

**It is expected that Admission will become effective and dealings in the ordinary shares of Jupiter Energy Limited will commence on AIM on 9 November 2011.**

### ***Directors' Declaration***

The Company and the Directors, whose names appear on page 3 of this document accept responsibility, individually and collectively for the information contained in this document. Having taken all reasonable care to ensure that such is the case, the information contained in this document is, to the best of the knowledge of the Company and the Directors, in accordance with the facts and contains no omission likely to affect the import of such information.

### ***Appendix***

This Appendix has been prepared in accordance with Schedule One (and its supplement for quoted applicants) of the AIM Rules for a quoted applicant. It includes, *inter alia*, all information that is equivalent to that required for an admission document and which is not currently public. Information in respect of the Company which is public includes, without limitation, all information filed with the ASX (available at [www.asx.com.au](http://www.asx.com.au)) and all information available on the Company's Website. This document, which is dated 12 October 2011, will be available on the Company's Website for at least one month from the date of Admission. This Appendix should be read in conjunction with the Schedule 1 Announcement made by the Company today, and the Company's Public Record. This Appendix and the Schedule 1 Announcement together constitute "the Announcement".

### ***Notice from Nominated Adviser and Joint Brokers***

Evolution is the Company's nominated adviser for the purpose of the AIM Rules and its joint broker. Evolution's responsibilities as the Company's nominated adviser under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company nor to any Director or any other person. Evolution will not be responsible to such persons for providing protections afforded to customers of Evolution nor for advising them in relation to the arrangements described in the Announcement.

Evolution is regulated by the Financial Services Authority. Evolution is acting for the Company and no one else in connection with the proposed arrangements described in the Announcement. It will not regard any other person as its customer nor be responsible to any other person for providing protections afforded to the clients of Evolution nor for providing advice to any other person in connection with the arrangements described in the Announcement.

RenCap is the Company's joint broker and is regulated by the Financial Services Authority. RenCap is acting for the Company and no one else in connection with the proposed arrangements described in the Announcement. It will not regard any other person as its customer nor be responsible to any other person for providing protections afforded to the clients of RenCap nor for providing advice to any other person in connection with the arrangements described in the Announcement.

No representation or warranty, express or implied, is made by Evolution or RenCap as to the contents of this Announcement and no liability is accepted by Evolution or RenCap for the accuracy or opinions contained in, or for the omission of any material information from the Announcement, for which the Company and the Directors are solely responsible.

## **DIRECTORS, SECRETARY AND ADVISERS**

<b>Directors</b>	Mr Geoffrey Anthony Gander (Executive Chairman / Chief Executive Officer)
	Mr Alastair John Beardsall (Non-Executive Director)
	Mr Baltabek Kuandykov (Non-Executive Director)
	Mr Scott Adrian Mison (Part-time Executive Director)
<b>Company Secretary</b>	Mr Scott Adrian Mison
	All of whose business address is the Company's Registered Office
<b>Registered Office and Principal Place of Business</b>	Level 2, 28 Kings Park Road West Perth WA 6005 Australia
<b>Company Telephone Number</b>	+61 89 322 8222
<b>Nominated Adviser And Joint Broker</b>	Evolution Securities Limited 100 Wood Street London EC2V 7AN United Kingdom
<b>Joint Broker</b>	Renaissance Capital Limited One Angel Court Cophall Avenue London EC2R 7HJ United Kingdom
<b>Australian Solicitors to the Company</b>	Steinepreis Paganin Lawyers and Consultants Level 4, The Read Buildings 16 Milligan Street Perth WA 6000 Australia
<b>UK Solicitors to the Company</b>	Memery Crystal LLP 44 Southampton Buildings London WC2A 1AP United Kingdom
<b>Solicitors to the Nominated Adviser and Joint Brokers</b>	Field Fisher Waterhouse LLP 35 Vine Street London EC3N 2AA United Kingdom

**Kazakhstan Solicitors  
to the Company**

Signum Law Firm  
Office 404, Floor 4  
Block 1b, Nurly-Tau Business Center  
Al-Farabi Avenue 19  
050059, Almaty  
Kazakhstan

**Competent Person**

Senergy Australia Pty Ltd  
Level 2, 62 Colin Street  
West Perth WA 6005  
Australia

**Auditors**

Ernst & Young  
11 Mounts Bay Road  
Perth WA 6000  
Australia

**Australian Share Registry**

Computershare Investor Services Pty Ltd  
Level 2, 45 St George's Terrace  
Perth WA 6000  
Australia

**UK Registrar and Depositary  
with regard to the Depositary  
Interests**

Computershare Investor Services PLC  
The Pavilions  
Bridgwater Road  
Bristol  
BS99 6ZY  
United Kingdom

## DEFINITIONS AND GLOSSARY

The following definitions apply throughout this document, unless the context requires otherwise:

“2011 Annual Report”	the annual financial report of the Company for the financial year ended 30 June 2011 together with the declaration of the Directors, the Directors’ report, the remuneration report and the auditors report, available from the Company’s Website;
“2P”	2P reserves consist of 1P reserves (which are those reserves with a 90 per cent. probability of meeting or exceeding estimate) plus probable reserves which, taken together, have at least a 50 per cent. probability that the quantities actually recovered will meet or exceed the estimate;
“A\$”	Australian dollars;
“ABN”	the Australian Business Number, registered with the Australian Government
“Admission”	admission of the Company’s entire issued Ordinary Share Capital to trading on AIM becoming effective in accordance with the AIM Rules;
“AIM”	the market of that name operated by the London Stock Exchange plc;
“AIM Rules”	the rules of AIM as published by London Stock Exchange;
“ASIC”	Australian Securities and Investments Commission;
“Associates”	persons and entities closely associated with an entity, as defined in Sections 10 to 12 and 15 to 17 of the Australian Corporations Act;
“ASX”	Australian Securities Exchange Limited operated by ASX Limited;
“ASX Website”	<a href="http://www.asx.com.au">www.asx.com.au</a> ;
“Australian Corporations Act”	the Corporations Act 2001 of the Commonwealth of Australia (as amended);
“Australian Registrar”	Computershare Investor Services Pty Limited;
“kbbld”	thousand barrels per day;
“bcfpd”	billion cubic feet per day;

“Board” or “Directors”	the directors of the Company whose names are set out on page 3 of this Appendix;
“Block 31 Contract”	contract #2275 dated 26 December 2006 for the exploration and production of oil on blocks 1 and 2 in the Mangystau Oblast of the Republic of Kazakhstan and any addendums thereto as at the date of this document;
“CHES”	the Clearing House Electronic Sub register System, the system used to settle securities traded on the ASX;
“City Code”	the UK City Code on Takeovers and Mergers;
“the Company”	Jupiter Energy Limited (ABN 65 084 918 481);
“Company’s Website”	<a href="http://www.jupiterenergy.com">www.jupiterenergy.com</a> ;
“Constitution”	the constitution of the Company at the date of this document;
“CPR”	Competent Persons Report dated 9 May 2011 (as updated) and covering letter addressed to Jupiter and Evolution produced by Senergy dated 11 October 2011;
“CREST Regulations”	the Uncertificated Securities Regulations 2001 including: <ul style="list-style-type: none"> <li>(i) any enactment or subordinate legislation which amends or supersedes those regulations; and</li> <li>(ii) any applicable made under those regulations or any such enactment or subordinate legislation for the time being in force;</li> </ul>
“CREST”	the relevant system (as defined in the CREST Regulations) operated by Euroclear UK and Ireland Limited in accordance with which securities may be held and transferred in uncertificated form;
“Depository Deed”	the depository interest deed poll executed by the UK Registrar dated 25 February 2011;
“Depository Interests”	the depository interests representing Shares to be electronically listed for trading on AIM and issued by the Company’s UK Registrar which will hold the legal title to the underlying Shares;
“DTR”	the Disclosure and Transparency Rules as set out in the UK Financial Services Authority Handbook;
“Evolution”	Evolution Securities Limited, the Nominated Adviser and Joint Broker to the Company;
“FATA”	the Australian Foreign Acquisitions and Takeovers Act 1975;

“FIRB”	the Australian Foreign Investments Review Board;
“FSU”	former Soviet Union;
“Government”	the government of the Republic of Kazakhstan;
“Joint Brokers”	Evolution and RenCap;
“Jupiter” or “Company”	Jupiter Energy Limited (ABN 65 084 918 481);
“Listing Rules”	the listing rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the official list of ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX;
“London Stock Exchange”	London Stock Exchange plc;
“Lock-In Agreements”	contracts between the Company (1), Evolution (2), Rencap (3) and each of the Directors (4);
“mmbopd”	million barrels of oil per day;
“MOG”	the Ministry of Oil and Gas of Kazakhstan
“Official List”	the Official List of the London Stock Exchange
“Options”	options to subscribe for Shares;
“Ordinary Share Capital”	the entire issued share capital of the Company on Admission being 115,863,487 Shares;
“Performance Rights”	performance right issued under the Performance Rights Plan;
“Performance Rights Plan”	the employee incentive scheme entitled “Performance Right Plan” adopted by the Shareholders at the Company’s annual general meeting held on 25 November 2009;
“Public Record”	without limitation, all disclosures made by the Company to the ASX (available on the ASX Website) and all information available on the Company’s Website as at the date of this document;
“RenCap”	Renaissance Capital Limited, joint broker to the Company;
“Senergy”	Senergy Australia Pty Limited;
“Schedule 1 Announcement”	the announcement setting out the admission information required by Rule 2 of the AIM Rules;

“Shareholders”	holders of Shares;
“Shares”	ordinary shares of no par value in the capital the Company;
“SNG”	Soyuzneftegas Capital Limited;
“Takeovers Panel”	the Australian Takeovers Panel, established by section 171 of the Australian Securities and Investments Commission Act;
“tcm”	trillion cubic metres;
“the Treasurer”	the Treasurer of the Australian federal government;
“Trial Production Licences”	the trial production licences relating to Akkar East and Akkar North-East Block, which were approved at a meeting of the Kazakhstan Central Development Commission on Reserves held on 29 September 2011;
“UK”	the United Kingdom of Great Britain and Northern Ireland;
“UK Registrar”	Computershare Investor Services PLC;
“US\$”	United States dollars;
“WPL Associates”	any body corporate in which WPL is interested in 50 per cent. or more of the share capital or is entitled to exercise or control the exercise of more than 50 per cent. of the voting power at any general meeting of the body corporate or any director of WPL;
“WPL”	Waterford Petroleum Limited;
“WPL Lock-in Agreement	contract between the Company (1), Evolution (2), and WPL (3); and
“£”	British pounds sterling.

## **MARKET INFORMATION**

AIM Ticker	JPRL
ISIN	AU000000JPR6
ASX Ticker	JPR
SEDOL	B42JMC8



## 1. JUPITER ENERGY LIMITED

Jupiter is listed on the ASX under the code "JPR".

The Company is focussed on oil exploration and production in Kazakhstan and through its wholly owned Singaporean subsidiary, Jupiter Energy Pte Ltd, currently owns 100 per cent. of one exploration and production permit located in the oil rich Mangistau Basin pursuant to the Block 31 Contract, close to the port city of Aktau.

The Company has offices in Perth, Australia and London, England but almost all its staff are based in the operations centre located in Aktau, Kazakhstan. The Company currently employs 35 personnel across these three offices, with 31 of the staff based in Aktau and the four Directors based in United Kingdom (two), Almaty, Kazakhstan (one) and Perth (one). Of the 31 staff employed in the Aktau office, 30 are Kazakh nationals.

The Block 31 Contract covers an area of 122.64km<sup>2</sup> and is located within the Zhetybai-Uzen step, adjacent to the Akkar North and North West Zhetybai oilfields and with the southern boundary just north of the Zhetybai field.

