

25 June 2012

## Jupiter Energy Limited (“Jupiter” or the “Company”)

### NON-RENOUCEABLE ENTITLEMENT ISSUE

#### KEY POINTS:

- **Fully Underwritten Rights Issue to raise \$11.6m (before costs)**
- **Raising based on a pro-rata non-renounceable entitlement issue of 1 fully paid ordinary share in the capital of the Company for every 4 Shares held at the Record Date at an issue price of \$0.40 per Share**
- **Offer to close on 20 July 2012**

The Board of Jupiter Energy Limited, the Kazakhstan-focused oil exploration and production company, quoted on AIM (“JPRL”) and ASX (“JPR”), is pleased to advise shareholders that the Company has lodged a prospectus (**Prospectus**) with the Australian Securities & Investments Commission in relation to a fully underwritten pro-rata non-renounceable entitlement issue of 1 fully paid ordinary share in the capital of the Company (**Share**) for every 4 Shares held at the Record Date at an issue price of \$0.40 per Share to raise up to approximately \$11,613,016 (based on the number of Shares on issue at the date of the Prospectus) (**Offer**).

Fractional entitlements will be rounded up to the nearest whole number.

The Offer is fully underwritten by Waterford Petroleum Limited and Soyuzneftegas Capital Limited. Shareholders who will receive an entitlement under the Offer are those with a registered address which is in Australia, New Zealand, United Kingdom, Guernsey or Cyprus that:

- have bought their Shares on ASX prior to the Ex Date and held those Shares to the Ex Date or later; or
- are otherwise entitled at the Record Date in other limited circumstances

pursuant to the ASX Settlement Operating Rules (ie the issue of new Shares through the exercise of options to acquire Shares),

Details in terms of the timetable of the offering and the use of funds can all be obtained from the Prospectus which is attached as part of this announcement.

The capital structure on a fully diluted basis on completion of the Offer will be 145,162,693 Shares assuming all Offer Shares are issued, no Options are exercised or Convertible Notes are converted prior to the Record Date and subject to rounding of fractional Entitlements.

### **Forward Plan**

The forward plan is to spud the J-55 well as soon as is practical and the Company will provide drilling updates re the progress with J-55 as appropriate.

### **Operations Update**

The Company is scheduled to release its June Quarterly Report in the next few weeks and this will provide a more comprehensive update on in country operations.

Any questions on this announcement should be directed to the Company.

**ENDS**

### **Enquiries:**

Jupiter Energy (+61 89 322 8222)  
Geoff Gander ([geoff@jupiterenergy.com](mailto:geoff@jupiterenergy.com))

### **About the Company:**

Jupiter Energy Limited is an oil exploration and production company, quoted on both the AIM and ASX markets. The Company is focused on developing its onshore assets in western Kazakhstan. In 2008 the Company acquired 100 per cent of the Block 31 permit, located in the oil-rich Mangistau Basin, close to the port city of Aktau.

Jupiter Energy has a proven in-country management team, led by an experienced, international Board, together possessing the skills, knowledge, network and attention to detail needed to operate successfully in Kazakhstan. The forward plan will see Jupiter Energy develop a group facility on site to process, store and ship oil. This topside infrastructure is a key element in moving to licensed production and the achievement of self-funding.

**JUPITER ENERGY LIMITED**  
**ACN 084 918 481**  
(Incorporated in Australia)

---

**ENTITLEMENT ISSUE PROSPECTUS**

---

For a non-renounceable entitlement issue of 1 Offer Share for every 4 Existing Shares at the Record Date at an issue price of \$0.40 per Offer Share to raise up to approximately \$11,613,016 (based on the number of Shares on issue as at the date of this Prospectus).

The Offer is fully underwritten by Waterford Petroleum Limited and Soyuzneftegas Capital Limited. The underwriting of the Offer is subject to standard terms and conditions. Please refer to Section 2.7 for the effect the underwriting may have on control of the Company and Section 5.1 of this Prospectus for a summary of the material terms of the underwriting agreement.

**IMPORTANT NOTICE**

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Shares offered by this Prospectus should be considered as highly speculative.

---

---

## CONTENTS

---

CORPORATE DIRECTORY .....	1
TIMETABLE .....	2
IMPORTANT NOTES .....	3
1. DETAILS OF THE OFFER.....	5
2. PURPOSE AND EFFECT OF THE OFFER.....	10
3. RIGHTS AND LIABILITIES ATTACHING TO SHARES .....	17
4. RISK FACTORS .....	19
5. ADDITIONAL INFORMATION .....	34
6. DIRECTORS' AUTHORISATION .....	45
7. GLOSSARY .....	46

---

---

## CORPORATE DIRECTORY

---

### Directors

Geoff Gander (Chairman, CEO)  
Alastair Beardsall (Non-executive Director)  
Baltabek Kuandykov (Non-executive Director)  
Scott Mison (Executive Director)

### Company Secretary

Scott Mison

### Nominated Adviser and Broker

finnCap Limited  
60 New Broad Street  
London  
EC2M 1JJ  
UNITED KINGDOM

### Australian Solicitors to the Company

Steinepreis Paganin  
Lawyers and Consultants  
Level 4, The Read Buildings  
16 Milligan Street  
Perth WA 6000  
AUSTRALIA

### Australian Share Registry

Computershare Investor Services Pty Limited  
GPO Box 2975EE  
Melbourne VIC 3001  
AUSTRALIA

### Underwriter

Waterford Petroleum Limited  
Channel House  
Forest Lane  
St Peter Port  
Guernsey  
CHANNEL ISLANDS

### Registered Office

Level 2, 28 Kings Park Road  
West Perth WA 6005  
Telephone: + 61 8 9322 8222  
Facsimile: +61 8 9322 8244  
Website: <http://www.jupiterenergy.com/>  
Email: [info@jupiterenergy.com](mailto:info@jupiterenergy.com)

### Auditor\*

Ernst & Young  
11 Mount Street  
Perth WA 6000  
AUSTRALIA

### UK Solicitors to the Company

Memery Crystal LLP  
44 Southampton Buildings  
London  
WC2A 1AP  
UNITED KINGDOM

### UK Depository with regard to Depository Interests

Computershare Investor Services PLC  
The Pavilions  
Bridgwater Road  
Bristol  
BS99 6ZZ  
UNITED KINGDOM

### Underwriter

Soyuzneftegas Capital Limited  
MSO Agiou Nikolaou  
67-69  
Flat/Office 103  
Egkomi  
PC 2408  
Nicosia  
CYPRUS

\* This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus

---

**TIMETABLE**

---

Lodgement of Prospectus with the ASIC	22 June 2012
Lodgement of Prospectus & Appendix 3B with ASX	22 June 2012
Application to the London Stock Exchange for the Offer Shares to be admitted to trading on AIM	On or before 29 June 2012
Notice sent to Optionholders	25 June 2012
Notice sent to Shareholders	26 June 2012
Ex Date (Shares trade on ASX without an entitlement to participate in the Offer)	27 June 2012
Record Date for determining Entitlements	7.00pm (Sydney time) 3 July 2012
Prospectus and Entitlement and Acceptance Form despatched to Qualifying Shareholders & Company announces despatch has been completed	6 July 2012
Closing Date* (i.e. latest time and date for receipt of applications and payment in full under the Offer)	5.00 p.m. (WST) 20 July 2012
Offer Shares quoted on a deferred settlement basis	23 July 2012
ASX notified of under subscriptions	25 July 2012
Despatch of confirmation of issue of Offer Shares	30 July 2012
Quotation of Offer Shares on ASX and admission of Offer Shares to trading on AIM on a T+3 basis *	31 July 2012

\* The Directors may extend the Closing Date by giving at least 6 Business Days notice to ASX prior to the Closing Date. As such the date the Offer Shares are expected to commence trading on ASX and AIM may vary.

---

## **IMPORTANT NOTES**

---

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Shares offered by this Prospectus should be considered highly speculative.

This Prospectus is dated 22 June 2012 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with Section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

### **APPLICATIONS – SHAREHOLDERS AND DEPOSITARY INTEREST HOLDERS**

Applications for Shares offered pursuant to this Prospectus can only be submitted in response to an original Entitlement and Acceptance Form or on a Shortfall Application Form. Depositary Interest Holders can only apply via CREST and will not be sent an Entitlement and Acceptance Form. Detailed instructions will be sent to Depositary Interest Holders separately by the UK Depositary.

