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September 18, 2012

Jupiter Energy[1,7] (JPRL LN/JPR AU) BUY

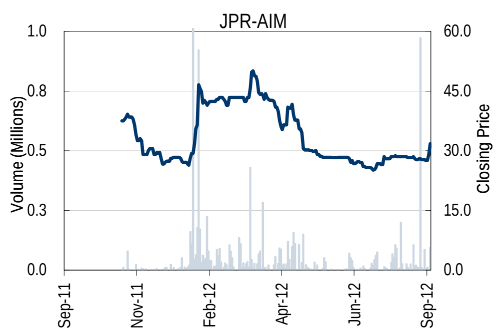
Last: 31p/A$0.50 Target: 78p/A$1.18

WHAT'S CHANGED	NEW	OLD
Rating	BUY	n/a
Target	78p/A$1.18	n/a
Production 2012E (boe/d) 6:1	375	n/a
Production 2013E (boe/d) 6:1	1,750	n/a
CFPS 2012E (f.d.)	($0.02)	n/a
CFPS 2013E (f.d.)	$0.03	n/a

SHARE DATA	
Shares o/s (mm, basic/f.d.)	153.1/156.4
52-week high/low	25p/50p
Market capitalization (mm)	$76
Enterprise value (mm)	$73
Net debt (mm) – 2011A	($14)
Dividend yield	n/a
Projected Total Return	152%

FINANCIAL DATA	2011A	2012E	2013E
Oil & NGLs (b/d)	0	375	1,750
Natural Gas (mmcf/d)	0	0	0
Total (mboe/d) 6:1	0	375	1,750
Equivalent growth	n/a	n/a	367%
Brent (US$/b)	111.05	104.25	95.00
KZ Gas (US$/mcm)	$90	$90	$85
FX rate (USD/GBP)	1.6037	1.6000	1.6000
EPS (f.d.)	($0.04)	($0.02)	$0.03
CFPS (f.d.)	($0.03)	($0.02)	$0.05
Net Debt (mm)	($14.0)	($0.2)	$9.7
Debt/CF		nm	1.4
P/CF		nm	10.9x
P/CF (d'adj'd)		nm	11.7x

*(In US$ unless otherwise stated)



Initiation of Coverage

Jupiter Energy (JPR) offers investors significant exploration upside from a high quality asset in the prolific Mangistau Basin in Kazakhstan. The company has a line-up of high impact catalysts expected in the near term with results from two exploration wells by year end. Our valuation suggests that the stock has been significantly undervalued, with the market heavily risking the value/b potential of JPR.

In the longer term, the company has outlined a clear path to crystallize its value through potential M+A options once it has grown its reserve base and reached an export-ready stage. Management believes they can increase the value of the asset to a desirable level on three- to five-year horizon.

Significant Exploration Upside - 2 wells in H2/12 and more wells expected next year to unlock Block 31's full potential

Block 31 (JPR 100%) is surrounded by existing fields with proven prospectivity and to date JPR has drilled four wells with all four proving to be commercial discoveries. The company plans to exit 2012 with domestic sales of ~1,400 b/d.

We believe the asset provides further significant exploration upside and management estimates that it holds ~100 mmb of prospective resources in addition to the already certified 2P reserves of 24.2 mmb. The J-55 exploration well is currently drilling and the J-58 well is scheduled for mid Oct/12. An updated CPR is expected to be finalized in Q1/13 based on results of all 6 wells, and we anticipate an increase in 2P reserves and resources.

Valuation and Recommendation

With current EV of ~$73 mm, we believe the market is pricing in the company's 2P reserves of 24.2 mmb at $3.0/b. This compares to average historical acquisition metrics of $5-7/b and our valuation of $6.3/b (NPV10) from the Block 31 field model. Hence, we believe investors are getting 2P barrels at a steep discount and the remaining potential prospectivity on the block of ~100 mmb "for free". We are initiating coverage on JPR with a 78p /A$1.18 12-month target price and a BUY recommendation.