**Image 1: Jupiter's Operations in Kazakhstan**



Jupiter acquired the Block 31 Contract in June 2008 and shot and interpreted 3D seismic over the most prospective area of the permit from November 2008 through to April 2009. The Company identified a range of targets as a result of the 3D program and commenced a drilling program that ensured that the Company met its working commitments as outlined under its contract with the Government.

The Company announced that it had begun drilling its first well (J-50) in late December 2009, and this was a commercial discovery. The well was put onto a three month production test and a range of data was compiled during this time. After the completion of the three month testing period the well was shut in and an application was made by the Company to the Government for a Trial Production Licence for J-50. At the same time, the Company engaged the independent consultant Senergy to prepare an independent reserves report based on the drilling of J-50. The conclusion of this report was that the Company had 2P reserves equivalent to 8.6million barrels of oil recoverable.

The Company announced on 18 November 2010 that they had begun to drill their 2010 well (J-52). This was also a commercial discovery. The well was also put onto a three month production test and as with J-50 a range of data was compiled and formed part of an application to the Government for a Trial Production Licence for J-52. The Company also asked Senergy to provide an update to its independent reserves report and Senergy concluded in May 2011 that 2P recoverable reserves were now equivalent to 24.21 million barrels of oil.

On 29 September 2011 the Company was advised by the MOG that the Trial Production Licences for both J-50 and J-52 wells had been approved. The Company expects to take both wells into production before the end of 2011. It is expected that production from these two wells will be approximately 600 barrels of oil per day in total and this oil will be initially sold into the domestic market.

The intention is to sell the majority of oil produced from the Block 31 Contract into the export market once Jupiter have elected to seek approval to move from the exploration licence phase to the production phase.

The Company announced that it commenced the drilling of its second 2011 commitment well (J-51) in July 2011 and announced on 22 September 2011 that the well had reached target depth and was being prepared for production casing and cement. Operational progress and geological results were consistent with the Company's drilling plans and well prognosis. The forward plan is to run casing and perforate the well. The well will then be stimulated and flow tested for up to a maximum of three months during which time flow rates will be measured utilising various choke sizes.

Whilst the Company has sufficient funds for its current development plans, the Board is exploring the opportunity to undertake an equity fundraising in the near term with a view to accelerating its development plans and broadening the Company's shareholder base. Any further fundraising will be subject to prevailing market conditions and the availability of funds.

### ***Background to Kazakhstan***

Kazakhstan is the ninth largest country in the world covering an area of over 2.7 million km<sup>2</sup> which is the size of Western Europe. It is located in Central Asia, bordered by Russia in the North, China in the East, Uzbekistan and Turkmenistan to the South and the Caspian Sea in the West.

**Table 1: Kazakhstan Quick Facts<sup>1</sup>**

Population (millions)	16.3
Population Growth (per cent.)	1.4
Life Expectancy (m/f years)	61/73
Foreign direct investment, net inflows (per cent. GDP)	1.5
Unemployment (per cent. total labor force)	5.8
Internet Users (per 100 people)	33

The modern capital of Kazakhstan, Astana is a young, fast growing capital city, established in 1997 and the President of Kazakhstan, Nursultan Nazarbaev, has set an ambitious goal for Astana to become one of the world's most competitive and business-favourable cities by 2030. However, the former capital, Almaty remains the principal financial centre and the largest city in the country.

Kazakhstan has a successfully developing economy. It has enjoyed a steady growth in its Gross Domestic Product for the last five years with average year-on-year increases of over 6.2 per cent.<sup>2</sup> Kazakhstan enjoyed strong economic growth between 2000-2007, during which time there have been systematic reforms (including privatisation and liberalisation of trade and prices), foreign investment, and the increases in both agricultural production and commodities prices. During the global financial crisis of 2008 and 2009 GDP growth declined (3.2 per cent. and 1.2 per cent. respectively), but has rebounded in 2010 to 7 per cent., with oil, and oil products representing 59 per cent. of commodities exported.

**Table 2: Kazakhstan's Annual GDP Growth (2000-2010)<sup>3</sup>**

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>GDP Growth Annual (per cent.)</b>	9.8	13.5	9.8	9.3	9.6	9.7	10.7	8.9	3.3	1.2	7.0

Since 1993, Kazakhstan has attracted more than US\$78.5 billion of foreign direct investment into its economy<sup>4</sup> with significant investors including Shell, Exxon Mobil, Chevron and BG Group as well as a range of large Russian and Chinese corporations. Kazakhstan has large reserves of natural resources with 38.9 billion barrels of proved oil and of 1.8 tcm of gas<sup>5</sup>. In 2011 they were ranked 11th and 15th for oil and gas proved reserves.<sup>6</sup>

<sup>1</sup> WorldBank Data and Statistics for Kazakhstan (2010)

<sup>2</sup> www.worldbank.org.kz

<sup>3</sup> WorldBank Data and Statistics for Kazakhstan

<sup>4</sup> WorldBank Data and Statistics for Kazakhstan

<sup>5</sup> Figure for 2010, BP Statistical Review of World Energy 2011

<sup>6</sup> Page 11, CIA World Fact Book

**Table 3: Kazakhstan Oil and Gas- Quick Facts<sup>7</sup>**

2010 Oil Reserves (billion barrels)	38.9 <sup>8</sup>
2009 Highest Daily Oil Production (mmbopd)	1.54 (estimate)
2009 Average Daily Oil Consumption (mmbopd)	0.241 (estimate)
Major Oil/Gas Ports	Aktau Atyrau Kuryk
Major Refineries	Pavlodar Shymkent Atyrau
Major Foreign Firms	Chevron Total CNPC BG Group Lukoil ExxonMobil Shell ENI

The country's main reserves are concentrated in the western part of the country, where the five largest onshore oil fields are located (Tengiz, Karachaganak, Aktobe, Mangistau and Uzen)<sup>9</sup> These fields account for about half the proven reserves. Offshore Kashagan and Kurmangazy oil fields in the Caspian Sea are estimated to contain at least 14 billion barrels of oil.<sup>10</sup>

Kazakhstan is the fourth largest producer of gas in the FSU, behind Russia, Turkmenistan and Uzbekistan, with the Government's flaring reduction policy and CNPC AktobeMunaiGas Contract contributing to the majority of gas production growth from 2002<sup>11</sup>. Furthermore, after Russia, Kazakhstan is the second largest oil producer in the FSU<sup>12</sup>, and within the last decade has more than doubled its production, reaching 1.7 million barrels oil per day in 2010<sup>13</sup>.

<sup>7</sup> US Energy Information Administration- Kazakhstan Country Profile

<sup>8</sup> Figure for 2010, BP Statistical Review of World Energy 2011

<sup>9</sup> US Energy Information Administration- Kazakhstan Country Profile

<sup>10</sup> US Energy Information Administration- Kazakhstan Country Profile

<sup>11</sup> Wood Mackenzie Kazakhstan Overview

<sup>12</sup> Wood Mackenzie Kazakhstan Overview

<sup>13</sup> Figure for 2010, BP Statistical Review of World Energy 2011

**Table 4: Kazakhstan's Giants<sup>14</sup>**

Location	Description	Ownership
Karachaganak	Located in Northwest Kazakhstan the Karachaganak is producing just under 50 per cent. of the country's total gas production and 15 per cent. of the total liquid production. It is operated by an international consortium agreement under a Production Sharing Agreement.	BG Group (32.5%) ENI (32.5%) Chevron (20%) Lukoil (15%)
Kashagan	The Kashagan field is located offshore in the Caspian Sea. Reserves are estimated at 9-16 billion barrels with production expected during 2013. The field is operated by an international consortium in accordance to the North Caspian Production Sharing Agreement.	ENI (16.8%) Shell (16.8%) Total (16.8%) ExxonMobil (16.8%) ConocoPhillips (8.4%) KazMunaiGas (16.8%) Inpex (7.6%)
Tengiz	Tengiz includes the super giant Tengiz field, the smaller Korolev field and several exploratory prospects. The Tengiz and Korolev fields have potential for an estimated 6 billion to 9 billion barrels of recoverable oil. Tengiz is operated by TCO, a 40 year partnership.	Chevron (50%) ExxonMobil (25%) KazMunaiGas (20%) Russian LukArco (5%)

Reserves at these three fields are still subject to a degree of uncertainty because of the large and complex nature of the development projects. A change in any of these could have a significant effect on the country's total.

**Table 5: Kazakhstan's Oil and Gas Production (1998-2010)<sup>15</sup>**

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Daily Gas production (bcm)	7.2	9.0	10.4	10.5	10.2	12.6	20.0	22.6	23.9	26.8	29.8	32.5	33.6
Daily oil production (kbopd)	537	631	744	836	1018	1111	1297	1356	1426	1484	1554	1688	1757

Industry analysts Wood Mackenzie believe that planned expansion of oil production, together with the development of new fields, could enable the country to produce as much as 2 million barrels per day by 2013,<sup>16</sup> whilst the US Department of State suggest it could become one of the world's top 10 producers by 2015.<sup>17</sup> However,

<sup>14</sup> Wood Mackenzie Kazakhstan Overview

<sup>15</sup> Figure for 2010, BP Statistical Review of World Energy 2011

<sup>16</sup> Wood Mackenzie Kazakhstan Overview

<sup>17</sup> US Department of State – Background note: Kazakhstan

this is contingent on major projects, like Kashagan, meeting ambitious development and production targets. Kazakhstan's only port access is to the landlocked Caspian Sea. As such the oil and gas produced in Kazakhstan is mainly transported via railroad, pipeline or across the Caspian. KazMunaiGas controls 65 per cent. of Kazakhstan's oil transport routes and all of its natural gas pipelines. It is also the leading fuels distributor and retailer in the country.

**Image 2: Kazakhstan's Export Oil Pipelines<sup>18</sup>**



Kazakhstan has three major oil refineries, however because of the low domestic prices for refined products, producers have preferred, when licensed, to export crude oil to international markets, and as such, the refining sector in Kazakhstan has not received the levels of foreign direct investment that other parts of the oil sector have.<sup>19</sup>

**Table 6: Kazakhstan's Oil Refineries<sup>20</sup>**

Refinery	Daily Capacity	Description
Pavlodar	163 kbblpd	Supplied primarily by crude pipeline from Western Siberia
Atyrau	104 kbblpd	Processes solely domestic crude from northwest Kazakhstan and is undergoing upgrade.
Shymkent	78 kbblpd	Operated by Petrokazakhstan, (which is 33 per cent. owned by KazMunaiGas and 67 per cent. owned by China National Petroleum Corporation) and processes oil from the oil fields at Kumkol and central Kazakhstan

<sup>18</sup> US Energy Information Administration- Kazakhstan Country Profile

<sup>19</sup> Oil and Gas Journal and Nefte Compass, cited in US Energy Information Administration- Kazakhstan Country Profile

<sup>20</sup> US Energy Information Administration- Kazakhstan Country Profile

## **Key Strengths**

The Board believes that the following key elements will enable the Company to become an oil producer during 2012 in one of the most prospective oil producing countries in the world:

- an experienced and well connected board and management;
- a proven local team with access to skilled Kazakh human resources/companies;
- the proven ability to transact in Kazakhstan;
- ownership of the Block 31 Contract which provides exploration acreage in the oil rich Mangistau Basin, SW Kazakhstan, which the Directors believe to have significant upside potential;
- a range of targets identified through the results of a 3D seismic program;
- 100 per cent. success with two commercial discoveries from its first two exploration wells and encouraging initial results from its third exploration well;
- the expected drilling of two new wells on the permit during 2012. The first 2012 well is likely to spud in late 2011 and the second is expected to spud during the second half of 2012 fulfilling the Company's work commitments for this stage of its licence; and
- straightforward access to the export oil market through the nearby port city of Aktau, thereby allowing the Company to seek to monetise oil discoveries at the best possible prices.