### **RISK FACTORS**

Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 4 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Offer Shares pursuant to this Prospectus.

### **FORWARD-LOOKING STATEMENTS**

This document contains statements about the Company that are or may be deemed to be “forward-looking statements”.

All statements, other than statements of historical facts, included in this document may be forward-looking statements and are subject to, amongst other things, the risk factors described in Section 4 of this Prospectus. Without limitation, any statements preceded or followed by, or that include, the words “targets”, “plans”, “believes”, “expects”, “aims”, “intends”, “will”, “may”, “should”, “anticipates”, “estimates”, “projects”, or words or terms of similar substance or the negative thereof, are forward-looking statements. Forward-looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance,

indebtedness, financial condition, dividend policy, losses and future prospects; and (ii) business and management strategies and the expansion and growth of the operations of the Company.

These forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of any such person, or industry results, to be materially different from any results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements are based on numerous assumptions regarding the present and future business strategies of such persons and the environment in which each will operate in the future many of which are beyond the control of our Company, the Directors and our management. Investors should not place undue reliance on such forward-looking statements and, save as is required by law or regulation (including to meet the requirements of the ASX Listing Rules, AIM Rules, the Prospectus Rules and/or FSMA), the Company does not undertake any obligation to update publicly or revise any forward-looking statements (including to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based).



---

## 1. DETAILS OF THE OFFER

### 1.1 Offer

The Offer is being made as a non-renounceable entitlement issue of one (1) Offer Share for every four (4) Existing Shares at the Record Date at an issue price of \$0.40 per Offer Share. Fractional Entitlements will be rounded up to the nearest whole Offer Share.

Shareholders who will receive an Entitlement are those with a registered address which is in Australia, New Zealand, United Kingdom, Guernsey or Cyprus that:

- (a) have bought their Shares on ASX prior to the Ex Date and held those Shares to the Ex Date or later; or
- (b) are otherwise entitled at the Record Date in other limited circumstances pursuant to the ASX Settlement Operating Rules (i.e. the issue of new Shares through the exercise of Options),

#### **(Qualifying Shareholders).**

Based on the capital structure of the Company as at the date of this Prospectus and subject to rounding of fractional Entitlements, a maximum of 29,032,539 Offer Shares will be issued pursuant to this Offer to raise up to \$11,613,016.

As at the date of this Prospectus the Company has 866,669 Options, 2,133,335 Performance Rights and US\$3.45m in Convertible Notes on issue.

All Options may be exercised and all Convertible Notes may be converted prior to the Record Date in order to participate in the Offer, however, no Performance Rights will vest prior to the Record Date.

Please refer to Section 2.4 of this Prospectus for information on the exercise price and expiry date of the Options, vesting conditions of the Performance Rights and conversion price and maturity date of the Convertible Notes.

All of the Offer Shares offered will rank equally with the Existing Shares. Please refer to Section 3 for further information regarding the rights and liabilities attaching to the Shares.

### 1.2 Minimum subscription

There is no minimum subscription.

### 1.3 Acceptance

Your acceptance of the Offer must be made by responding to the Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement.

You may participate in the Offer as follows:

- (a) if you wish to take up your **full** Entitlement, either:
  - (i) complete the Entitlement and Acceptance Form and return it with your cheque, drawn on an Australian bank, or bank draft

made payable in Australian currency, for the amount specified on the Entitlement and Acceptance Form; or

- (ii) pay by BPAY®; or
- (b) if you only wish to take up **part** of your Entitlement, either:
- (i) fill in the number of Shares you wish to take up in the space provided on the Entitlement and Acceptance Form and return it with your cheque, drawn on an Australian bank, or bank draft made payable in Australian currency, for the appropriate application monies (at \$0.40 per Offer Share); or
  - (ii) pay by BPAY; or
- (c) if you do not wish to take up all or part of your Entitlement, you are not obliged to do anything.

To pay by cheque or bank draft your completed Entitlement and Acceptance Form and accompanying cheque or bank draft made payable to **Jupiter Energy Limited – Share Issue Account** and crossed **Not Negotiable** must be mailed or delivered to the address set out on the Entitlement and Acceptance Form to be received by no later than the Closing Date.

To pay using BPAY refer to the personalised instructions on your Entitlement and Acceptance Form. You DO NOT need to complete or return the Entitlement and Acceptance Form, however, payment must be received by no later than the Closing Date. You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPAY are received no later than the Closing Date.

If you have more than one shareholding in the Company and consequently receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those shareholdings only use the customer reference number (**CRN**) specific to that shareholding as set out in the applicable Entitlement and Acceptance Form. DO NOT use the same CRN for more than one of your shareholdings. This can result in your application monies being applied to your Entitlement in respect of only one of your shareholdings (with the result that any application in respect of your remaining shareholdings will not be recognised as valid).

The Offer is non-renounceable. Accordingly, a Shareholder cannot sell or transfer all or part of their Entitlement.

#### 1.4 Underwriting

The Offer is fully underwritten by Waterford Petroleum Limited and Soyuzneftegas Capital Limited (**Underwriters**). Please refer to Section 2.7 for the effect the underwriting may have on control of the Company and Section 5.1 for a summary of the material terms of the Underwriting Agreement.

The Directors are not aware of any matter preventing the Underwriters fulfilling their contractual obligations under the Underwriting Agreement.

### **1.5 Related party transaction for the purposes of the AIM Rules**

Waterford Petroleum Limited's and Soyuzneftegas Capital Limited's commitment as Underwriters to the Offer is a related party transaction under the AIM Rules as both Underwriters are substantial shareholders in the Company. Having consulted with the Company's nominated adviser, finnCap Limited, the Directors consider that the terms of the participation of Waterford Petroleum Limited and Soyuzneftegas Capital Limited in the Offer are fair and reasonable insofar as the Shareholders are concerned.

Neither Waterford Petroleum Limited nor Soyuzneftegas Capital Limited is a related party for the purposes of the Corporations Act.

### **1.6 Shortfall Offer**

Any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer which will revert to the Underwriters to be dealt with in accordance with the Underwriting Agreement. Accordingly, do not apply for Shortfall Shares.

The issue price for each Share to be issued under the Shortfall Offer shall be \$0.40 being the price at which Shares have been offered under the Offer.

### **1.7 ASX listing**

Application for Official Quotation of the Offer Shares will be made in accordance with the timetable set out at the commencement of this Prospectus. If ASX does not grant Official Quotation of the Offer Shares before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Offer Shares and will refund all application monies for the Offer Shares within the time prescribed under the Corporations Act, without interest being paid to the applicants.

The fact that ASX may grant Official Quotation to the Offer Shares is not to be taken in any way as an indication of the merits of the Company or the Offer Shares now offered for subscription.

### **1.8 AIM listing**

Application will be made to the London Stock Exchange for the Offer Shares to be admitted to trading on AIM in accordance with the timetable set out at the commencement of this Prospectus. If the London Stock Exchange does not admit the Offer Shares to trade on AIM before the expiration of 3 months after the date of issue of the Prospectus the Company will not issue any Offer Shares and will refund all application monies for the Offer Shares within the time prescribed under the Corporations Act, without interest being paid to the applicants.

The fact that the London Stock Exchange may admit the Offer Shares to trade on AIM is not to be taken in any way as an indication of the merits of the Company or the Offer Shares now offered for subscription.

### **1.9 Issue**

Offer Shares will be issued in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

Shares issued pursuant to the Shortfall Offer will be issued in accordance with the Underwriting Agreement.

Pending the allotment and issue of the Offer Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Offer Shares issued to the issuer sponsored subregister and confirmation of issue for CHESS holders will be mailed to Shareholders participating in the Offer in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus and for Shortfall Shares issued under the Shortfall Offer as soon as practicable after their issue.

### **1.10 Overseas Shareholders**

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Shares will not be issued to Shareholders with a registered address which is outside Australia, New Zealand, United Kingdom, Guernsey or Cyprus.

Shareholders resident in New Zealand, United Kingdom, Guernsey or Cyprus should consider the additional statements set out in Section 1.11 of this Prospectus and, if necessary, consult their professional advisors as to whether any government or other consents are required, or other formalities need to be observed, to enable them to accept their Entitlements.

Shareholders resident in Australia, New Zealand, United Kingdom, Guernsey or Cyprus holding Shares on behalf of persons who are resident in other jurisdictions are responsible for ensuring that accepting an Entitlement does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

### **1.11 Offer Overseas**

#### **(a) New Zealand**

The Offer is being made in New Zealand pursuant to the Securities Act (Overseas Companies) Exemption Notice 2002.