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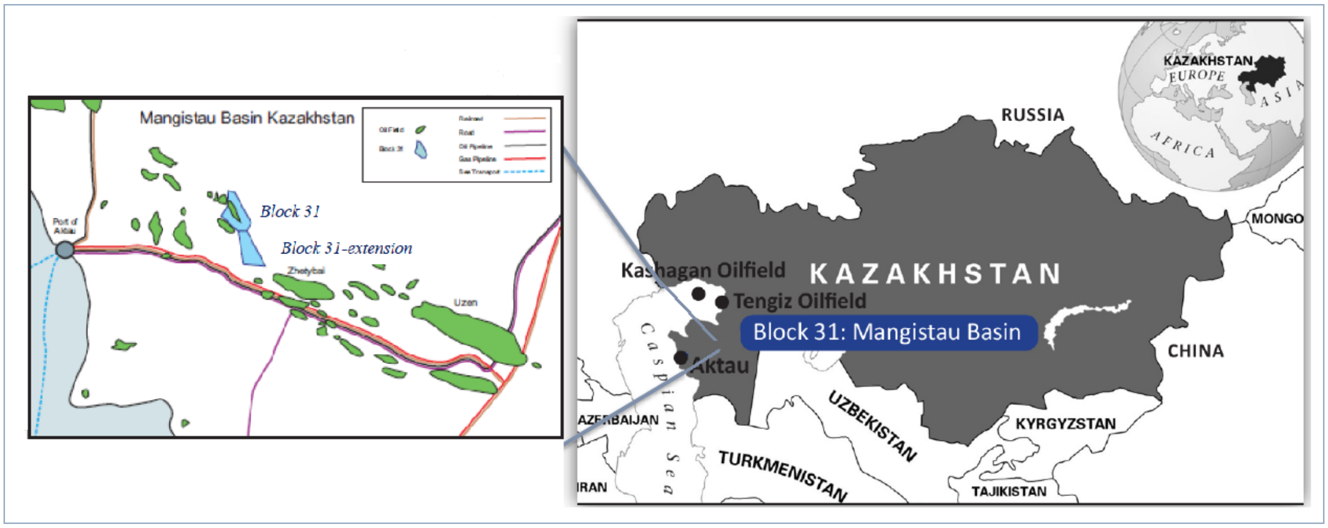
INVESTMENT SUMMARY

Jupiter Energy (JPR AU/ JPRL LN) is a dual-listed company (AIM and ASX) focused on production, development and exploration activities in Block 31 (JPR 100%) in the prolific Mangistau Basin of Kazakhstan. Located in what is known as the oldest oil province in the country with major discoveries such as the Uzen oil & gas field (~1.2 bnb of 2P reserves, CPR Dec/10) and the Zhetybai gas condensate field (~1 bnb), JPR's asset, Block 31, covers an area of ~123 sq km and is surrounded by existing fields with proven prospectivity. The whole block is covered with 3D seismic, and to date JPR has drilled four wells with all four proving to be commercial discoveries. The company booked 2P reserves of 24.2 mmb (based on the first two wells, Senergy CPR as of 9 May/11) and now has a producing field, Akkar East, in Block 31.

Exhibit 1: Block 31 location in Kazakhstan



Source: JPR

We believe Block 31 provides further significant exploration upside and management are estimating that it holds ~100 mmb of prospective resources (internal estimates) in addition to already certified 2P reserves of 24.2 mmb and ~18 mmb of possible reserves and resources. Two wells are planned in H2/12 in the southern part of the block targeting ~10 mmb each, with the J-55 exploration well currently drilling and the J-58 well scheduled for mid Oct/12. An updated CPR is expected to be finalized in Q1/13 based on results of all 6 wells drilled on Block 31 and we anticipate that the new CPR will see an increase in 2P reserves and resources.

JPR started generating revenue this year and it plans to have all four wells on trial production licence by year-end. JPR anticipates a step-up in revenues and to exit 2012 with domestic sales of ~1,400 b/d. Currently JPR is producing ~400 b/d from one well, J-52, as the J-51 well (~600 b/d) has been recently shut in and is awaiting trial production licence approval as per routine government requirements. The remaining two wells, J-50 and J-53 (rates to be confirmed), are scheduled for planned workovers in Q3-Q4/12. The company plans to export production by 2015 and we believe will need to raise more funds to invest in infrastructure development and further drilling.

JPR has a very clear strategy of value crystallization: the company wants to grow its reserve base further, unlock the prospectivity that has been outlined, bring its asset to an export-ready stage, and

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then sell it to a potential buyer at a premium. Management believes they can bring the asset to a desirable acquisition value in a three- to five-year horizon.

Our valuation suggests that the stock is significantly undervalued with the market heavily risking the value/b potential of JPR. With current EV of ~$73 mm, we believe the market is pricing in the company's 2P reserves of 24.2 mmb at $3.0/b. This is in comparison with the average historical acquisition metrics of $5-7/b and our valuation of $6.3/b (NPV10) which is based on the field model for Block 31 and incorporates the current fiscal terms. Hence, investors are getting 2P barrels at a steep discount and the remaining prospectivity on the block "for free".

See exhibit below for our scenario analysis of the likely transaction value for JPR, depending on the level of 2P reserves at the time.