Full details of important events in the development of the Company's business, its activities, including the CPR and the 2011 Annual Report, are contained in announcements and documents available on the Company's Website and on the ASX Website.

## **2. INCORPORATION**

The Company was registered in Western Australia as an Australian public company limited by shares on 27 October 1998. The Company's ABN is 65 084 918 481. The Company was formed and operates under the Australian Corporations Act.

The Company is the holding company of five wholly owned subsidiaries, the details of which are set out in the table below:-

**Table 7: Company's Subsidiaries**

<b>Company Name</b>	<b>Country of Incorporation</b>
Jupiter Energy (Victoria) Pty Ltd	Australia
Jupiter Biofuels Pty Ltd	Australia
Jupiter Energy (Kazakhstan) Pty Ltd	Australia
Jupiter Energy Pte. Ltd	Singapore
Jupiter Energy (Services) Pte. Ltd	Singapore

### **3. AUSTRALIAN CORPORATIONS ACT**

Below is a general summary of relevant corporate laws and policy in Australia. The law, policies and practice applicable to companies incorporated in Australia are subject to change from time to time. The summary does not purport to be a comprehensive analysis of all the consequences resulting from holding, acquiring or disposing of Shares and interests in Shares. If you are in any doubt as to your own legal position, you should seek independent advice without delay.

The Company is obliged to comply with the Australian Corporations Act and also with specific obligations arising from other laws that relate to its activities. The ASIC is responsible for administering and enforcing the Australian Corporations Act. In addition, the Takeovers Panel is the principal forum for resolving disputes relating to a takeover during the bid period.

#### ***Takeovers***

As an Australian public listed company, a takeover of the Company is governed by Chapter 6 of the Australian Corporations Act which is designed to ensure that:

- the acquisition of control of the voting shares in a listed company, takes place in an efficient, competitive and informed market;
- shareholders and directors:
  - know the identity of any person who proposes to take over a company;
  - have a reasonable time period in which to consider any takeover proposal; and
  - are given enough information to enable them to assess the merits or otherwise of a takeover proposal;
- as far as practicable, all shareholders are given a reasonable and equal opportunity to participate in any proposal under which a person would acquire a substantial interest in the company; and
- an appropriate procedure is followed as a preliminary to compulsory acquisition of voting shares or interests.



The Australian Corporations Act contains a general rule that a person must not acquire a “relevant interest” in issued voting shares of a company as a result of a transaction in relation to securities entered into by or on behalf of the person if, because of the transaction, a person’s voting power in the company:

- increases from 20 per cent. or below to more than 20 per cent.; or
- increases from a starting point which is above 20 per cent. but less than 90 per cent.

A person’s voting power is deemed to be that of that person and his/her Associates.

Four principal exceptions are relevant to this general prohibition:

- for an acquisition under a court approved scheme of arrangement;
- by so-called “creeping”. A shareholder who has had, throughout the previous six months, 19 per cent. or more of a company’s voting shares is entitled to increase its holding by up to three per cent. higher than that held six months before the acquisition. Shares can be acquired on or off the stock exchange without having to comply with the requirements of a takeover bid and no public statement is necessary. Other requirements, such as lodgement of substantial shareholder notices, must still be complied with;
- an acquisition with the approval of shareholders. A person can make an acquisition which will take them over the 20 per cent. threshold provided the acquisition has been given prior approval by a majority of shareholders (excluding the buyer and seller of the shares and their associates); and
- an acquisition under a takeover bid. This is the most common manner in which a controlling shareholding is acquired in an Australian public company. A takeover bid must be made within two months of the announcement of the bid and must remain open for a minimum of a month. There are two types of takeover bid - an off-market bid for either quoted or unquoted securities and a market bid for quoted securities made and accepted only through the ASX.

Off-market bids must relate to all securities in a bid class or a specified portion of the shares held by each holder in that bid class. A market bid must relate to all securities in the bid class.

All target shareholders must be offered the same consideration per share regardless of the size of their shareholding. The consideration offered to shareholders of the target company under an off-market bid may be cash, securities or a combination of both. Under a market bid only cash can be offered. If the bidder (or an associate) has purchased or agreed to purchase securities in the bid class during the four month period preceding the bid, the consideration offered under the bid must be equal to or exceed the maximum consideration that the bidder or its associates provided or agreed to provide in the previous four months.

An off-market bid may include conditions, or it may be unconditional. These conditions cannot be self-defeating. That is, they cannot include conditions the fulfilment or non-fulfilment of which depends on beliefs held by the bidder, or be subject to circumstances wholly within the control of the bidder or their associate.

Common conditions include the receipt of a minimum level of acceptances, obtaining all necessary regulatory approvals and there being no material adverse change in relation to the target company. Market bids, by contrast, must be unconditional. The principal documentation prepared by a bidder consists of a written offer document containing the terms, a bidder's statement containing information material to target shareholders and an acceptance form. These documents are lodged with ASIC and the ASX. The target company must prepare a target statement, which must set out material information and a directors' recommendation. A copy of the target statement must be lodged with ASIC and the ASX and sent to shareholders.

If the bidder and the target company have common directors, or if the bidder holds 30 per cent. or more of the securities in the target company, there is a requirement that the target statement must include a report and recommendation from an expert financial adviser as to whether the offer is "fair and reasonable" for participating shareholders.

A takeover offer must be open for between one and twelve months. A takeover offer cannot be withdrawn without the written consent of ASIC.

A person who holds no less than 90 per cent. of the shares in a company may conduct a compulsory acquisition of all remaining shares under the Australian Corporations Act.

No person has made a public takeover bid for the Company's issued share capital since its incorporation.

### ***Powers of the Company***

The Company, being incorporated under the Corporations Act, does not have a memorandum of association and has the legal capacity and powers of an individual both in and outside Australia.

The Company also has all the powers of a body corporate, including the power to:

- issue and cancel Shares;
- issue debentures (despite any rule of law or equity to the contrary, this power includes a power to issue debentures that are irredeemable, redeemable only if a contingency, however remote, occurs, or redeemable only at the end of the period, however long);
- grant options over unissued Shares;
- distribute any of the Company's property among the Shareholders, in kind or otherwise;
- give security by charging uncalled capital;
- grant a floating charge over the Company's property;
- arrange for the Company to be registered or recognised as a body corporate in any place outside Australia; and

- do anything that it is authorised to do by any other law (including the law of a foreign country).

### ***Substantial Shareholdings***

A person who:

- begins to or ceases to have a substantial holding in a company (representing five per cent. or more of the company); or
- has a substantial holding in a company and there is movement by at least one per cent. in their holding

must give notice to the Company and to the ASX. The contents of the notice are prescribed in the Australian Corporations Act, section 671B (3) and (4). In practice, the Company on receipt of the prescribed notice notifies the ASX on behalf of the Shareholder.

A person has a substantial holding if that person and that person's Associates have a relevant interest in five per cent. or more of voting shares in a company.

### ***Foreign Investment***

In Australia, foreign investment in and ownership of companies and property is regulated by the Foreign Acquisitions and Takeovers Act 1975 which is administered by the Foreign Investment Review Board, a division of the Treasury Department of the Australian federal government. FIRB's functions are advisory only, and responsibility for making decisions on proposals rests with the Treasurer of the Australian federal government.

FATA provides a notification and approval process for proposed investments in Australia by foreign persons (which includes individuals, corporations and trusts), which may result in foreign control or ownership of Australian businesses or companies. Small proposals are generally exempt from notification, and larger proposals are approved unless judged contrary to the national interest.

FATA provides that where:

- the Treasurer is satisfied a person proposes to acquire shares in a corporation which carries on an Australian business; and
- the acquisition would result in the corporation being controlled by a foreign person; and
- the result would be contrary to the national interest,

the Treasurer may make an order prohibiting the acquisition. This does not apply to existing Australian businesses whose total assets do not exceed A\$231 million.

A proposed acquisition of shares (unless an exempt dealing under FATA) will have the effect of a foreign person acquiring a controlling interest in an Australian corporation if one of the following applies:

- that person alone, or together with his/her associates (such term as defined in Section 6 of FATA), directly or indirectly acquires 15 per cent. of the shares or voting power in a corporation; or
- that person, together with other foreign persons and each of their Associates, directly or indirectly acquire 40 per cent. of the shares or voting power in a corporation.

If a foreign person must give notice to FIRB under FATA it must await the decision of the Treasurer before entering into a binding agreement to acquire shares which will result in a foreign person acquiring a controlling interest in a corporation.

### ***Listing Rules***

The Listing Rules and guidance notes can be found at the ASX Website.

## **4. THE CITY CODE ON TAKEOVERS AND MERGERS**

The Company is incorporated in Australia, has its head office and place of central management in Australia and is resident in Australia. Accordingly, transactions in Shares will not be subject to the provisions of the City Code. There are, however, provisions under Australian law and regulation applicable to the Company, particularly Chapter 6 of the Australian Corporations Act that are, in part, similar or analogous to certain provisions of the City Code. These are summarised in Section 3 of this Appendix.

## **5. SHARE CAPITAL**

All Shares of Jupiter are currently admitted to dealing on the ASX. The Shares have been traded on the ASX since 12 November 2003. The Shares have been created under the Australian Corporations Act. All documents or announcements which the Company has made public in consequence of having its securities traded on the ASX are available from the Public Record.

The Company, as at the date of this document, has in issue 115,863,487 Shares and a total of 866,669 unlisted Options. The Shares have no nominal or par value and are recorded in the accounts of the Company at their issue price. The Shares were issued in A\$.

Shareholders have no further liability in respect of their Shares, i.e. the Company has no statutory right to recover any unpaid calls on any Shares (of which there are currently none). Shareholders may elect to forfeit their Shares rather than pay any such calls.

The Company intends to make an application for all of its Shares to be admitted to trading on AIM.

The ISIN Code for the Shares is AU000000JPR6.

The Company does not have an authorised share capital. This concept was abolished by the Australian Company Law Review Act 1998. There is generally no limit in the Australian Corporations Act or a company's Constitution on the power of the Directors to issue shares. In particular, the concept under English law that existing shareholders have a statutory right to be offered newly issued shares in a company for cash only before such shares can be offered to new investors does not apply to Australian companies unless it is specifically included in their constitution, which is not the case in respect of the Company.

However, subject to certain exceptions (including those in respect of pro rata issues and issues under employee schemes):

- rule 7.1 of the Listing Rules prohibits a company which is listed on the ASX from issuing or agreeing to issue shares or options representing more than 15 per cent. of its issued capital in any twelve month period without shareholder approval. Such shareholder approval requires an ordinary resolution passed by a simple majority;
- chapter 6 of the Australian Corporations Act forbids the acquisition of a "relevant interest" in voting shares in a company (whether by transfer or issue) if, as a result, the "voting power" of the acquirer (or any other person) would increase:
  - from 20 per cent. or below to more than 20 per cent.; or
  - at all from a starting point which is above 20 per cent. but less than 90 per cent.,  
other than certain exceptions, the principal exceptions being summarised in Section 3 above ('Takeovers'); and
- the Australian Corporations Act contains provisions governing the disclosure obligations of a company making an offer/issue of securities. The general rule is that an offer of securities must be accompanied by disclosure to potential investors in a prescribed document (either a prospectus, a short form prospectus, a profile statement or an offer information statement) unless the type of offer falls within an exemption. Types of offer which do not require disclosure include offers to sophisticated investors and professional investors, offers to people associated with the company, certain offers to existing holders of securities and issues for no consideration.

On 12 August 2011, the Shareholders approved the issue of 2,133,335 Performance Rights to the Directors pursuant to and in accordance with the Performance Rights Plan. These Performance Rights which expire on 25 August 2012, are subject to a minimum 25 per cent. increase in the share price (base price is A\$0.735) and vest in proportion to the per cent. increase in the share price over the minimum threshold price of A\$0.735. A maximum of 2,133,335 Shares can be issued under the Performance Rights Plan, Directors may issue further Performance Rights to senior management during 2011/2012.