#### **(b) United Kingdom**

No offer of the Offer Shares has been nor will be made in or into the United Kingdom otherwise than in circumstances where Section 86(1)(b) of FSMA applies. This document accordingly does not constitute an offer of transferable securities to the public, within the meaning of Section 102B of FSMA, to which Section 85(i) of FSMA applies and is not

required to have been approved by the UK Financial Services Authority for the purposes of FSMA or the Prospectus Rules.

(c) **Guernsey**

Neither the Guernsey Financial Services Commission nor the States of Guernsey Policy Council take any responsibility for the financial soundness of the Company or for the correctness of any of the statements made or opinions expressed with regard to it.

The Prospectus Rules 2008, made by the Guernsey Financial Services Commission in exercise of the powers conferred on it by section 12, 14, 16 and 18 of the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended) do not apply to any offer of shares that are listed or traded on any stock exchange, in respect of a company in which the local regulatory body is an ordinary member, associate member or affiliate member of the International Organisation of Securities Commissions (**IOSCO**) or listed on an exchange that is supervised by a member of IOSCO.

The Company's shares are traded on the ASX and ASIC is an ordinary member of IOSCO.

(d) **Cyprus**

This Offer will be made to Qualifying Shareholders in the Republic of Cyprus. There is only one Qualifying Shareholder in the Republic of Cyprus, a company incorporated in the Republic of Cyprus.

Because the offer of securities is addressed to a limited group of persons/entities (as aforesaid), there is no obligation on behalf of the Company for publication of the Prospectus in the Republic of Cyprus under Article 4 (3) of the Public Offer and Prospectus Law 2005 ('the Law' or 'N.114 (I) / 2005'). As a result, the Company is not required to submit the Prospectus in accordance with the Law and Regulation 809/2004 of the European Commission for approval by the Cyprus Securities and Exchange Commission (**CySEC**).

The present offer is not a public offering and it will not be publicly offered in the Republic of Cyprus within the meaning of Article 2 of the Law.

## 1.12 Enquiries

Any questions from Shareholders in Australia or New Zealand concerning the Offer should be directed to Scott Mison, Executive Director and Company Secretary, on +61 8 9322 8222.

Any questions from Shareholders in the United Kingdom or other jurisdictions should be directed to Geoff Gander, Chairman/CEO on +44 (0) 7974 241 412.

## 2. PURPOSE AND EFFECT OF THE OFFER

### 2.1 Purpose of the Offer

The purpose of the Offer is to raise up to \$11,613,016 assuming all Offer Shares are issued, no Options are exercised or Convertible Notes are converted prior to the Record Date and subject to rounding of fractional Entitlements.

The funds raised from the Offer are planned to be used in accordance with the table set out below:

Item	Proceeds of the Offer	Expenditure	%
1	Drilling, completion and testing of J-55 well (2 <sup>nd</sup> 2012 commitment well)	\$5,000,000	43.01
2	Topside infrastructure development on Block 31 for bringing J-51 and J-53 wells onto Trial Production	\$1,000,000	8.61
3	Drilling, completion and testing of J-58 well (2 <sup>nd</sup> well on southern extension area)	\$5,000,000	43.01
4	Working Capital <sup>1</sup>	\$255,303	2.29
5	Expenses of the Offer <sup>2</sup>	\$357,713	3.08
	<b>Total</b>	<b>\$11,613,016</b>	<b>100.00</b>

#### Notes:

1. Working capital is budgeted to include corporate costs of \$50,000, Board costs of \$95,000, travel costs of \$37,000, consultancy fees of \$20,000 and administration expenses of \$53,303. It is expected that this amount of working capital is sufficient to fund the general working capital requirements of the Company for 2 months. The Board notes the Company also has existing cash reserves to fund general working capital requirements of the Company beyond this period.
2. Refer to Section 5.8 of this Prospectus for further details relating to the estimated expenses of the Offer.

The activities set out in Items 1 to 3 are expected to be completed by the end of March 2013.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

### 2.2 Effect of the Offer

The principal effect of the Offer, assuming all Offer Shares are issued, no Options are exercised or Convertible Notes are converted prior to the Record Date and subject to rounding of fractional Entitlements, will be to:

- (a) increase the cash reserves by \$11,255,303 (after deducting the estimated expenses of the Offer) immediately after completion of the Offer; and

- (b) increase the number of Shares in issue from 116,130,154 as at the date of this Prospectus to 145,162,693 Shares.

### 2.3 Pro-forma balance sheet

The unaudited balance sheet as at 31 March 2012 and the unaudited pro-forma balance sheet as at 31 March 2012 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming all Offer Shares are issued, no Options are exercised or Convertible Notes are converted prior to the Record Date and including expenses of the Offer.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements. Please note all figures below are in Australian \$.

	<b>Unaudited Balance Sheet as at</b>	<b>Pro forma Balance Sheet as at</b>
	<b>31 March 2012</b>	<b>31 March 2012</b>
<i>Current Assets</i>		
<i>Cash and cash equivalents</i>	<b>1,572,654</b>	<b>12,827,957</b>
<i>Trade and other receivables</i>	<b>2,918,368</b>	<b>2,918,368</b>
<i>Other current assets</i>	<b>397,657</b>	<b>397,657</b>
<i>Total Current Assets</i>	<b>4,888,679</b>	<b>16,143,982</b>
<i>Non Current Assets</i>		
<i>Plant and equipment</i>	<b>878,854</b>	<b>878,854</b>
<i>Mineral exploration expenditure</i>	<b>36,121,696</b>	<b>36,121,696</b>
<i>Other financial assets</i>	<b>299,914</b>	<b>299,914</b>
<i>Total Non Current Assets</i>	<b>37,300,464</b>	<b>37,300,464</b>
<i>Total Assets</i>	<b>42,189,143</b>	<b>53,444,446</b>
<i>Current Liabilities</i>		

<i>Payables</i>	<b>213,672</b>	<b>213,672</b>
<i>Provisions</i>	<b>91,729</b>	<b>91,729</b>
<i>Total Current Liabilities</i>	<b>305,401</b>	<b>305,401</b>
 <i>Non -Current Liabilities</i>		
<i>Provisions</i>	<b>192,132</b>	<b>192,132</b>
<i>Other financial liabilities</i>	<b>2,571,429</b>	<b>2,571,429</b>
<i>Total Non-Current Liabilities</i>	<b>2,763,561</b>	<b>2,763,561</b>
<i>Total Liabilities</i>	<b>3,068,962</b>	<b>3,068,962</b>
<i>Net Assets</i>	<b>39,120,181</b>	<b>50,375,484</b>
<i>Equity</i>		
<i>Contributed equity</i>	<b>71,280,610</b>	<b>82,535,913</b>
<i>Share based payments reserve</i>	<b>4,138,012</b>	<b>4,138,012</b>
<i>Foreign currency translation reserve</i>	<b>(4,749,328)</b>	<b>(4,749,328)</b>
<i>Accumulated losses</i>	<b>(31,549,112)</b>	<b>(31,549,112)</b>
<i>Total Equity</i>	<b>39,120,181</b>	<b>50,375,485</b>

## 2.4 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Offer Shares are issued, no Options are exercised or Convertible Notes are converted prior to the Record Date and subject to rounding of fractional Entitlements, is set out below.

### Shares

	<b>Number</b>
Existing Shares	116,130,154
Maximum number of Offer Shares	29,032,539
<b>Enlarged Issued Share Capital</b>	<b>145,162,693</b>



## Options

	<b>Number</b>
Options currently in issue (not quoted) (exercise price \$1.50, expiry date 31 December 2012)	400,000
Options currently in issue (not quoted) (exercise price \$2.25, expiry date 31 December 2012)	266,668
Options currently in issue (not quoted) (exercise price \$2.775, expiry date 31 December 2012) <sup>1</sup>	200,001
Options offered pursuant to the Offer	NIL
<b>Total Options in issue after completion of the Offer</b>	<b>866,669</b>

### Notes:

- Pursuant to the terms and conditions of this category of Options, in the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to Shareholders after the date of issue of these Options, the exercise price of these Options shall be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2. The new exercise price for these Options is not known as at the date of this Prospectus as the formula requires the volume weighted average price of Shares on the 5 trading days preceding the ex date of the Offer. The Company will issue a revised Appendix 3B once the new exercise prices have been determined.

