

26 June 2012

Dear Shareholder

NON-RENOUNCEABLE ENTITLEMENT ISSUE

On 22 June 2012, Jupiter Energy Limited (ACN 084 918 481) (**Company**) lodged a prospectus (**Prospectus**) with the Australian Securities & Investments Commission (**ASIC**) 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. Please refer to disclosures in the Prospectus for the effect the underwriting may have on control of the Company, a summary of the material terms of the underwriting agreement including the termination events and fees payable to the underwriters.

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:

- (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 (ie the issue of new Shares through the exercise of options to acquire Shares (**Options**)),

(**Qualifying Shareholders**).

All of the Shares issued under the Prospectus will rank equally with the Shares on issue at the date of the Prospectus. The Prospectus contains further information regarding the rights and liabilities attaching to the Shares.

Offer to specified countries only

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 and Cyprus.

Shareholders resident in New Zealand, United Kingdom, Guernsey and Cyprus (including those holding Shares on behalf of persons who are resident in other jurisdictions) should consider the additional disclosures specific to them as set out in the Prospectus and should 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 under the Offer.

Availability of Prospectus

The Prospectus together with a personalised entitlement and acceptance form will only be sent to Qualifying Shareholders on the date set out in the timetable below. Instructions on how and when to apply under the Offer are set out in the Prospectus. The Prospectus is an important document and should be read in its entirety before deciding whether to accept an entitlement. If after reading the Prospectus you have any questions you should consult your stockbroker, accountant or other professional adviser.

You may also obtain a copy of the electronic Prospectus from the ASX website at www.asx.com.au and on the Company's website at <http://www.jupiterenergy.com/> subject to accessing the electronic Prospectus from within Australia, the United Kingdom, New Zealand or Guernsey ONLY.

Use of Funds

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 nd 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 nd well on southern extension area)	\$5,000,000	43.01
4	Working Capital ¹	\$255,303	2.29
5	Expenses of the Offer ²	\$357,713	3.08
	Total	\$11,613,016	100.00

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 the 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 of directors of the Company reserves the right to alter the way funds are applied on this basis.

ASX & AIM Listing

The Company has applied to ASX for quotation of the Shares to be issued pursuant to the Prospectus and to the London Stock Exchange for the Shares to be admitted to trading on AIM. If approval of either of these applications is not obtained from ASX or the London Stock Exchange 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 Shares and will refund all application monies for the Shares within the time prescribed under the Corporations Act, without interest paid to the applicants.

Timetable

The timetable in respect of the Offer is set out below:

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.

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

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

Options

	Number
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) ¹	200,001

Options offered pursuant to the Offer	NIL
Total Options in issue after completion of the Offer	866,669

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 Rights¹

	Number
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
Total Performance Rights in issue after completion of the Offer	2,133,335

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 Note¹

	Number
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 29 September 2013	1
Convertible Notes offered pursuant to the Offer	NIL
Total Convertible Notes on issue after completion of the Offer	7

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.

Capitalised words in this letter have the same meaning prescribed to them in the Prospectus unless otherwise stated.

Enquiries

If you have any questions about applying for securities under the Prospectus, please contact Scott Mison at the Company on +61 8 9322 8222.

Yours faithfully

A handwritten signature in black ink, appearing to read 'GG', with a long horizontal flourish extending to the right.

**GEOFF GANDER
CHAIRMAN / CEO**