The Company has also granted the unlisted Options detailed in the table below:

**Table 8: Company Options**

<b>Number of Options</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
400,000	\$1.50	31 December 2012
266,668	\$2.25	31 December 2012
200,001	\$2.775	31 December 2012

No application is to be made for the unlisted Options to be listed on the ASX or any other market and no application is to be made for the unlisted Options to be admitted to trading on AIM. Full details of the Company's issued Options can be found in the 2011 Annual Report which can be viewed at the Company's Website.

The Company intends to lodge its Notice of Meeting for the 2011 Annual General Meeting on or before 25 October 2011. The meeting is scheduled to be held on 28 November 2011 and several resolutions will be put to shareholders for approval including:

- issue of 266,667 shares to Erkin Svanbayev. The shares form part of Mr Svanbayev's Retirement Payment where shares will be issued in lieu of a three month termination payment (\$US27,000) and a bonus payment (\$173,000) that is still subject to the achievement of certain milestones and satisfaction of conditions by Mr Svanbayev;
- the ability for the Board of Directors to issue shares to raise up to A\$55 million at a price that may not be less than 80 per cent. of the average market price for the Shares calculated over the last five days on which sales in the Shares are recorded before the day on which the issue is made or, if there is a prospectus, over the last five days on which sales in the Shares were recorded before the date the prospectus is signed;
- the adoption of a new constitution in lieu of the Constitution which incorporates amongst other things, provisions to ensure that Shareholders are obliged to comply (where necessary) with the notification and disclosure requirements set out in Chapter 5 of the DTR as if the Company were a UK domestic company; and
- the ratification of the allotment and issue of convertible loan notes to SNG, further details of which are set out in paragraph 18.5 below.

Expanded details of these resolutions will be contained in the Explanatory Statement that accompanies the Notice of Meeting and these documents, when released, can be viewed at either the Company's Website or at the ASX Website.

Save as disclosed in this document or the Public Record:

- no Share of the Company has been issued or is now proposed to be issued, fully or partly paid, either for cash or for a consideration other than cash;

- no Share of the Company is under option or is agreed conditionally or unconditionally to be put under option;
- no commission, discount, brokerage or other special term has been granted by the Company or is now proposed in connection with the issue or sale of any part of the share capital of the Company;
- no founder, management or deferred shares have been issued by the Company; and
- no amount or benefit has been paid or is to be paid or given to any promoter of the Company.

## **6. DISCLOSURE**

The Company has adhered to all legal and regulatory requirements involved in having its securities traded on the ASX. There is no material information concerning Jupiter which has not been announced to the ASX as at the date of this document. The Company has complied with all the continuous disclosure requirements of the ASX and the Australian Corporations Act.

## **7. SIGNIFICANT CHANGES IN FINANCIAL POSITION SINCE 30 JUNE 2011**

All significant changes in financial or trading position since the end of the financial year ended 30 June 2011 are detailed in the 2011 Annual Report and/or have been the subject of ASX announcements available on the websites set out on page 1 (i.e. the Company's Website and the ASX Website). Such announcements include the quarterly consolidated cash flow statements for the three month period ended 30 September 2011.

## **8. ADMISSION, SETTLEMENT (CREST) AND DEALINGS**

To be traded on AIM, securities must be able to be transferred and settled through the CREST system, a UK computerised paperless share transfer and settlement system, which allows shares and other securities, including depository interests, to be held in electronic form rather than in paper form. For foreign securities to be transferred and settled through CREST they need to be in the form of Depository Interests.

The Company, through its UK Registrar, has established a facility whereby (pursuant to the Depository Deed Poll executed by the UK Registrar) Depository Interests, representing Shares, are issued by the UK Registrar, acting as Depository, to persons who wish to hold the Shares in electronic form within the CREST system. The Company will apply for the Depository Interests, representing Shares, to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in Depository Interests representing the Shares following Admission may take place within the CREST system if the relevant Shareholders so wish. The Shares will remain listed and traded on the ASX, with trades settled electronically on the Australian Register through CHES.

Shares held on the Australian registry cannot be traded on AIM and similarly, Shares (or Depository Interests representing Shares) held on the UK registry cannot be traded on the ASX. However, Shares held through CHESS on the Australian registry may be transferred into Depository Interests held through CREST on the UK registry and vice versa.

An outline of the process for undertaking such transfers can be found on the website of Jupiter's Australian Registrar at [www.au-computershare.com](http://www.au-computershare.com). Shareholders wishing to undertake such a transfer will generally need to contact their broker and allow a reasonable time for the transfer to be effected. Furthermore, Shareholders will need to establish an account with a broker in the market to which they are transferring their Shares in order to trade their Shares on that market.

## **9. LOCK IN ARRANGEMENTS AND CONTROLLING SHAREHOLDER**

Pursuant to the AIM Rules each of the Directors and WPL have undertaken not to dispose of any Shares that they or any of their related parties (as defined in the AIM Rules) own for a period of 12 months from Admission. Further details of the Lock-In Arrangements are set out in paragraph 18 of this document.

As at the date of this document WPL and the WPL Associates hold 29.69 per cent. of the Ordinary Share Capital. WPL has entered into a relationship agreement with the Company to, amongst other things, regulate its relationship with the Company. Further details of the relationship agreement are set out in paragraph 18 of this document.

## **10. DIVIDEND POLICY**

The Company anticipates that significant expenditure will be incurred in the exploration of its oil interests during the 12 month period following Admission. Accordingly, the Company does not expect to declare any dividends during that period. Thereafter it is the Directors' intention to pay dividends when profit, available cash flow and capital requirements allow and in accordance with the company's strategy for growth. However, the Directors can give no assurance as to the payment of future dividends.

## **11. RISK FACTORS**

There are a number of risks which may have a material and adverse impact on the future operating and financial performance of Jupiter and the value of Jupiter Shares. These include risks that are widespread risks associated with any form of business and specific risks associated with Jupiter's business and its involvement in the oil and gas exploration, development and production industry. While most risk factors are largely beyond the control of Jupiter and its Directors, the Company will seek to mitigate the risks where possible and where the Directors consider it prudent to do so.

The following summary, which is not exhaustive, represents some of the principal risk factors which affect the Company.



### ***Oil and Gas Exploration, Development and Production Risks***

The future viability and profitability of Jupiter as an oil and gas exploration, development and production company will be dependent on a number of risk factors, including, but not limited to, the following:

- the discovery and delineation of hydrocarbon reserves that can be economically exploited on any of the existing or future permits in which Jupiter has an interest cannot be guaranteed. The presence of hydrocarbon resources will not be known until the target reservoir has been drilled and the ability to commercially extract the hydrocarbons will not be known until appropriate well tests and feasibility studies have been completed. There is always a risk that any potential hydrocarbon hosting structures identified by geophysical and other techniques will not contain hydrocarbons due to inappropriately placed or timed hydrocarbon migration, ineffective seal on the structure, later disruption of the structure or various other critical factors. A potential reservoir structure may also contain non-commercial volumes due to adverse reservoir conditions, inadequate hydrocarbon charge and the cost and availability of extraction and delivery infrastructure;
- the cost and timing of exploration activities – which can be adversely affected by the availability of and competition for drilling rigs, remote sensing equipment and appropriately skilled and experienced consultants. In particular, the failure to secure a drilling rig within permit work programme timetables may result in the need to renegotiate permit terms with the relevant authority or relinquishment of the permit;
- poor weather conditions over a prolonged period which might adversely affect exploration, development and production activities with associated increase in costs and the timing of earning revenues;
- unforeseen equipment failures, breakdowns or repairs may result in significant delays to exploration, development or production activities, notwithstanding regular programs of repair, maintenance and upkeep;
- risks associated with the recent strong natural resources environment, which has been observed to cause significant increases in the capital costs and/or labour cost inflation of a number of resource projects around the world;
- the granting and renewal of relevant permits and approvals for exploration, development and production activities from relevant government authorities;
- the risk of material adverse changes in the government policies or legislation Kazakhstan affecting oil and gas exploration and production activities; and
- environmental management issues which the Company may be required to comply with from time to time and the potential risk that regulatory environmental requirements or circumstances could impact on the economic performance of the Company's operations.

## ***Risks Specific to the Company***

### *Exploration Success*

The Block 31 Contract is at an early stage of exploration, and potential investors should understand that oil exploration and development are high-risk undertakings.

There can be no assurance that exploration of this permit, or any other permit that may be acquired in the future, will result in the discovery of an economic oil reserve. Even if an apparently viable reserve is identified, there is no guarantee that it can be economically exploited.

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

### *Operating Risks*

The operations of the Company may be affected by various factors, including failure to locate or identify oil reserves, failure to achieve predicted volumes in exploration and drilling, operational and technical difficulties encountered in drilling, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment. No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or drilling of its permit. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

### *Reserve Estimates*

Reserve estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, reserve estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and drilling plans which may, in turn, adversely affect the Company's operations.

### *Commodity Price Volatility and Exchange Rate Risks*

If the Company achieves success leading to oil production, the revenue it will derive through the sale of oil exposes the potential income of the Company to oil price and exchange rate risks. Oil prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for oil, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, the international prices of oil is denominated in United States dollars, whereas some of the income and expenditure of the Company is and will be taken into account in Australian currency or Kazakh Tenge, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar, the Australian dollar and the Kazakh Tenge as determined in international markets.

#### *Environmental Risks*

The operations and proposed activities of the Company are subject to the laws and regulations concerning the environment in Kazakhstan. As with most exploration projects and oil operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or well development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all Kazakh environmental laws. This requires the Company to apply for approvals such as Emissions Permits in order to undertake various drilling and testing operations. Whilst the Company has such permits in place for 2011 and is in the process of obtaining these permits for 2012 there is no guarantee that they will be forthcoming, or at least in a timely manner, as expected by the Company. Any failure to receive requisite permits may impact the economic performance of the Company's operations.

#### *Title Risks*

Interests in permits in Kazakhstan are governed by the granting of licences or leases by the appropriate government authorities. Each permit is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in a permit if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

#### *Sovereign Risk*

The Company's Kazakhstan projects are subject to the risks associated in operating in a foreign country. These risks may include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, labour relations as well as government control over natural resources or government regulations that require the employment of local staff or contractors or require other benefits to be provided to local residents.

Any future material adverse changes in government policies or legislation in Kazakhstan that affect foreign ownership, exploration, development or activities of companies involved in oil exploration and production, may affect the viability and profitability of the Company.

#### *Risks Associated with the Kazakh Subsurface Law*

The Block 31 Contract is subject to the new law on subsurface and subsurface use in Kazakhstan, dated 24 June 2010 (the "Subsurface Law") among other laws. Pursuant to the Subsurface Law, the items which are related to subsurface use rights include participatory interests or shares in a legal entity holding the subsurface use right, as well as a legal entity which directly and/or indirectly determine and/or influence decisions adopted by a subsurface user if the principal

activity of such subsurface user is related to subsurface use in Kazakhstan (the “User Rights”).

The Subsurface Law provides the Government with a statutory pre-emption right (the “Subsurface Pre-emption Right”), exercisable in the event of transfer of any interest in a legal entity that has subsurface use rights and/or User Rights if such legal entity’s main activity is related to subsurface use in Kazakhstan.