## Performance Rights<sup>1</sup>

	<b>Number</b>
Performance Rights currently in issue (not quoted) (vesting condition detailed below, vesting date 31 December 2013)	2,133,335
Performance Rights offered pursuant to the Offer	NIL
<b>Total Performance Rights in issue after completion of the Offer</b>	<b>2,133,335</b>

### Notes:

- Subject to a minimum increase of 25%, the Performance Rights for each holder shall vest in proportion to the % increase in the share price of the Company above \$0.735 cents (**Vesting Condition**). Shares must reach a level of at least \$0.92 for any Performance Rights to vest. All Performance Rights will vest if the Share price of \$1.50 is achieved. In respect of the Vesting Condition, the % increase in the Share price of the Company will be calculated by reference to the volume weighted average price of Shares in the 20 consecutive trading days immediately prior to the vesting date.

## Convertible Note<sup>1</sup>

	<b>Number</b>
Convertible Notes currently in issue (not quoted) Principal US\$500,000, conversion price US\$0.75, maturity date 29 September 2013	6
Convertible Notes currently in issue (not quoted) Principal US\$450,000, conversion price US\$0.75, maturity date	1

29 September 2013	
Convertible Notes offered pursuant to the Offer	NIL
<b>Total Convertible Notes on issue after completion of the Offer</b>	<b>7</b>

**Notes:**

- As at the date of this Prospectus, if all Convertible Notes were converted 4,600,000 Shares would be issued. The conversion price will be adjusted where new Shares are issued by the Company between the date of issue and the conversion date at an issue price lower than US\$0.75. Where such issue price is not stated in US\$ the conversion price shall be the US\$ equivalent calculated at the date the issue occurs using the foreign exchange rate published by the Reserve Bank of Australia. Shareholder approval has been obtained for a maximum of 8,215,000 Shares to be issued on conversion of the Convertible Notes on or before 14 August 2012. If the Convertible Notes are converted after the Offer Shares are issued a further 8,215,000 Shares would be issued (based on the adjustment of the conversion price and assuming an exchange rate of \$1.00:US\$1.0164 as at 21 June 2012) with the balance of the principal owing being US\$110,109.60 (or approximately \$108,332.94 based on the same exchange rate). It is noted that the exact number of Shares that could be issued and any resulting principal that remains owing will not be known until the conversion price is known which is based on the \$:US\$ exchange rate at the time of issue of the Offer Shares. In the event more than 8,215,000 Shares are required to be issued not all Convertible Notes will be able to be converted, or, where the conversion does not occur before 14 August 2012 or such later date permitted by any ASX waiver or modification of the ASX Listing Rules no Convertible Notes will be able to be converted. Either new Shareholder approval would be required or the Company could redeem the balance of the Convertible Notes which would be made out of the Company's existing cash reserves.

The capital structure on a fully diluted basis on completion of the Offer will be 156,377,697 Shares assuming all Offer Shares are issued, no Options are exercised or Convertible Notes are converted prior to the Record Date, subject to rounding of fractional Entitlements, all Performance Rights vest (although it is noted this cannot occur until after the vesting date of 31 December 2013 if at all) and the Convertible Notes are converted to the maximum of 8,215,000 Shares as disclosed above.

## **2.5 Escrow arrangements**

Shares under this Offer issued to the Directors and Waterford Petroleum Limited will be subject to the current restrictions in place pursuant to lock-in agreements dated 11 October 2011 between (inter alia) the Company and Waterford Petroleum Limited and the Directors pursuant to which any Shares held by Waterford Petroleum Limited and the Directors cannot be disposed of within 12 months from the AIM listing date (i.e. not before 9 November 2012).

The Shares held by Waterford Petroleum Limited and the Directors are disclosed in Sections 2.6 and 5.5 of this Prospectus respectively and represent approximately 32.74% of the Shares on issue as at the date of this Prospectus. In the event all Entitlements are accepted there will be no change to the percentage of Shares on issue that are subject to escrow. However, in the event of a Shortfall, part of which may be issued to Waterford Petroleum Limited as an Underwriter, the percentage of Shares subject to escrow will increase. The exact figure is dependent on the level of Shortfall which is not known as at the date of this Prospectus although the potential change in relevant interest of Waterford Petroleum Limited as a result of the underwriting is set out in Section 2.7 of this Prospectus.

No other Shares, Options, Performance Rights or Convertible Notes on issue are subject to escrow restrictions, either voluntary or ASX imposed.

## 2.6 Details of substantial holders

Based on publicly available information as at the date of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Existing Shares	% interest in Existing Issued Share Capital
Waterford Petroleum Limited	34,488,940	29.70
Soyuzneftegas Capital Limited	11,578,575	9.97

In the event all Entitlements are accepted there will be no change to the substantial holders on completion of the Offer.

## 2.7 Effect on control of the Company

The extent to which Shares are issued pursuant to the Underwriting Agreement will increase each Underwriter's voting power in the Company. The respective Underwriter's relevant interest and changes under several scenarios are set out in the table below and are based on the assumptions that both Underwriters accept their full Entitlement, all Shares offered under this Prospectus are issued but there is no participation in the Shortfall other than by the Underwriters, no Options are exercised or Convertible Notes are converted prior to the Record Date and subject to rounding of fractional Entitlements.

Underwriter	Number of Shares held (and voting power)		
	If all the Qualifying Shareholders subscribe for all their Entitlements	If half the other Qualifying Shareholders subscribe for their Entitlements	If no other Qualifying Shareholders subscribe for their Entitlements
Waterford Petroleum Limited	43,111,175 (29.70%)	44,035,063 (30.33%)	52,792,893 (36.37%)
Soyuzneftegas Capital Limited	14,473,219 (9.97%)	22,307,161 (15.37%)	22,307,161 (15.37%)

The number of Shares held by, and voting power of, the Underwriters set out in the table above shows the potential effect on control the underwriting of the Offer may have. However, it is unlikely that no Shareholders, other than the Underwriters, will accept their Entitlements. The underwriting obligation and therefore respective voting powers of the Underwriters will reduce with each Entitlement accepted by other Shareholders.

In addition, Soyuzneftegas Capital Limited is the holder of the Convertible Notes. The maximum number of Shares to be issued on their conversion is set out in Section 2.4 of this Prospectus. Based on this figure and assuming the issue of Shares on conversion of the Convertible Notes occurs between the issue of Offer

Shares and the issue of Shortfall Shares in accordance with the Underwriting Agreement the voting power as set out in the table above for Soyuzneftegas Capital Limited will be 14.79%, 19.90% and 19.90% respectively and for Waterford Petroleum Limited will be 28.11%, 28.71% and 34.42% respectively.

## **2.8 Potential dilution**

Shareholders should note that if they do not accept their Entitlement, their holdings will be diluted by 20% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus) and a lesser percentage if only part of their Entitlement is accepted.

---

### **3. RIGHTS AND LIABILITIES ATTACHING TO SHARES**

The following is a summary of the more significant rights and liabilities attaching to the Offer Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Offer Shares are set out in the Constitution, a copy of which is available from the Company's website or for inspection at the Company's registered office during normal business hours.

#### **3.1 General meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of the Company.

#### **3.2 Voting rights**

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the share.

#### **3.3 Dividend rights**

The Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend. Subject to the rights of any preference Shareholders and to the rights of the holders of any shares credited or raised under any special arrangement as to dividend, the dividend as declared shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares in accordance with Part 2H.5 of Chapter 2H of the Corporations Act. The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividends shall be payable except out of profits. A determination by the Directors as to the profits of the Company shall be conclusive. No dividend shall carry interest as against the Company.

The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

The Directors may from time to time grant to Shareholders or any class of

shareholders the right to elect to reinvest cash dividends paid by the Company by subscribing for Shares in the Company on such terms and conditions as the Directors think fit. The Directors may, at their discretion, resolve in respect of any dividend which it is proposed to pay or to declare on any Shares of the Company, that holders of such Shares may elect to forgo their right to the whole or part of the proposed dividend and to receive instead an issue of Shares credited as fully paid to the extent and on the terms and conditions of the Constitution.

### **3.4 Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

### **3.5 Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

### **3.6 Transfer of Shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

### **3.7 Variation of rights**

Under Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

### **3.8 Alteration of Constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

---

## 4. RISK FACTORS

### 4.1 Introduction

The Offer Shares are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this Section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares. While most risk factors are largely beyond the control of the Company 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.

### 4.2 Company specific

#### (a) **Kazakh Subsurface Law**

The Block 31 Contract is subject to the law on subsurface and subsurface use in Kazakhstan, dated 24 June 2010 (**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 (**User Rights**).

The Subsurface Law provides the government of Kazakhstan with a statutory pre-emption right (**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, (**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 (charter) 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.

The Company has received a Subsurface Consent and a waiver by the Government of its Subsurface Pre-emptive Right in relation to the issue of Shares under this Prospectus (**Waiver**). The Waiver, numbered 07-04/3385, was issued on 21 June 2012 and allows for the issue of a total of 37,247,539 Shares, being 29,032,539 Shares pursuant to the Offer at a minimum issue price of \$0.40 per Share to raise \$11,613,016 as well as a further 8,215,000 Shares to enable the conversion of the Convertible Note held by Soyuzneftegas Capital Limited as outlined in Section 2.4 of the Prospectus.

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.

(b) **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.

(c) **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.

(d) **Kazakhstan Securities Market Law**

Article 22-1 of the Law of the Republic of Kazakhstan "On the Securities Market" No. 461-II dated 2 July 2003 (as amended) (**Securities Market Law**), imposes certain requirements regarding the issue of shares by entities which are considered as a "Kazakhstan resident organization".

Pursuant to the Securities Market Law a "Kazakhstan resident organization" is defined as follows:

*"... legal entities created under the laws of the Republic of Kazakhstan and/or not less than two thirds of the assets of which are located on the territory of the Republic of Kazakhstan or issued in accordance with the legislation of the Republic of Kazakhstan and/or other legal entities having their places of effective management (actual bodies of management) in the Republic of Kazakhstan shall be recognized as Kazakhstan resident entities. ..."*

The Company falls under this definition of a Kazakhstan resident organisation and therefore the issue of any of its shares is subject to the following:

Jupiter Energy Limited must inter alia:

1. Have its previously issued securities included into the Kazakhstan Stock Exchange (**KASE**);
2. Have the shares listed on KASE as "Category 1" shares;
3. Make available at least twenty per cent of any applicable offering to the Kazakhstan domestic market; and
4. Obtain prior permission for the placement of shares from the Committee for the Control and Supervision of the Financial Market and Financial Organisations of the National Bank of the Republic of Kazakhstan.

Kazakhstan laws detail the parameters under which a company can be granted Category 1 KASE listing and they include the need for the company to pass a three year profitability test. The Company does not

pass this profitability test and has been advised that as a result will not be granted Category 1 status.

Based on this, the Company is not able to list on KASE at this time and therefore is unable to comply with the Securities Market Law.

The issue faced by the Company is one that faces all companies that do not have a 3 year history of profitability and it is believed that the anomaly will be addressed during 2012 so that Category 3 companies (the Company is classed as a Category 3 KASE company) will be able to list on KASE and therefore then be able to comply with the Securities Market Law.

In the meantime, the Company continues to monitor the situation and will complete its Category 1 KASE listing as soon as it becomes possible under Kazakhstan laws. Whilst an administrative fine of fifty percent of the amount received from any placement of issued securities can be levied if this law is breached, legal advice received by the Company is that this fine could not be imposed on the Company or its Kazakhstan subsidiary, Jupiter Energy Pte Ltd (Kazakhstan), as the Company is not located within the jurisdiction of Kazakhstan and Jupiter Energy Pte Ltd (Kazakhstan) is not responsible for this administrative offence.

(e) **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\$5 million during the next 12 months on the Block 31 Contract work program, which includes US\$5 million with respect to the drilling of the J-55 well. 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.

(f) **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 Company's international operations. The Company 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 oil, taxation and environmental and safety matters. The Company'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.

(g) **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.

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 Australia or 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 oil, 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.

(h) **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.

(i) **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 effect on the Company's business, financial condition and results of operations. In addition, adverse economic conditions in Kazakhstan could have a material adverse effect 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.

(j) **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 effect 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 Kazakhstan 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.

(k) **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 effect on the business, financial condition and results of operations of the Company.

(l) **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.



### 4.3 Industry specific

#### (a) Exploration

The Block 31 Contract is still 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.

#### (b) Oil and gas exploration, development and production risks

The future viability and profitability of the Company 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 the Company 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.

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.

(c) **Reserve estimates**

Reserve estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates, which were valid when originally calculated, may change significantly when new information or techniques becomes available. In addition, by their 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 commercial flow plans which may, in turn, either benefit or adversely affect the Company's operations.

(d) **Commodity price volatility and exchange rate**

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 are 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 and the

Australian dollar and the Kazakh Tenge as determined in international markets.

(e) **Environmental**

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 2012 there is no guarantee that they will be forthcoming in future years, 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.

(f) **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.

#### 4.4 General risks

(a) **Economic**

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.

(b) **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 resource 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. Investors may therefore realise less than, or lose all of, their investment.

(c) **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 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.

(d) **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.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

(e) **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 given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

#### **4.5 Speculative investment**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

---

## 5. ADDITIONAL INFORMATION

### 5.1 Underwriting Agreement

By an agreement between Waterford Petroleum Limited and Soyuzneftegas Capital Limited as underwriters (**Underwriters**) and the Company (**Underwriting Agreement**), the Underwriters have agreed to fully underwrite the Offer (**Underwritten Amount**).

The Underwriters agree that they will underwrite the Underwritten Amount in the amounts specified below:

- (a) Soyuzneftegas Capital Limited will underwrite up to 7,833,942 Offer Shares.
- (b) Waterford Petroleum Limited will underwrite up to 21,198,597 Offer Shares, being that number of Offer Shares not being underwritten by Soyuzneftegas Capital Limited.

For the avoidance of doubt, the obligation of each Soyuzneftegas Capital Limited and Waterford Petroleum Limited is several (and not joint) and only in respect of the number of Offer Shares each Underwriter has agreed to underwrite.

Any Offer Shares to be issued to Soyuzneftegas Capital Limited pursuant to the Underwriting Agreement will be in priority to those to be issued to Waterford Petroleum Limited. In the event the Shortfall is less than the number of Offer Shares Soyuzneftegas Capital Limited has agreed to underwrite, Waterford Petroleum would not be issued any further Offer Shares pursuant to the Underwriting Agreement.

Pursuant to the Underwriting Agreement, the Company has agreed to pay the Underwriters an underwriting fee of 2% (excluding GST) of the value of the Offer Shares that Underwriter has agreed to underwrite, a placement fee of 4% (excluding GST) of the value of the Shortfall taken up by that Underwriter and reimbursement of expenses.

The obligation of the Underwriters to underwrite the Offer is subject to certain standard events of termination which are set out in Annexure A (**Termination Events**). The Underwriters may terminate their respective obligations under the Underwriting Agreement if a Termination Event occurs.

The Underwriting Agreement is otherwise subject to standard terms and conditions which are customary for an agreement of its nature.

Both of the Underwriters are currently substantial Shareholders. As underwriters to the Offer, there is the possibility that their substantial interests will increase upon completion of the Offer. Further details of the Underwriter's substantial interests are detailed at Section 2.6 of this Prospectus and the potential effect on the control of the Company as a result of the underwriting is set out at Section 2.7 of this Prospectus.

### 5.2 Litigation

As at the date of this Prospectus, the Company is not involved in any governmental legal or arbitration proceedings and the Directors are not aware of any governmental legal or arbitration proceedings pending or threatened against the Company.

### 5.3 Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in Section 111AC of the Corporations Act) for the purposes of Section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in Section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
  - (i) the annual financial report most recently lodged by the Company with the ASIC;
  - (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and

- (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in Section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

<b>Date</b>	<b>Description of Announcement</b>
21/06/2012	Change of Directors' Interest Notice
07/06/2012	J-53 Well and Reserves Update
21/05/2012	Change of Director's Interest Notice x 4
21/05/2012	Appendix 3B
14/05/2012	Results of Meeting
30/04/2012	Quarterly Cashflow Report
30/04/2012	Quarterly Activities Report
27/04/2012	Jupiter Energy secures prepayment plan for oil sales
24/02/2012	Trial Production commences from J-50 and J-52 wells
11/04/2012	Notice of General Meeting/Proxy Form
29/03/2012	Change of Nominated Adviser
16/03/2012	Half Year Accounts
03/02/2012	Appendix 3B
31/01/2012	Quarterly Cashflow Report
31/01/2012	Quarterly Activities Report
25/01/2012	J-53 Drilling Update
18/01/2012	Competent Persons Statement - Annual Report 2011
21/12/2011	Operations update for Block 31
08/12/2011	Constitution
28/11/2011	Results of Meeting
28/11/2011	Operations Update



11/11/2011	Oilbarrel Conference
10/11/2011	Oilbarrel Conference Presentation
10/11/2011	Admission to Trading on AIM
26/10/2011	Annual Report to shareholders

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

#### **5.4 Market price of Shares**

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest	\$0.72	22 March
Lowest	\$0.44	1, 4, 7, 15, 18, 19 & 20 June 2012
Last	\$0.46	21 June 2012

#### **5.5 Interests of Directors**

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (a) as an inducement to become, or to qualify as, a Director; or
- (b) for services provided in connection with:
  - (i) the formation or promotion of the Company; or
  - (ii) the Offer.