In addition, under the Subsurface Law, any transfer or alienation of subsurface use rights and/or User Rights to any third party, in whole or in part, may only be made with the prior consent (“Subsurface Consent”) of the competent authority in Kazakhstan, (the “Competent Authority”) if the main activity of that legal entity is related to subsurface use in Kazakhstan. Under the Subsurface Law, transactions requiring Subsurface Consent include:

- alienation of subsurface use rights and User Rights either fully or partially, to another entity on the basis of paid or non-paid civil transactions;
- transfer of subsurface use rights and User Rights to the issued share capital of another legal entity;
- alienation of subsurface use rights and User Rights which is carried out in the course of privatisation of the property complexes of state enterprises having the subsurface user right;
- alienation of subsurface use rights and User Rights in the course of bankruptcy proceedings;
- levy of execution upon subsurface use rights and User Rights including in case of pledge;
- acquiring ownership of right to an interest in either a legal entity having a subsurface use right or a legal entity which is able to determine, directly and/or indirectly, decisions and/or influence decisions adopted by such subsurface user, provided that the main activity of such legal entity is associated with subsurface use in the Republic of Kazakhstan, as a result of an increase in the issued share capital through additional financial contributions made by one or more participants/shareholders as well as through admission of a new participant/shareholder to the legal entity; and
- an initial public offering on an organised securities market of shares or other securities, or of securities convertible into shares, of either a legal entity which is a subsurface user; or a legal entity which is able to determine, directly and/or indirectly, decisions and/or influence decisions adopted by such subsurface user, provided that the main activity of such legal entity is associated with subsurface use in the Republic of Kazakhstan. This category includes additional public offerings on an organised securities market of such securities.

The Subsurface Law also provides for certain exemptions from the provisions applicable to the transfer or alienation of subsurface rights and User Rights in the following instances:

- public market transactions that take place on a recognised securities exchange and are in respect of securities already listed and in circulation, notwithstanding the fact that these transactions would

otherwise be subject to the Subsurface Pre-emptive Right of the Government;

- the transfer, in full or in part, of subsurface use rights or objects associated with subsurface use rights to a subsidiary of a subsurface user in which not less than 99 per cent. of the equity of such subsidiary is owned directly or indirectly by the subsurface user, provided that such subsidiary is not registered in a country with a preferential tax regime;
- the transfer, in full or in part, of subsurface use rights or objects associated with subsurface use rights between legal entities in which not less than 99 per cent. of the equity of both parties is owned directly or indirectly by the same entity, provided that the acquiring entity is not registered in a country with a preferential tax regime; and
- transactions involving the purchase or sale of securities that would otherwise be subject to the pre-emptive right, but which would result in the transfer of less than 0.1 per cent. of the equity of the acquirer.

In such circumstances, the Company has sought and will seek to obtain Subsurface Consent and a waiver by the Government of its Subsurface Pre-emptive Right whenever necessary, however there can be no guarantee that such consent or waiver would be forthcoming. Were the Company not to obtain Subsurface Consent and/or in the event the Company does not comply with these provisions of the Subsurface Law, the Competent Authority may have the right to terminate the Block 31 Contract. The Subsurface Law provides that any transaction involving the transfer of subsurface use interests which are subject to the Subsurface Law without Subsurface Consent is invalid.

The Company is also not aware of any instances to date when the Government has not waived its Subsurface Pre-emption Right to purchase, nor is it aware of any instances when the Government has terminated a subsurface use contract when a transfer occurred without Subsurface Consent.

Under the Subsurface Law the Competent Authority may seek to amend a subsurface use right contract, however the Subsurface Law does not provide an exhaustive list of the grounds under which the Competent Authority can seek to do so.

The Competent Authority can issue a notice informing the subsurface user of an amendment to the contract, and if the subsurface user fails to confirm its consent in writing to the conduct of negotiations to amend the contract terms or if the subsurface user refuses to conduct the negotiations within two months of receipt of such notice, the Competent Authority may unilaterally terminate the contract before its expiration.

The Competent Authority could seek to amend the Block 31 Contract on unreasonable terms, and if the Company did not accept such amendment then the Competent Authority may seek to terminate the Block 31 Contract.

If the Block 31 Contract was terminated by the Competent Authority, the Company would lose its subsurface use rights in the Block 31 Contract and any revenue generated from the Block 31 Contract, which could have an adverse effect on the Company's business, financial condition, results of operations and prospects.

### *Competition*

The oil and gas industry is intensely competitive. Competition is particularly intense in the acquisition of prospective oil properties and oil and gas reserves. The Company's competitive position depends on its geological, geophysical and engineering expertise, its financial resources, its ability to develop its properties and its ability to select, acquire and develop proved reserves.

The Company competes with a substantial number of other companies which have a larger technical staff and greater financial and operational resources. Many such companies not only engage in the acquisition, exploration, development and production of oil and gas reserves, but also carry on refining operations and market refined products.

The Company also competes with major and independent oil and gas companies and other industries supplying energy and fuel in the marketing and sale of oil and gas to transporters, distributors and end users, including industrial, commercial and individual consumers.

The Company also competes with other oil and gas companies in attempting to secure drilling rigs and other equipment necessary for drilling and completion of wells and to construct production and transmission facilities. Such equipment may be in short supply from time to time.

Finally, companies not previously investing in oil and gas may choose to acquire reserves to establish a firm supply or simply as an investment. Such companies will also provide competition for the Company.

Such competition in the oil and gas industry could have a material adverse effect on the Company's financial condition, results of operations or prospects.

### *Financial Resources*

The oil and gas business is capital intensive and the exploration and production of oil and gas over the longer term may be dependent upon the Company's ability to obtain financing through the raising of additional equity or debt financing or other means.

The Company has committed capital expenditure of approximately US\$9.9 million during the next 12 months on the Block 31 Contract work program, which includes US\$5.8 million with respect to the drilling of the J-51 and J-53 wells. Beyond this period, the Company will continue to have committed capital expenditure.

The Company's implementation of projects requiring such capital expenditure involves risks associated with such projects such as cost over-runs, delays in implementation, technical and economic viability risks and changes in market conditions. Accordingly, the Company may elect to raise funds through the issuance of equity securities or the issuance of debt securities or other securities convertible into Shares. Any such additional equity financing may be dilutive to Shareholders, and debt financing, if available, may involve restrictions on financing and operating activities. Whilst the Company has been successful in raising equity and debt funding in the past, there can be no assurance that additional funding required by the Company will be made available to it in the future, and, if such funding is available, that it will be offered to it on acceptable terms. If the Company is unable to obtain additional financing as needed, it may be

required to reduce the scope of its exploration and production activities, operations or anticipated expansion, which may have a material adverse effect on the Company's business, revenues, financial condition, results of operations or prospects or the trading price of the Shares. The Company cannot predict the size of future issuances of equity securities or the issuance of debt instruments or other securities convertible into Shares or the effect, if any, that future issuances and sales of the Company's securities will have on the market price of the Shares.

### *International Operations*

International operations are subject to political, economic and other uncertainties, including but not limited to, risk of terrorist activities, revolution, border disputes, expropriation, renegotiations or modification of existing contracts, import, export and transportation regulations and tariffs, taxation policies, including royalty and tax increases and retroactive tax claims, exchange controls, limits on allowable levels of production, currency fluctuations, labour disputes and other uncertainties arising out of foreign government sovereignty over the Group's international operations. The Group is subject to risks related to its operations in or interests relating to Kazakhstan, including those related to the exploration, development, production, marketing, transportation of natural gas, taxation and environmental and safety matters. The Group's operations may also be adversely affected by applicable laws and policies of Kazakhstan or other countries in which it operates in the future, the effect of which could have a negative impact on the Company.

### *Political and Regulatory*

The oil and gas industry in general is subject to extensive government policies and regulations, which result in additional cost and risk for industry participants. Environmental concerns relating to the oil and gas industry's operating practices are expected to increasingly influence government regulation and consumption patterns which favour cleaner burning fuels such as natural gas. The Company is uncertain as to the amount of operating and capital expenses that will be required to comply with enhanced environmental regulation in the future. The Company is also subject to changing and extensive tax laws, the effects of which cannot be predicted. Among other things, the Company is subject to regulatory filings with respect to the repatriation of funds to its shareholders which must be complied with to avoid sanctions. Legal requirements are frequently changed and subject to interpretation, and the Company is unable to predict the ultimate cost of compliance with these requirements or their effect on its operations. Existing laws or regulations, as currently interpreted or reinterpreted in the future, or future laws or regulations may change in the future and materially adversely affect the Company's results of operations and financial condition.

The Company is conducting exploration and development activities in Kazakhstan and is dependent on receipt of Government approvals or permits to develop its properties. Based on past performance, the Company believes that the Government supports the exploration and development of their oil and gas properties by foreign companies. Nevertheless, there is no assurance that the future political condition in Kazakhstan will not result in the Government adopting a different policy in respect of foreign development and ownership of oil and gas, environmental protection and labour relations. This may affect the Company's ability to undertake exploration and development activities in respect of present and future properties, as well as its ability to raise funds to further such

activities. Any delays in receiving government approvals or permits or no objection certificates may delay the Company's operations or may affect the status of the Company's contractual arrangements or its ability to meet its contractual obligations. Similar risks apply in other countries in which the Company may operate in the future.

### *Legal Systems*

The Company is governed by the laws of Australia and the Company's principal subsidiaries are incorporated under the laws of Australia and Singapore. The Company carries on operations in Kazakhstan. Accordingly, the Company is subject to the legal systems and regulatory requirements of a number of jurisdictions with a variety of requirements and implications for shareholders of the Company. Shareholders of the Company will not have rights identical to those available to shareholders of a corporation incorporated under the laws of England and Wales.

Exploration and development activities may require protracted negotiations with host governments, national oil and gas companies and third parties. Foreign government regulations may favour or require the awarding of drilling contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. If a dispute arises with foreign operations, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons, especially foreign oil and gas ministries and national oil and gas companies, to the jurisdiction of England and Wales.

Kazakhstan may have a less developed legal system than jurisdictions with more established economies, which may result in risks such as:

- ineffective legal redress in the courts of such jurisdictions, whether in respect of a breach of law or regulation or in an ownership dispute, being more difficult to obtain;
- a higher degree of discretion on the part of governmental authorities;
- the lack of judicial or administrative guidance on interpreting applicable rules and regulations;
- inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or
- relative inexperience of the judiciary and courts in such matters. In certain jurisdictions the commitment of local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licences and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that joint ventures, licences, licence applications or other legal arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness of and enforcement of such arrangements in these jurisdictions cannot be assured.



The Company is subject to risks related to its operations in Kazakhstan, including those related to the development, production, marketing, transportation of natural gas, taxation and environmental and safety matters. The Company may be adversely affected by changes in Government policies or social instability or other political or economic developments in Kazakhstan that are outside the Company's control including among other things, expropriation, risks of war and terrorism, foreign exchange and repatriation restrictions, changing political conditions and monetary fluctuations and changing governmental policies including taxation policies.

#### *Operating Hazards and Limited Insurance Coverage*

Oil exploration, development and production operations are subject to all the risks and hazards typically associated with such operations, including hazards such as fire, explosion, blowouts and oil spills, each of which could result in substantial damage to oil wells, production facilities, other property and the environment or in personal injury and/or death and/or interruption of operations. Due to the nature of its business, the Company has to handle highly inflammable, explosive and toxic materials and other dangerous articles. The Company has implemented safety precautions and measures for the safety operation and maintenance of its operational facilities; however, there can be no assurance that industry-related accidents will not occur during the operation of the Company. Significant operating hazards and in some cases natural disasters may cause partial interruptions to the Company's operations and environmental damage that could have an adverse impact on the financial condition of the Company. In accordance with industry practice, the Company is not fully insured against all of these risks, nor are all such risks insurable. Although the Company maintains liability insurance in an amount that it considers adequate and consistent with industry practice, the nature of these risks is such that liabilities could exceed policy limits, in which event the Company could incur significant costs that could have a material adverse effect upon its financial condition. Oil production operations are also subject to all the risks typically associated with such operations, including premature decline of reservoirs and the invasion of water into producing formations.