#### **Security holdings**

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below.

Director	Existing Shares	Options <sup>1</sup>	Performance Rights <sup>2</sup>	Entitlement Shares	\$
Geoff Gander	2,551,113	0	666,667	637,779	255,112
Alastair Beardsall	1,000,000	0	666,667	250,000	100,000
Baltabek Kuandykov	0	0	666,667	0	0
Scott Mison	312,987	66,667 <sup>1</sup>	133,334	78,247	31,299

**Notes:**

1. Not quoted with an exercise price of \$2.775 and expiry date of 31 December 2012.
2. Subject to a minimum increase of 25%, the Performance Rights for each holder shall vest in proportion to the % increase in the share price of the Company above \$0.735 cents (**Vesting Condition**). Shares must reach a level of at least \$0.92 for any Performance Rights to vest. All Performance Rights will vest if the Share price of \$1.50 is achieved. In respect of the Vesting Condition, the % increase in the Share price of the Company will be calculated by reference to the volume weighted average price of Shares in the 20 consecutive trading days immediately prior to the vesting date (being 31 December 2013).

**Remuneration**

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$350,000 per annum.

A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

For the financial years ended 30 June 2010 and 30 June 2011 the Company paid (or has payable) by way of approved remuneration for services provided by all Directors or former directors of the Company (executive, non-executive and alternate), companies associated with those Directors or former directors of the Company or their associates in their capacity as Directors or former directors of the Company, employees, consultants or advisers (inclusive of employer superannuation contributions) a total of \$1,974,816 and \$1,554,331 respectively.

The proposed annual remuneration of the Directors for the financial year ending 30 June 2012 is set out in the table below.

<b>Director</b>	<b>Amount</b>
Geoff Gander	£200,000 <sup>1</sup>
Alastair Beardsall	\$40,000
Baltabek Kuandykov	\$89,000
Scott Mison	\$130,000 <sup>2</sup>

**Notes:**

<sup>1</sup> Approximately \$308,499.15 based on an exchange rate of \$1.00:UK£0.6483 as at 21 June 2012. This figure represents UK£170,000 (\$262,224.28) for salary as Chief Executive Officer of the Company and UK£30,000 (\$46,274.87) for Chairman fees.

<sup>2</sup> Represents \$90,000 for CFO / company secretarial services and \$40,000 for Directors fees.

## **5.6 Interests of experts and advisers**

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (a) the formation or promotion of the Company; or
- (b) the Offer.

Where payments below are expressed in currencies other than Australian dollars the exchange rates used to state the Australian dollar equivalent are \$1.00:UK£0.6483, \$1.00:€0.8015 and \$1.00:US\$1.0164 as at 21 June 2012.

Steinepreis Paganin has acted as the Australian solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$20,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$107,464.89 (excluding GST and disbursements) for legal services provided to the Company.

Memery Crystal LLP has acted as the UK solicitors to the Company in relation to the Offer. The Company estimates it will pay Memery Crystal LLP approximately £12,500 (\$19,280) (excluding GST (or its foreign equivalent) and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Memery Crystal LLP has been paid fees totalling £66,205.50 (\$102,120) (excluding GST (or its foreign equivalent) and disbursements) for legal services provided to the Company.

Areti Charidemou & Associates LLC has acted as the Cypriot solicitors to the Company in relation to the Offer. The Company estimates it will pay approximately €5,000 (\$6,240) (excluding GST (or its foreign equivalent) and disbursements) for these services. Areti Charidemou & Associates LLC has not received any fees from the Company during the 24 months preceding lodgement of this Prospectus with the ASIC.

Babbé has acted as the Guernsey advocates to the Company in relation to the Offer. The Company estimates it will pay approximately £1,000 (\$1,540) (excluding GST (or its foreign equivalent) and disbursements) for these services. Babbé has not received any fees from the Company during the 24 months preceding lodgement of this Prospectus with the ASIC.

White & Case LLP has acted as the Kazakhstan solicitors to the Company in relation to the Offer. The Company estimates it will pay White & Case LLP US\$10,000 (\$9,840) (excluding GST (or its foreign equivalent) and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, White & Case LLP has been paid fees totalling US\$16,050 (\$15,790) (excluding GST (or its foreign equivalent) and disbursements) for legal services provided to the Company.

finnCap Limited has acted as the nominated adviser and broker to the Company in relation to the Offer. The Company will not pay finnCap Limited any fees for these services as they are covered by a retainer with the Company. During the 24 months preceding lodgement of this Prospectus with the ASIC, finnCap Limited has been paid fees totalling £22,278 (\$34,365) (excluding GST (or its foreign equivalent) and disbursements) for advisory services provided to the Company.

Waterford Petroleum Limited has acted as an underwriter of the Offer. The Company estimates it will pay Waterford Petroleum Limited \$169,590 (excluding GST and disbursements) for these services. In addition, Waterford Petroleum Limited will be paid a placement fee of 4% (excluding GST) of the amount of Shortfall taken up by it pursuant to the Underwriting Agreement. Based on a 100% Shortfall the maximum placement fee payable to Waterford Petroleum Limited would be \$339,180. However, it is noted that there is unlikely to be a 100% Shortfall as it is the intention of the Underwriters to accept their Entitlements in full. Also, the placement fee payable to Waterford Petroleum Limited will be reduced for other Entitlements accepted. During the 24 months preceding lodgement of this Prospectus with the ASIC, Waterford Petroleum Limited has been paid fees totalling \$349,912 (excluding GST and disbursements) for underwriting services provided to the Company.

Soyuzneftegas Capital Limited has acted as an underwriter of the Offer. The Company estimates it will pay Soyuzneftegas Capital Limited \$62,670 (excluding GST and disbursements) for these services. In addition, Soyuzneftegas Capital Limited will be paid a placement fee of 4% (excluding GST) of the amount of Shortfall taken up by it pursuant to the Underwriting Agreement. The maximum placement fee payable to Soyuzneftegas Capital Limited would be \$125,340 based on a Shortfall of 27%. In the event the Shortfall is a lower percentage, the placement fee payable to Soyuzneftegas Capital Limited will be reduced for each additional Entitlement accepted beyond that percentage. During the 24 months preceding lodgement of this Prospectus with the ASIC, Soyuzneftegas Capital Limited has been paid fees totalling \$300,387 (excluding GST and disbursements) for underwriting services provided to the Company.

## **5.7 Consents**

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Steinepreis Paganin has given its written consent to being named as the Australian solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Memery Crystal LLP has given its written consent to being named as the UK solicitors to the Company in this Prospectus. Memery Crystal LLP has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Areti Charidemou & Associates LLC has given its written consent to being named as the Cypriot solicitors to the Company in this Prospectus. Areti Charidemou & Associates LLC has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Babbé has given its written consent to being named as the Guernsey solicitors to the Company in this Prospectus. Babbé has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

White & Case LLP has given its written consent to being named as the Kazakhstan solicitors to the Company in this Prospectus. White & Case LLP has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

finnCap Limited has given its written consent to being named as the nominated adviser and broker to the Company. finnCap Limited has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Computershare Investor Services Pty Limited has given its written consent to being named as Australian share registry to the Company. Computershare Investor Services Pty Limited has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Computershare Investor Services PLC has given its written consent to being named as UK Depositary to the Company with regard to Depositary Interests.

Computershare Investor Services PLC has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Waterford Petroleum Limited has given its written consent to being named as an underwriter of the Offer. Waterford Petroleum Limited has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Soyuzneftegas Capital Limited has given its written consent to being named as an underwriter of the Offer. Soyuzneftegas Capital Limited has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

## 5.8 Expenses of the Offer

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately \$357,713 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	2,137
ASX fees	18,966
Australian legal fees	20,000
UK legal fees	19,280
Cypriot legal fees	6,240
Guernsey legal fees	1,540
Kazakh legal fees	9,840
Underwriters fees*	232,260
Printing and distribution	30,000
Miscellaneous	17,450
<b>Total</b>	<u>357,713</u>

\* In the event not all Entitlements are accepted the Underwriters will receive an additional fee of 4% (excluding GST) of the amount allocated to the Underwriters under the Shortfall. In the event of a 100% Shortfall the additional fee to the Underwriters would be a total of \$464,520. However, it is noted that there is unlikely to be a 100% Shortfall as it is the intention of the Underwriters to accept their Entitlements in full. The additional fee will also be reduced for other Entitlements accepted. Any additional fee payable to the Underwriters will be made out of the Company's existing cash reserves.

## 5.9 Electronic Prospectus

Pursuant to Class Order 00/44, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian, UK, New Zealand, or Guernsey resident and must only access the Prospectus from within Australia, the UK, New Zealand or Guernsey.

### ***Disclaimer for Online Publication in Cyprus:***

***It is hereby clarified that this Prospectus is not addressed to any natural or legal persons in the Republic of Cyprus other than the existing Qualifying Shareholder established in Republic of Cyprus which is Soyuzneftegas Capital Limited.***

If you have received this Prospectus as an electronic Prospectus, please ensure

that you have received the entire Prospectus accompanied by the Application Forms. If you have not, please phone the Company on +61 8 9322 8222 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at <http://www.jupiterenergy.com.au/>.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

#### **5.10 Clearing House Electronic Subregister System (CHES) and Issuer Sponsored holdings**

The Company will not be issuing share certificates. The Company is a participant in CHES. Investors who do not wish to hold their securities through CHES will be issuer sponsored by the Company. Because the subregisters are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors whose holding changes in the course of a calendar month will be issued with a statement that sets out the changes in their Shareholding, including any Shares issued to them under this Prospectus. On issue a notice will be despatched by post advising holders of their Holder Identification Number or Securityholder Reference Number and the number of Offer Shares issued.

A monthly statement for sponsored holders is despatched to holders if there has been any changes to the number of Shares held during the preceding month. That statement is despatched in the week following the relevant month end.

#### **5.11 Privacy Act**

If you complete an application for Shares, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules.

You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.



---

**6. DIRECTORS' AUTHORISATION**

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.



---

**Geoff Gander  
Chairman, CEO  
For and on behalf of  
JUPITER ENERGY LIMITED**

---

## 7. GLOSSARY

**\$** means the lawful currency of the Commonwealth of Australia.

**€** means the lawful currency of the Eurozone.

**Admission** means the admission of the Offer Shares to trading on AIM becoming effective in accordance with the AIM Rules.

**AIM** means the market of that name operated by the London Stock Exchange plc.

**AIM Rules** means the rules of AIM as published by the London Stock Exchange plc.

**Applicant** means a Shareholder who applies for Shares pursuant to the Offer or a Shareholder or other party who applies for Shortfall Shares pursuant to the Shortfall Offer.

**Application Form** means an Entitlement and Acceptance Form or Shortfall Application Form as the context requires.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

**ASX Listing Rules** means the listing rules of the ASX.

**ASX Settlement Operating Rules** means the settlement rules of the securities clearing house which operates CHES.

**Block 31** means the permit for areas nos. 1 and 2 in Mangystau oblast.

**Block 31 Contract** means contract no. 2275 in respect of Block 31.

**Board** means the board of Directors unless the context indicates otherwise.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

**Closing Date** means the date specified in the timetable set out at the commencement of this Prospectus (unless extended).

**Company** means Jupiter Energy Limited (ACN 084 918 481).

**Constitution** means the constitution of the Company as at the date of this Prospectus.

**Convertible Note** means a convertible note issued by the Company as noted in Section 2.4 of this Prospectus.

**Corporations Act** means the Corporations Act 2001 (Cth).

**CREST** means the relevant system (as defined in the CREST Regulations) for the paperless settlement of share transfers and the holding of shares in

uncertificated form in respect of which Euroclear is the operator (as defined in the CREST Regulations).

**Depository Interest** means the depository interests issued by Computershare Investor Services PLC representing Shares which may be traded through CREST in dematerialised form.

**Depository Interest Holder** means a holder of Depository Interests.

**Directors** means the directors of the Company as at the date of this Prospectus.

**Enlarged Issued Share Capital** means the Existing Shares and the Offer Shares.

**Entitlement** means the entitlement of a Qualifying Shareholder.

**Entitlement and Acceptance Form** means the entitlement and acceptance form either attached to or accompanying this Prospectus.

**Ex Date** means the date specified in the timetable set out at the commencement of this Prospectus (unless extended).

**Existing Shares** means the aggregate number of Shares in issue as at the date of this Prospectus.

**FSMA** means the UK Financial Services and Markets Act 2000 (as amended).

**Offer** means the non-renounceable entitlement issue the subject of this Prospectus.

**Offer Shares** means the Shares to be issued pursuant to the Offer and the Shortfall Offer (if any).

**Official Quotation** means official quotation on ASX.

**Option** means an option to acquire a Share.

**Performance Right** means a performance right issued by the Company as noted in Section 2.4 of this Prospectus.

**Prospectus** means this prospectus.

**Prospectus Rules** means the rules made for the purposes of Part VI of FSMA in relation to offers of securities to the public and admission and securities to trading the regulated market.

**Qualifying Shareholders** means Shareholders with a registered address which is in Australia, New Zealand, United Kingdom, Guernsey or Cyprus that:

- (a) have bought their Shares on ASX prior to the Ex Date and held those Shares to the Ex Date or later; or
- (b) are otherwise entitled at the Record Date in other limited circumstances pursuant to the ASX Settlement Operating Rules (i.e. the issue of new Shares through the exercise of Options),

**Record Date** means the date specified in the timetable set out at the commencement of this Prospectus.

**Share** means a fully paid ordinary share of no par value in the capital of the Company.

**Shareholder** means a holder of a Share.

**Shortfall** means the Offer Shares not applied for by Qualifying Shareholders under the Offer (if any).

**Shortfall Application Form** means the shortfall application form either attached to or accompanying this Prospectus.

**Shortfall Offer** means the offer of the Shortfall on the terms and conditions set out in Section 1.4 of this Prospectus.

**Shortfall Shares** means those Shares issued pursuant to the Shortfall.

**UK** means the United Kingdom.

**UK£** means the lawful currency of the United Kingdom.

**Underwriter** means Waterford Petroleum Limited and Soyuzneftegas Capital Limited or either one of them as the context requires.

**Underwriting Agreement** means the underwriting agreement entered into between the Company and the Underwriters on or about the date of this Prospectus and as summarised in Section 5.1 of this Prospectus.

**US\$** means the lawful currency of the United States of America.

**WST** means Western Standard Time as observed in Perth, Western Australia.

---

## ANNEXURE A – TERMINATION EVENTS

---

The Underwriter may terminate its obligations under the Underwriting Agreement if:

- (a) **(announcement and application for quotation)**: the Company does not make an announcement of the Offer or lodge a completed Appendix 3B with ASX by the Lodgement Date;
- (b) **(lodgement of Prospectus)**: the Company does not lodge the Prospectus by the Lodgement Date;
- (c) **(Prospectus)**: any of the following occurs in relation to the Prospectus:
  - (i) the Underwriter reasonably forms the view that there is a material omission, it contains a material statement which is misleading or deceptive, or a material statement has become misleading or deceptive;
  - (ii) ASIC gives notice of intention to hold a hearing under section 739(2) of the Corporations Act or makes an interim order under section 739(3) of the Corporations Act; or
  - (iii) any person other than the Underwriter who consented to being named in the Prospectus withdraws that consent;
- (d) **(Supplementary Prospectus)**: the Underwriter reasonably forms the view that a supplementary or replacement document (as appropriate) must be lodged with ASIC under section 719 or section 724 of the Corporations Act and the Company does not lodge a supplementary or replacement document (as the case may be) in the form and content and within the time reasonably required by the Underwriter;
- (e) **(No Official Quotation)**: Official Quotation has not been granted by the Shortfall Notice Deadline Date or, having been granted, is subsequently withdrawn, withheld or qualified; or
- (f) **(Restriction on allotment)**: the Company is prevented from allotting the Offer Shares within the time required by the Underwriting Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority; or
- (g) **(ASIC or other prosecution)**: ASIC gives notice of any deficiency in the Offer or related documents or ASIC gives notice of an intention to hold a hearing, examination or investigation, or it requires information to be disclosed in connection with the Offer or the Company; or
- (h) **(Takeovers Panel)**: the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel; or
- (i) **(Hostilities)**: there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of the Underwriting Agreement involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, India, Pakistan, or the Peoples Republic of China, Israel, Kazakhstan or any member of the European Union, or a terrorist act is perpetrated on any of those countries or any

diplomatic, military, commercial or political establishment of any of those countries anywhere in the world; or