#### *Political, Economic, Legal and Fiscal Instability in Kazakhstan*

Kazakhstan is a former constituent republic of the Soviet Union. At the time of its independence in 1991 it became a member of the Commonwealth of Independent States ("the CIS"). Because Kazakhstan has a relatively short history of political stability as an independent nation and has experienced significant change in adapting to a market oriented economy, there is significant potential for social, political, economic, legal and fiscal instability. These risks include, among other things:

- local currency devaluation;
- civil disturbances;
- exchange controls or availability of hard currency and other banking restrictions;
- changes in crude oil and natural gas export and transportation regulations;
- changes with respect to taxes, royalty rates, import and export tariffs, and withholding taxes on distributions to foreign investors;

- changes in legislation applicable to oil and gas exploration, development, acquisition and investment activities;
- restrictions, prohibitions or imposition of additional obligations on investors;
- nationalisation or expropriation of property; and
- interruption or blockage of oil or natural gas exports.

The occurrence of any of these factors could have a material adverse affect on the Company's business, financial condition and results of operations. In addition, adverse economic conditions in Kazakhstan could have a material adverse affect on the Company's business, financial condition and results of operations.

Further, Kazakhstan depends on neighbouring states to access world markets for a number of their exports, including oil. Kazakhstan is thus dependent upon good relations with their neighbours to ensure their ability to export. Although one of the aims of economic integration within the CIS is to assure continued access to export routes, should access to those routes be materially impaired, this could adversely impact the economy of Kazakhstan.

Like other countries in Central Asia, Kazakhstan could be affected by military action taken in the region, including in Afghanistan, and the effect such military action may have on the world economy and political stability of other countries. In particular, countries in Central Asia such as Kazakhstan, whose economies and state budgets rely in part on the export of oil, gas and other commodities, the import of capital equipment and significant foreign investments in infrastructure projects, could be adversely affected by any resulting volatility in oil, gas and other commodity prices and by any sustained fall in them or by the frustration or delay of any infrastructure projects caused by political or economic instability in countries engaged in such projects. In addition, instability in other countries, such as Russia, has affected in the past, and may materially affect in the future, economic conditions in Kazakhstan.

Kazakhstan's transition to a market oriented economy was marked in the earlier years by political uncertainty and tension, a recessionary economy marked by high inflation and instability of the local currency and rapid, but incomplete, changes in the legal environment. Although reforms designed to establish a free market economy have been adopted, there can be no assurance that such reforms will continue or that such reforms will achieve all or any of their intended aims.

#### *Legal and Regulatory Environment in Kazakhstan*

Kazakhstan's foreign investment, petroleum, subsurface use, licensing, corporate, tax, customs, currency, banking and antimonopoly laws and legislation are still developing and uncertain. From time to time, including the present, draft laws on these subjects are prepared by government ministries and some have been submitted to the Kazakh parliament for approval. Legislation in respect of some or all of these areas could be passed. Currently, the regulatory system contains many inconsistencies and contradictions. Many of the laws are structured to provide substantial administrative discretion in their application and enforcement. In addition, the laws are subject to changing and different interpretations. These factors mean that even the Company's best efforts to comply with applicable law may not always result in compliance. Non-compliance may have consequences

disproportionate to the violation. The uncertainties, inconsistencies and contradictions in Kazakh laws and their interpretation and application could have a material adverse affect on the Company's business and results of operations.

The judicial system in Kazakhstan may not be fully independent of outside social, economic and political forces, and court decisions can be difficult to predict. In addition, senior Kazakh government officials may not be fully independent of outside economic forces owing to the underdeveloped regulatory supervision system enabling improper payments to be made without detection. Kazakhstan is a "Close to Compliant" Candidate Country to the Extractive Industries Transparency Initiative promoted by the UK government. This initiative supports improved governance in resource-rich countries through the verification and full publication of company payments and government revenues from oil and gas and which also works to build multi-stakeholder partnerships in developing countries in order to increase the accountability of governments. In addition, the Government has stated that it believes in continued reform of the corporate governance processes and will ensure discipline and transparency in the corporate sector to promote growth and stability. However, there can be no assurance that the Kazakh State will continue such policy, or that such policy, if continued, will ultimately prove to be successful. Therefore, it is not possible to predict the effect of future legislative developments on the Company's business and prospects.

The Company's exploration and production licences, hydrocarbon contracts and other agreements may be susceptible to revision or cancellation, and legal redress may be uncertain, delayed or unavailable. In addition, it is often difficult to determine from governmental records whether statutory and corporate actions have been properly completed by the parties or applicable regulatory agencies. Ensuring the Company's ongoing rights to licences and its hydrocarbon contracts will require a careful monitoring of performance of the terms of the licences and hydrocarbon contracts, and monitoring their evolution under Kazakh laws and licensing practices.

#### *Taxation Risks and Issues in Kazakhstan*

Tax legislation in Kazakhstan is evolving and is subject to different and changing interpretations as well as inconsistent enforcement at both the local and state levels and consequently tax risks and problems with respect to its operations and investment in Kazakhstan are significant. Laws related to these taxes have not been in force for significant periods in contrast to more developed market economies and accordingly, few precedents with regard to issues have been established.

Tax declarations, together with other legal compliance areas (for example, customs and currency control matters) are subject to review and investigation by a number of authorities, who are enabled by law to impose severe fines, penalties and interest charges. These facts create tax and other risks in Kazakhstan substantially more significant than typically found in countries with more developed tax systems. In addition, any amendments to current Kazakhstan taxation laws and regulations which alter tax rates and/or capital allowances could have a material adverse impact on the Company.

In the case of oil exports, rent tax on oil exports is set at a rate from 0 per cent. to 32 per cent., depending on the market price for oil, without taking into

consideration transportation costs or other deductions. Kazakhstan may increase the export customs rate in the future.

Whilst the Company is not currently aware of any material tax liability arising from its operation in Kazakhstan, the uncertainty of application and the evolution of tax laws creates a risk of additional payment of tax by the Company, which could have a material adverse affect on the business, financial condition and results of operations of the Company.

#### *Draft Kazakhstan Law*

In June 2011 the Kazakhstani Association of Financiers proposed draft legislation (the "Draft Kazakhstan Law"), whereby Kazakhstani businesses intending to offer securities outside of Kazakhstan would first be required to obtain permission from the Kazakhstan Agency on the Regulation and Supervision of the Financial Markets and Financial Organizations (the "Agency"). Kazakhstani businesses would be subject to the Draft Kazakhstan Law if their principal management is carried out in Kazakhstan, or at least two thirds of their assets are located in Kazakhstan. As the Company's assets are located in Kazakhstan, the Draft Kazakhstan Law would be applicable to the Company.

Under the Draft Kazakhstan Law, the Agency would only grant permission for such companies to offer securities outside of Kazakhstan if they have previously listed securities on the Kazakhstan Stock Exchange. The Draft Kazakhstan Law would not have retrospective effect, however, the Company would be required to comply with the legislation in respect of any additional public offerings.

The Draft Kazakhstan Law would affect the Company's ability to obtain financing through the raising of additional equity in London and any other exchanges outside Kazakhstan.

#### *Contractual Risks*

The Company is party to various contracts. The ability of the Company to achieve its objectives will depend on the performance by the parties to these contracts of their obligations. If any or all of these parties defaults in the performance of its obligations it may be necessary for the Company to approach a court to seek a legal remedy. Legal action can be costly and there can be no guarantee that a legal remedy will be ultimately granted on the appropriate terms.

### **General Risks**

#### *Economic Risks*

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

### *Market Conditions*

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- interest rates and inflation rates;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and oil exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

### *Dividends*

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

### *Taxation*

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

### *Reliance on Key Personnel*

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

## ***Risks associated with investment in the Company's Shares***

### *Investment in AIM securities, share price volatility and liquidity*

Prospective investors should be aware that the value of an investment in the Company's Shares may go down as well as up and that the market of the Shares may not reflect the underlying value of the Company. There can be no guarantee that the value of an investment in the Company's Shares will increase. Investors may therefore realise less than, or lose all of, their investment.

The share prices of quoted companies can be highly volatile and shareholdings may be illiquid. The price at which the Shares are quoted and the price which investors may realise for their Shares may be influenced by a large number of factors, some of

which are specific to the Company and its operations and some of which may affect quoted companies generally. These factors include, without limitation, the performance of the Company, large purchases or sales of Share by other investors, legislative changes and general economic, political or regulatory conditions, and other factors which are outside the control of the Company. In addition, the Company's operating results and prospects from time to time may be below the expectations of market analysts and investors.

### *Share Market Risk*

Although the Shares are already listed on ASX and are to be admitted to trading on AIM, they will not be listed on the Official List. An investment in securities traded on AIM may carry a higher risk than securities quoted on the Official List. The listing of the Shares on ASX and the trading of the Shares on AIM should not be taken as implying that there will be a liquid market in the securities. A return on investment in the Shares may, therefore, in certain circumstances be difficult to realise.

Market conditions may affect the value of the Shares regardless of the Company's operating performance or the overall performance of the markets in which it invests. Share market conditions are affected by many factors such as general economic outlook, movements in or outlook on interest rates and inflation rates, currency fluctuations, commodity prices, changes in investor sentiment towards particular market sectors and the demand and supply of capital.

Market perception of companies such as the Company may change, which could impact on the value of investors' holdings and impact on the ability of the Company to raise further funds by the issue of further shares in the Company.

### *Future sales of Shares*

The Company is unable to predict liquidity of Share sales in the open market. Any sales of substantial numbers of Shares in the open market, or the perceptions that such sales might occur, could materially adversely affect the market price of Shares.

### ***Other Risks***

The future viability and profitability of Jupiter is also dependent on a number of other factors affecting performance of all industries and not just the oil and gas exploration, development and production industries, including, but not limited to, the following:

- the strength of the equity and share markets in Australia, London and throughout the world;
- general economic conditions in Australia, Kazakhstan and their major trading partners and in particular, inflation rates, interest rates, commodity supply and demand factors and industrial disruptions;
- financial failure or default by a trade supplier or other contractual relationship to which Jupiter is, or may become, a party; and
- insolvency or other managerial failure by any of the contractors used by Jupiter in its activities.

## 12. RIGHTS ATTACHING TO SHARES AND POWERS OF THE COMPANY

A shareholding in the Company is held subject to the Constitution that is similar to those of other publicly listed companies listed on the ASX. The Constitution can be accessed on the Company's Website and the ASX Website.

## 13. DIRECTORS' INTERESTS IN SHARE CAPITAL

At Admission, Directors and entities in which the Directors have a substantial interest will hold a total of 3,530,767 Shares, a total of 66,667 unlisted Options and 2,133,335 Performance Rights. Details of the Performance Rights and unlisted Options are set out in paragraph 5 above. A summary of the terms and conditions of the Performance Rights Plan is set out in the Schedule to the Company's Notice of Annual General Meeting dated 14 October 2009 and available on the Company's Website.

As at the date of this document, and as expected at Admission, the holdings of the Directors and any other applicable employee of the Company (as defined in the AIM Rules), and their spouses, civil partners or children under the age of eighteen years in the share capital of the Company:

- which would be required to be notified by the Company pursuant to Rule 17 of the AIM Rules; or
- which are the holdings of a person connected (within the meaning of Section 252 of the UK Companies Act 2006) with a Director, which would, if the connected person were a director of the Company be required to be disclosed under (i) above and the existence of which is known to or could with reasonable diligence be ascertained by the Directors are as follows:

**Table 9: Directors' Interests**

<b>Name</b>	<b>Number of Shares</b>	<b>Number of Options</b>	<b>Number of Performance Rights</b>
Geoffrey Gander	2,551,113	Nil	666,667
Alastair Beardsall	666,667	Nil	666,667
Baltabek Kuandykov	Nil	Nil	666,667
Scott Mison	312,987	66,667 <sup>(1)</sup>	133,334

- <sup>(1)</sup> unlisted Options with an exercise price of A\$2.775 and an expiry date of 31 December 2012.

None of the Directors nor any member of a Director's family is dealing in any related financial product (as defined in the AIM Rules) whose value in whole or in part is determined directly or indirectly by reference to the price of the Shares, including a contract for differences or a fixed odds bet.

#### 14. ADDITIONAL INFORMATION ON THE DIRECTORS

Details of the Directors and their backgrounds can be found at the Company's Website and in the 2011 Annual Report also available on the Company's Website.

The directorships and partnerships of the Directors, other than of the Company, held at present and within the five years preceding the date of this Announcement are provided in the table below.

**Table 10: Directorships and Partnerships Held**

<b>Name</b>	<b>Age</b>	<b>Current Directorships/Partnerships</b>	<b>Past Directorships/Partnerships</b>
Geoffrey Anthony Gander	48	Jupiter Energy Pte Limited Jupiter Energy (Services) Pte Ltd	3Q Holdings Limited ADG Global Limited Biron Apparel Limited Decmil Group Limited Entek Energy Limited Equatorial Resources Limited Lindian Resources Limited Queensland Bauxite Limited Vector Resources Limited
Alastair John Beardsall	57	Sterling Energy (UK) Limited Sterling Energy (International) Limited Sterling Northwest Africa Holdings Limited Sterling Oil & Gas (Iris Marin) Limited Sterling Oil & Gas (Themis Marin) Limited Sterling Cameroon Holdings Limited Sterling Cameroon Limited Forceten Development Company Limited	Sterling Energy (Mauritania) Limited Sterling Energy (North America) Limited Sterling Oil Limited Sterling Dome Flore Holdings Limited Sterling Dome Flore Limited First Calgary Petroleums Limited Sterling Energy Plc Sterling Energy Inc. Sterling Energy USA, Inc. Whittier Energy Company SE USA Operating, Inc. RIMCO Production Company, Inc. Emerald Energy Plc Emerald Energy (Syria) Limited Central Fuel Caspian Sea Limited Salym Petroleum Development BV
Baltabek Kuandykov	63	Chagala Group Limited Meridian Petroleum (President)	Nelson Resources Limited (President) Ural Limited (NED) Caspian Energy Services (NED) Chagala Group (NED)
Scott Adrian Mison	35	Jupiter Energy Pte Limited Jupiter Energy (Services) Pte Ltd	Equatorial Resources Limited Biron Apparel Limited



Save as disclosed above, none of the Directors:

- has any unspent convictions in relation to indictable offences; or
- has been bankrupt or the subject of an individual voluntary arrangement, or has had a receiver appointed to the assets of such director; or
- has been a director of any company which, while he was a director or within 12 months after he ceased to be a director, had a receiver appointed or went into compulsory liquidation, creditors voluntary liquidation, administration or company voluntary arrangement, or made any composition or arrangement with its creditors generally or with any class of its creditors; or
- has been a partner of any partnership which, while he was a partner or within 12 months after he ceased to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset; or
- has had any public criticism by statutory or regulatory authorities (including recognised professional bodies); or
- has been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company; or
- has had any convictions in relation to fraudulent offences; or
- has any interest in any of the assets of the Company.

## **15. DIRECTORS' SERVICE AGREEMENTS, REMUNERATION, TERMS OF OFFICE AND INSURANCE**

### **Geoff Gander**

Geoffrey Anthony Gander has entered into a service agreement, effective from 1 July 2011, with the Company under the terms of which he agreed to act as Executive Chairman of the Company for a term of 1 year. No notice is required if the service agreement is terminated for serious misconduct. In other cases the notice period is one or three months. The base salary is £200,000 per annum including director fees and the current superannuation levy of 9 per cent.. The agreement provides for an accommodation allowance to the value of £75,000 per annum. Pursuant to the terms of this agreement Mr Gander has been issued 666,667 Performance Rights which may convert to Shares, further details of which we set out in paragraph 5 above.

### **Alastair Beardsall**

Alastair Beardsall has entered into a service agreement, effective from 4 October 2010, with the Company under the terms of which he agreed to act as a Non-Executive Director of the Company for an indefinite term (subject to his re-election in accordance with Constitution). The Company may terminate Mr Beardsall's appointment in accordance with the Constitution or the law. Mr Beardsall's non-executive director fees are A\$40,000 per annum. Pursuant to the terms of this agreement Mr Beardsall has been issued 666,667 Performance Rights which may convert to Shares, further details of which are set out in paragraph 5 above.

### **Baltabek Kuandykov**

Baltabek Kuandykov has entered into a service agreement, effective from 4 October 2010, with the Company under the terms of which he agreed to act as a Non-Executive Director of the Company for an indefinite term (subject to his re-election in accordance with the Constitution). Mr Kuandykov's non-executive director fees are A\$40,000 per annum. Pursuant to the terms of this agreement Mr Kuandykov has been issued 666,667 Performance Rights which may convert to Shares, further details of which are set out in paragraph 5 above.

### **Scott Mison**

Scott Mison entered into a service agreement effective from 1 July 2011 with the Company under the terms of which he agreed to act as a director and Company Secretary of the Company for a minimum term of 1 year. No notice is required if the service agreement is terminated for serious misconduct. In other cases the notice period is one or three months. The base salary is US\$90,000 per annum. Pursuant to the terms of this agreement Mr Mison has been issued 133,334 Performance Rights which may convert to Shares, further details of which are set out in paragraph 5 above.

Scott Mison has also entered into a letter of appointment dated 31 January 2011 pursuant to which he agreed to act as a director of the Company for an indefinite term (subject to his re-election in accordance with Constitution). The Company may terminate Mr Mison's appointment in accordance with the Constitution or the law. Mr Mison's director fees pursuant to this letter of appointment are A\$40,000 per annum.

Further details of the current remuneration arrangements of the Directors and their remuneration for the financial year ending 30 June 2011 are disclosed in the Directors' Report included in the 2011 Annual Report.

Details of the commencement and expiration of the term of office of each Director who was in office during the Company's last financial year are set out below:

**Table 11: Directors' office periods**

<b>Name</b>	<b>Commencement of period of office</b>	<b>Date of expiration of term of office</b>
Geoffrey Anthony Gander	27 January 2005	AGM to be held in 2013
Alastair Beardsall	4 October 2010	AGM to be held in 2012
Baltabek Kuandykov	4 October 2010	AGM to be held in November 2011
Scott Mison	31 January 2011	AGM to be held in 2013
David Grant Thorpe	1 January 2010	31 January 2011
Andrew Ross Childs	9 July 2007	4 October 2010
Erkin Svanbayev	15 June 2007	4 October 2010

Directors are covered by a Directors & Officers Insurance Policy and each Director has executed an Indemnity, Insurance and Access Deed with the Company. Under these deeds, the Company agrees to indemnify each officer to the extent permitted by the Australian Corporations Act against any liability arising as a result of the officer acting as an officer of the Company. The Company is also required to maintain insurance policies for the benefit of the relevant officer and must also allow the officers to inspect board papers in certain circumstances. The insurance and access rights must continue until either, 7 years after the date the Director ceases to be an officer of the Company, or, the date of resolution of any proceedings in which the Director is involved because the Director is or was an officer of the Company at the time where such proceedings are commenced before the expiry of the 7 year period.

## 16. PRINCIPAL HOLDERS OF SECURITIES

The Company is aware of the following shareholdings which represent three per cent. or more of the Company's issued Shares, as at 11 October 2011, being the latest practicable date prior to the issue of the Announcement:

**Table 12: Principal Holders of Securities**

<b>Shareholder</b>	<b>Number of shares</b>	<b>Holding (per cent.)</b>
WPL	34,488,940	29.77
SNG	11,578,575	9.99

## 17. TAXATION IMPLICATIONS FOR UK RESIDENTS INVESTING IN JUPITER

The following summary is intended as a general guide to UK resident (and, in the case of individuals, ordinarily resident) Shareholders (who, in the case of individuals, are domiciled in the UK), who hold their Shares in the Company as investments (rather than as dealing stock). The summary is based upon existing legislation and current HM Revenue & Customs practice. Any prospective Shareholder who is in any doubt as to his tax position, whether in the UK or in any other jurisdiction in which he may be liable to tax, should consult, and rely upon, the advice of his own professional adviser.

### **Tax residence of the Company**

The Company is both incorporated in, and managed and controlled in, Australia. It does not have any form of permanent establishment in the UK. Accordingly, the Company should be treated as being resident in Australia, for UK tax purposes.

### **Taxation of Dividends**

#### ***Individuals***

Dividends paid by the Company will constitute taxable income in the hands of UK resident Shareholders under Section 402 of the Income Tax (Trading and Other Income) Act 2005. Any such Shareholders who are individuals will be liable to

income tax (if at all) on their dividends at, in the case of starting and basic rate taxpayers, the dividend ordinary rate (10 per cent. for the year 2011-2012) or, in the case of higher rate taxpayers, the dividend upper rate (32.5 per cent. for the year 2011-2012), or in the case of additional rate tax payers the dividend additional rate (42.5 per cent. for the year 2011-2012). Dividend income from the Company will be treated as forming the highest part of the Shareholder's income.

### ***Companies***

Distributions paid on or after 1 July 2009 and received by a shareholder within the charge to UK corporation tax are subject to the dividend exemption rules in Part 9A Corporation Tax Act 2009. Under the dividend exemption rules, any such corporate shareholder should generally not be subject to corporation tax on dividends paid by the company.

Under the current Australian tax legislation, no tax is withheld from fully franked dividend payments made by the Company and consequentially, the Company accepts no responsibility for withholding taxes at source.

### **Tax Credits**

#### ***Individuals***

Individual Shareholders are not normally able to obtain credit for any underlying tax paid by the Company in respect of its own profits.

Although it is expected that no withholding tax will be payable on fully franked dividends paid by the Company (on the basis that such dividends are paid out of earnings which have been subject to Australian corporate tax), in the event that dividends are paid under deduction of Australian withholding tax, UK Shareholders should be able to obtain credit for all or part of any Australian tax so withheld, in computing their respective liabilities to UK income tax on such dividend income. The maximum credit available would be restricted to the amount of UK income tax payable on the dividends received.

Individual shareholders should be entitled to a credit of one-ninth of the gross dividend under Section 397A of the Income Tax (Trading and Other Income) Act 2005.

#### ***Companies***

In the event that dividends are paid under deduction of Australian withholding tax, UK corporate shareholders will not be able to obtain credit as a result of the dividend exemption referred to above.

However, under the dividend exemption rules an election can be made for a dividend to not be exempt from corporation tax. If such an election is made, HMRC will generally give credit for any Australian Withholding Tax withheld from a dividend paid by the Company and not recoverable from the Australian tax authorities.

## **Taxation on disposal**

### ***Individuals***

A UK resident or ordinarily resident Shareholder who disposes of (or who is deemed to dispose of) his Shares may be liable to capital gains tax in relation thereto at rates up to 28 per cent. (for the year 2011-2012) of any chargeable gain thereby realised. In computing the chargeable gain the Shareholder should be entitled to deduct from disposal proceeds the cost to him of the Shares (together with incidental costs of acquisition and disposal).

In addition to the foregoing, in computing his liability to capital gains tax, a Shareholder may be able to deduct from the chargeable gain other amounts including all or part of his annual exemption (£10,600 for the year 2011-2012) and any capital losses available to him.