- (j) **(Authorisation)**: any authorisation which is material to anything referred to in the Offer or the terms of the Underwriting Agreement is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter; or
- (k) **(Indictable offence)**: a director or a senior manager of a Relevant Company is charged with an indictable offence; or
- (l) **(Termination Events)**: any of the following events occurs, and in the reasonable opinion of the Underwriter reached in good faith, the event or two or more events together have, or are likely to have a Material Adverse Effect or could give rise to a liability of the Underwriter under the Corporations Act:
  - (i) **(Default)**: default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking;
  - (ii) **(Incorrect or untrue representation)**: any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect;
  - (iii) **(Contravention of constitution or Act)**: a contravention by a Relevant Company of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
  - (iv) **(Adverse change)**: an event occurs which gives rise to a Material Adverse Effect or any adverse change or any development including a prospective adverse change after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any Relevant Company including, without limitation, if any forecast disclosed to ASX prior to the date of the Underwriting Agreement becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time;
  - (v) **(Public statements)**: without the prior approval of the Underwriter a public statement is made by the Company in relation to the Offer;
  - (vi) **(Misleading information)**: any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the Issue or the affairs of any Relevant Company is or becomes misleading or deceptive or likely to mislead or deceive;
  - (vii) **(Official Quotation qualified)**: the Official Quotation is qualified or conditional other than as set out in the definition of "Official Quotation";
  - (viii) **(Change in Act or policy)**: there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy;

- (ix) **(Prescribed Occurrence)**: a Prescribed Occurrence occurs;
- (x) **(Suspension of debt payments)**: the Company suspends payment of its debts generally;
- (xi) **(Event of Insolvency)**: an Event of Insolvency occurs in respect of a Relevant Company;
- (xii) **(Judgment against a Relevant Company)**: a judgment in an amount exceeding \$25,000 is obtained against a Relevant Company and is not set aside or satisfied within 7 days;
- (xiii) **(Litigation)**: litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced or threatened against any Relevant Company, other than any claims disclosed to the Underwriter in writing prior to the date of the Underwriting Agreement;
- (xiv) **(Board and senior management composition)**: there is a change in the composition of the Board or a change in the senior management of the Company before Completion without the prior written consent of the Underwriter;
- (xv) **(Change in shareholdings)**: there is a material change in the major or controlling shareholdings of a Relevant Company or a takeover offer or scheme of arrangement pursuant to Chapters 5 or 6 of the Corporations Act is publicly announced in relation to a Relevant Company;
- (xvi) **(Timetable)**: there is a delay in any specified date in the Timetable which is greater than 3 Business Days;
- (xvii) **(Force Majeure)**: a Force Majeure affecting the Company's business or any obligation under the Agreement lasting in excess of 7 days occurs;
- (xviii) **(Certain resolutions passed)**: a Relevant Company passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;
- (xix) **(Capital Structure)**: any Relevant Company alters its capital structure in any manner not contemplated by the Offer;
- (xx) **(Investigation)**: any person is appointed under any legislation in respect of companies to investigate the affairs of a Related Company;
- (xxi) **(Market Conditions)**: a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets;
- (xxii) **(Sub-underwriters)**: any of the Company sub-underwriters that are introduced by the Company do not comply with their obligations under the sub-underwriting agreements or threaten to not comply with their respective obligations under the sub-underwriting agreements;

- (xxiii) **(Suspension):** the Company is removed from the Official List or the Shares become suspended from Official Quotation and that suspension is not lifted within 24 hours following such suspension.

## Definitions

The definitions used in this summary of the Underwriting Agreement are the same as used in the Prospectus except as set out below:

**Completion** means the date on which allotment of the last of the Offer Shares occurs in accordance with the Offer and in accordance with this Agreement.

**Lodgement Date** means the date of lodgement of the Prospectus for the Offer in the timetable contained in the Underwriting Agreement or as agreed between the Company and the Underwriter from time to time.

**Event of Insolvency** means:

- (a) a receiver, manager, receiver and manager, trustee, administrator, controller or similar officer is appointed in respect of a person or any asset of a person;
- (b) a liquidator or provisional liquidator is appointed in respect of a corporation;
- (c) any application (not being an application withdrawn or dismissed within 7 days) is made to a court for an order, or an order is made, or a meeting is convened, or a resolution is passed, for the purpose of:
  - (i) appointing a person referred to in paragraphs (a) or (b);
  - (ii) winding up a corporation; or
  - (iii) proposing or implementing a scheme of arrangement;
- (d) any event or conduct occurs which would enable a court to grant a petition, or an order is made, for the bankruptcy of an individual or his estate under any Insolvency Provision;
- (e) a moratorium of any debts of a person, or an official assignment, or a composition, or an arrangement (formal or informal) with a person's creditors, or any similar proceeding or arrangement by which the assets of a person are subjected conditionally or unconditionally to the control of that person's creditors or a trustee, is ordered, declared, or agreed to, or is applied for and the application is not withdrawn or dismissed within 7 days;
- (f) a person becomes, or admits in writing that it is, is declared to be, or is deemed under any applicable Act to be, insolvent or unable to pay its debts; or
- (g) any writ of execution, garnishee order, mareva injunction or similar order, attachment, distress or other process is made, levied or issued against or in relation to any asset of a person.

**Force Majeure** means any act of God, war, revolution, or any other unlawful act against public order or authority, an industrial dispute, a governmental restraint, or any other event which is not within the control of the parties.

**Material Adverse Effect** means:



- (c) a material adverse effect on the outcome of the Offer or on the subsequent market for the Offer Shares (including, without limitation, matters likely to have a material adverse effect on a decision of an investor to invest in Offer Shares); or
- (d) a material adverse effect on the assets, condition, trading or financial position, performance, profits and losses, results, prospects, business or operations of the Company and its subsidiaries either individually or taken as a whole; or
- (e) the Underwriter's obligations under the Underwriting Agreement becoming materially more onerous than those which exist at the date of the Underwriting Agreement; or
- (f) a material adverse effect on the tax position of either:
  - (i) the Company and its Subsidiaries either individually or taken as a whole; or
  - (ii) an Australian resident shareholder in the Company.

**Prescribed Occurrence** means:

- (a) a Relevant Company converting all or any of its Shares into a larger or smaller number of Shares;
- (b) a Relevant Company resolving to reduce its share capital in any way;
- (c) a Relevant Company:
  - (i) entering into a buy-back agreement or;
  - (ii) resolving to approve the terms of a buy-back agreement under section 257C or 257D of the Corporations Act;
- (d) a Relevant Company making an issue of, or granting an option to subscribe for, any of its Shares, or agreeing to make such an issue or grant such an option, other than an issue or agreement to issue in accordance with the Offer or the terms of this Agreement;
- (e) a Relevant Company issuing, or agreeing to issue, convertible notes;
- (f) a Relevant Company disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- (g) a Relevant Company charging, agreeing to charge, the whole, or a substantial part, of its business or property;
- (h) a Relevant Company resolving that it be wound up;
- (i) the appointment of a liquidator or provisional liquidator to a Relevant Company;
- (j) the making of an order by a court for the winding up of a Relevant Company;
- (k) an administrator of a Relevant Company, being appointed under section 436A, 436B or 436C of the Corporations Act;
- (l) a Relevant Company executing a deed of company arrangement; or
- (m) the appointment of a receiver, or a receiver and manager, in relation to the whole, or a substantial part, of the property of a Relevant Company.

**Relevant Company** means the Company and each subsidiary of the Company within the meaning of the Corporations Act.

**Shortfall Notice Deadline Date** means the date specified as such in the timetable contained in the Underwriting Agreement or as agreed between the Company and the Underwriter from time to time.

### **Governing law**

The Underwriting Agreement is governed by and is to be construed according to the laws of Western Australia.