### ***Companies***

A UK resident corporate Shareholder who disposes of its Shares may be liable to corporation tax on chargeable gains in relation thereto at the usual rates of corporation tax applicable to it (26 per cent. for the year 2011-2012 for companies paying the full rate of corporation tax). In computing the chargeable gain liable to corporation tax, the Shareholder should be able to deduct from disposal proceeds the cost to it of the Shares, together with incidental costs of acquisition and disposal, as increased by indexation allowance. In some circumstances, a Shareholder may be exempt from corporation tax in relation to its disposal of Shares under the substantial shareholding exemption.

Chargeable gains arising on the disposal of Shares may be relieved by capital and/or current period income losses arising to the corporate holder.

There may be Australian capital gains tax implications if the shares are considered "*Taxable Australian Real Property*" (*TARP*). Such investors should consult with a tax adviser experienced in Australian taxation matters for further information on the applicability of the Australian capital gains tax to their shareholding.

## **Stamp duty and stamp duty reserve tax ("SDRT")**

### ***Issue***

No stamp duty, or SDRT, will be payable on the allotment or issue of the Shares, provided that they are not issued to a nominee or agent whose business includes the provision of clearance services or the issuance of depository receipts.

### ***Transfer***

Transfers of Shares outside the CREST system will generally be liable to stamp duty on the instrument of transfer at a rate of (currently) 0.5 per cent. of the amount or value of the consideration given for Shares (rounded up to the nearest £5), but only to the extent that the instrument of transfer relates to UK shares or it relates to the transfer of foreign shares and the document is executed in the UK or, if executed

outside the UK, it is brought into the UK for any purpose whatsoever. Stamp duty is normally the liability of the transferee of the relevant shares or securities. An agreement to transfer Shares maintained on a UK register will generally be subject to SDRT at a rate of (currently) 0.5 per cent. of the agreed consideration. If, however, the agreement is subsequently perfected by an instrument of transfer which is duly stamped before the expiry of six years from the date of the agreement (or, if later, the date upon which it becomes unconditional) any SDRT will be cancelled or, to the extent already paid, will, upon a claim being made, be repaid. SDRT is normally paid by the person to whom the shares will be transferred under the agreement.

### ***Entry into CREST***

No stamp duty or SDRT should arise on the transfer of the Shares to a group company of the UK Registrar, to hold in its capacity as depository, nor on the subsequent issue by the depository to that transferor of Depository Interests representing the underlying Shares in uncertificated form (which are eligible for settlement through CREST).

### ***Transfers within CREST***

Depository Interests representing Shares may be transferred in a paperless form within CREST. Special rules apply to these uncertificated depository arrangements. The depository arrangements to be put in place by the Company should satisfy the criteria for SDRT exempt Depository Interests. Any such transfer of the Depository Interests should therefore not be subject to SDRT.

Persons who are not resident or ordinarily resident (or, if resident or ordinarily resident are not domiciled,) in the UK, including those individuals and companies which trade in the UK through a branch, agency or permanent establishment, and who subscribe for the Shares in the course of that trade, are recommended to seek the advice of professional advisers in relation to their taxation obligations in both the UK and any other jurisdiction in which they may be liable to tax.

**It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them by consulting their own professional tax advisers before investing in Shares. Taxation consequences will depend on particular circumstances.**

**Neither the Company nor any of its officers, employees, agents and advisers accepts any liability or responsibility in respect of taxation consequences connected with an investment in Shares in the Company.**

## **18. MATERIAL CONTRACTS**

In addition to the agreements summarised in the Public Record (which can be found at the Company's Website and the ASX Website), the following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company or its subsidiaries during the two years immediately preceding the date of this Announcement and are, or may be, material as of the date of this Announcement:

- 18.1. An admission agreement dated 11 October 2011 between the Company (1), the Directors (2) and Evolution (3) pursuant to which conditional upon, *inter alia*, Admission taking place by prior to 31 December 2011, the Company has authorised and instructed Evolution to apply to the London Stock Exchange for Admission. The admission agreement is also conditional on the receipt by the Company of the minutes from the Central Development Commission of Kazakhstan confirming the grant of the Trial Production Licences.

The admission agreement contains warranties and indemnities from the Company and the Directors (on a several basis) in favour of Evolution together with provisions which enable Evolution to terminate the introduction agreement in certain circumstances prior to Admission including whether any warranties are found to be untrue or inaccurate in any material respect. The liability of the Directors for breach of warranty is limited. Under the admission agreement and subject to it becoming unconditional the Company has agreed to pay Evolution a corporate finance fee.

- 18.2. A Nomad and Broker Engagement Agreement, dated 11 October 2011 between the Company (1) and Evolution (2) pursuant to which the Evolution agrees to act as Nominated Adviser and Broker to the Company for the purposes of the AIM Rules. The Company has agreed to pay Evolution an annual retainer fee payable quarterly, for its services as Nominated Adviser under this agreement.

The agreement contains certain warranties and indemnities given by the Company, in respect of, *inter alia*, compliance with all applicable laws and regulations. Either party is entitled to terminate the agreement in the event of material default by either party. In addition, the Company is entitled to terminate this agreement on one month's written notice.

- 18.3. A relationship agreement dated 11 October 2011 between the Company (1), Evolution (2) and WPL (3) pursuant to which conditional on Admission pursuant to which WPL has undertaken to the Company and Evolution (*inter alia*) that (i) all transactions and relationships between the Company and any subsidiary and WPL or any of the WPL Associates are conducted on terms which allow the Company and its subsidiaries to carry on its business independently and are on an arm's length and on a normal commercial basis; (ii) it will not vote at a Shareholders' meeting on any issue in which it is interested, make any amendments to the Company's constitution or for a period of 12 months vote at any Shareholders' meeting in favour of a resolution to approve the cancellation of the Shares to trading on AIM unless it is in connection with a move to another recognised exchange; and (iii) all contracts and arrangements between the Company or any subsidiary and WPL or any of the WPL Associates will only be entered into if approved by an independent committee of the Board.

This agreement terminates in the event that, amongst other things, the Shares cease to be admitted to AIM or WPL and the WPL Associates cease to hold 20 per cent. or more of the issued share capital of the Company.

- 18.4. By way of separate lock-in agreements each dated 11 October 2011 each of the Directors entered into a lock-in agreement with the Company (1), Evolution (2) and Rencap (3) in substantially the same form as each other pursuant to which each Director has undertaken (and have undertaken to use

all reasonable endeavours to procure that their related parties (such term as defined in the AIM Rules shall) not to dispose of any interest in any Restricted Shares at any time during the period commencing on the date of Admission and ending on the date falling 12 months after Admission (“the Restricted Period”). The exceptions to the lock-in include a disposal: (i) in acceptance of takeover offer; (ii) pursuant to an intervening court order; and (iii) by the personal representatives after the death of the relevant Director. For these purposes the definition of “Restricted Shares” means the Shares and any interests in Shares held as at Admission and acquired during the Restricted Period and includes any shares of any class or any interest in any shares of the Company or any rights arising from or attached to any such shares including but not limited to any such shares in the Company which convert or are converted into Shares on or prior to Admission, any shares which are subsequently acquired in the Company which are derived from such Shares including without prejudice to the generality of the foregoing from any sub-division, bonus issue, open offer or rights issue, and any Shares arising from the exercise of options.

- 18.5. A lock-in agreement dated 11 October 2011 between the Company (1), Evolution (2) and WPL (3) pursuant to which WPL has undertaken (and have undertaken to use all reasonable endeavours to procure that its related parties (such term as defined in the AIM Rules shall) not to dispose of any interest in any Restricted Shares (as defined in paragraph 18.4 above) at any time during the Restricted Period (as defined in paragraph 18.4 above). The exceptions to the lock-in include a disposal: (i) in acceptance of takeover offer; (ii) pursuant to an intervening court order; and (iii) by the personal representatives after the death of the relevant Director.
- 18.6. A convertible note deed dated 10 October 2011 between the Company (1) and SNG (2), pursuant to which SNG agreed to subscribe for and the Company agreed to issue six unsecured convertible notes at an issue price of US\$500,000 each and a seventh unsecured convertible note at an issue price of US\$450,000, subject to and conditional on the payment of the aggregate sum of US\$3,450,000 by SNG to the Company on 10 October 2011. Interest at a rate of 15% per annum accrues daily with effect from 29 September 2011 (“the Effective Date”) and is payable quarterly. SNG is entitled to convert the convertible notes into Shares at a price being the lower of US\$0.75, or, the lowest issue price at which new Shares are issued by the Company between the Effective Date and the conversion date. The convertible notes may be converted at any time up to 28 September 2013 (“the Maturity Date”). The Company is entitled to redeem the convertible notes at any time before the Maturity Date and in the event that the Company has not redeemed the convertible notes by the Maturity Date, the convertible notes will automatically be redeemed on the Maturity Date. If an event of default under the convertible note deed occurs, SNG is entitled to cancel its obligations and give notice to the Company requiring the Company make payment of all monies outstanding to SNG.

## **19. LITIGATION**

The Company is not involved, nor has it been involved in any governmental, legal or arbitration proceedings which may have or have had in the recent past a significant effect on the Company’s financial position or profitability and, so far as the Directors



are aware, there are no such proceedings pending or threatened against the Company.

## **20. WORKING CAPITAL STATEMENT**

The Directors of the Company have no reason to believe that the working capital available to the Company will be insufficient for at least twelve months from the date of its Admission.

## **21. GENERAL**

Other than as disclosed in the Schedule 1 Announcement, this document or as otherwise disclosed in the Public Record:

- there have been no interruptions in the Company's business which may have or have had in the last twelve months a significant effect on the Company's financial position;
- there are no principal investments in progress or under active consideration by the Company;
- the Directors are not aware of any exceptional factors which have influenced the Company's Activities; and
- there are no environmental issues which might affect the Company's use of its tangible fixed assets.

The Company's accounting reference date is 30 June.

The Company's position on corporate governance is set out in the Company's 2011 Annual Report.

The Company, together with its subsidiaries, had a total of 31 employees plus four directors as at 30 June 2011. It had a total of 23 employees as at 30 June 2010 and 5 employees as at 30 June 2009. The Company does not employ temporary workers.

The Directors have confirmed that the following payments aggregating over £10,000 were made to a government or regulatory authority or similar body in the 12 months prior to the date of this Appendix by the Company, or on its behalf, with regard to the acquisition of, or maintenance of, the Block 31 Contract:

- US\$47,000 paid to State Enterprise Ak Beren Mangistau in respect of well control safety services; and
- US\$33,3000 paid to Service Ltd in respect of the social development of Mangistau region as required under the terms of the Block 31 Contract and on the request of Local Akimat for the region.

There are no other persons (excluding professional advisers otherwise disclosed in the Public Record and trade suppliers) who have received, directly or indirectly, from the Company within the 12 months preceding the date of the Announcement or with whom the Company has entered into contractual arrangements (not otherwise

disclosed in this Announcement) to receive, directly or indirectly from the Company on or after Admission fees or securities in the Company or any other benefit, with a value of £10,000 or more at the time of Admission.

The costs, charges and expenses payable by the Company in connection with or incidental to Admission, including registration and stock exchange fees, legal fees and expenses are estimated to amount to A\$486,000.

Information equivalent to that required for an admission document which has not previously been made public (in consequence of the Company having its Shares traded on the ASX) is included in this document or is available at the Company's Website or the ASX Website.

Copies of this document are available to the public free of charge at the Company's Website.

## **22. CONSENTS**

Evolution has given and not withdrawn its consent to inclusion in this Announcement of references to its name in the form and context in which it appears.

RenCap has given and not withdrawn its consent to inclusion in this Announcement of references to its name in the form and context in which it appears.

Senergy has given and not withdrawn its consent to the inclusion in this Announcement of reference to its name in the form and context in which it appears.

To the maximum extent permitted by law, each of the persons referred to above expressly disclaims and takes no responsibility for any part of this document other than the references to their name.

Dated 12 October 2011