Exhibit 2: Value crystallization strategy: likely scenarios

Base case NAV					
Shares, mm	156.4				
Current Market Cap, $ mm	75.7		Share price	31p	A$0.50
Current 2P	24.2				
$/b, 2P	3.1				
GMP Valuation of 2P reserves only, $ mm	141.7				
GMP Valuation of 3P and selective prosp. resources	200.4		Target price	78p	A$1.18
Scenario 1: 40 mmb of 2P, assuming brought to export stage					
Shares, mm	220.0				
Increased 2P	40.0				
$/b, 2P	6.0				
Potential Market Cap, $ mm	240.0				
Discounted potenital value, $ mm @10%, 2 years	198.3	→	Share price	56p	A$0.86
Scenario 2: 60 mmb of 2P, assuming brought to export stage					
Shares, mm	220.0				
Increased 2P	60.0				
$/b, 2P	6.0				
Potential Market Cap, $ mm	360.0				
Discounted potenital value, $ mm @10%, 2 years	297.5	→	Share price	85p	A$1.28
Scenario 3: 80 mmb of 2P, assuming brought to export stage					
Shares, mm	220.0				
Increased 2P	80.0				
$/b, 2P	6.0				
Potential Market Cap, $ mm	480.0				
Discounted potenital value, $ mm @10%, 3 years	360.6	→	Share price	102p	A$1.56

Source: GMP, JPR

We have provided an analysis of historic deals in Kazakhstan that indicates that most of the transactions fall in the range of $5-7/b of 2P reserves, which gives an average metric of ~$6/b (see page 25). One such example is Nelson Resources, a TSX-listed company with assets in the Mangistau and Pre-Caspian basins, which was led by Mr Baltabek Kuandykov (who is on the board of JPR) and was sold in 2005 to Lukoil at ~$7/b.

Buyers of E&P assets in Kazakhstan include Western firms (Chevron, Eni), Chinese (CNPC, Sinopec), Russian (Lukoil), Korean (KNOC, LG), Indian (ONGC, GAIL India) and other companies. There is good demand for oil and gas assets (mostly oil) that are producing and offer reasonable upside, are located close to existing infrastructure and have a "clean" ownership structure (i.e. no debt

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attached, 100% interest, etc.). JPR's Block 31 fits this description perfectly, and with management's plans to further de-risk the asset and invest in infrastructure development, we believe there will be buyers interested in acquiring it. We expect that the most natural buyers would be Chinese investors given that they already own several E&P assets nearby, including the neighboring Akkar North field.

We believe that the company remains undervalued partly because of its location. Kazakhstan, often lumped together with the rest of the FSU countries, tends to be associated with higher risks in the investment community relative to other developing countries; however, this view is not always justifiable. Most of the risks associated with investing in Kazakhstan are so-called overground risks, mainly of the political and execution variety. While we recognize the challenges of doing business in Kazakhstan, we believe it is important to think of these risks in the context of each individual company and weigh them against the strength and experience of the management team. Strong in-country relationships, a track-record of value creation and an understanding of the business environment in the FSU region will be the factors that will differentiate the "bad apples" from the good ones. In this report we provide an analysis of investment positives and investment risks for Kazakhstan attempting to shed more light on this region which is often perceived as higher risk. We also justify the use of a 10% discount rate to value JPR as opposed to higher discount rates (usually 12%-15%) used to value the companies with assets in Kazakhstan (for more information please see page 24 and page 31 of the initiation report).

With an upside of 152% to our NAV base case valuation, we initiate coverage on Jupiter Energy with a 78p /A$1.18 12- month target price and a BUY recommendation. We believe JPR is well positioned to grow organically and prove up the exploration upside it has identified in Block 31. Establishing an experienced local team and strong in-country relationships is one of the critical factors of successful operations in Kazakhstan and JPR has recognized the need early on to assemble a strong local team with extensive industry knowledge. The company also enjoys the backing of strategic investors such as Waterford Group (Waterford) and Soyuzneftegas Capital (SNG) which understand the nuances of developing a successful oil production business in Kazakhstan and have a three- to five-year view on their investment in JPR. They provide financial and operational support and are fully onside with the company's strategy to crystallize value through a potential sale.

Top 3 Catalysts and Top 3 Risks

Over the next 12 months we believe the following events are the most important catalysts for investors to focus on and are events which could potentially drive valuation levels forward. Of course, the longer-term endgame is to crystallize value through a potential sale in a three- to five-year horizon.

Significant Exploration Upside - 2 wells in H2/12 and more wells expected next year to unlock Block 31's full potential. In addition to its 2P reserves of 24.2 mmb, 3P of 32.1 mmb and prospective resources (P50) of 9.9 mmb in the Akkar East field on Block 31 (Senergy CPR May/11), JPR is targeting upside of ~40 mmb (internal estimates) in the Block 31 extension to the south of Akkar East on the block. The extension is covered by existing interpreted 3D seismic and JPR identified at least 3 leads with 2 exploration wells expected to be drilled in H2/12 - J-55 (currently drilling) and J-58. With the exploration licence approved until Dec/14 and a ~A$11.6 mm rights issue completed, JPR is set to explore the extension area for more upside.

On 6 Aug/12, JPR spudded the J-55 well and it is anticipated that the well will take ~60 days with results expected early to mid October. This well could be transformational if successful, adding up to 10 mmb of potential reserves and also opening up the southern extension of the block for future drilling.

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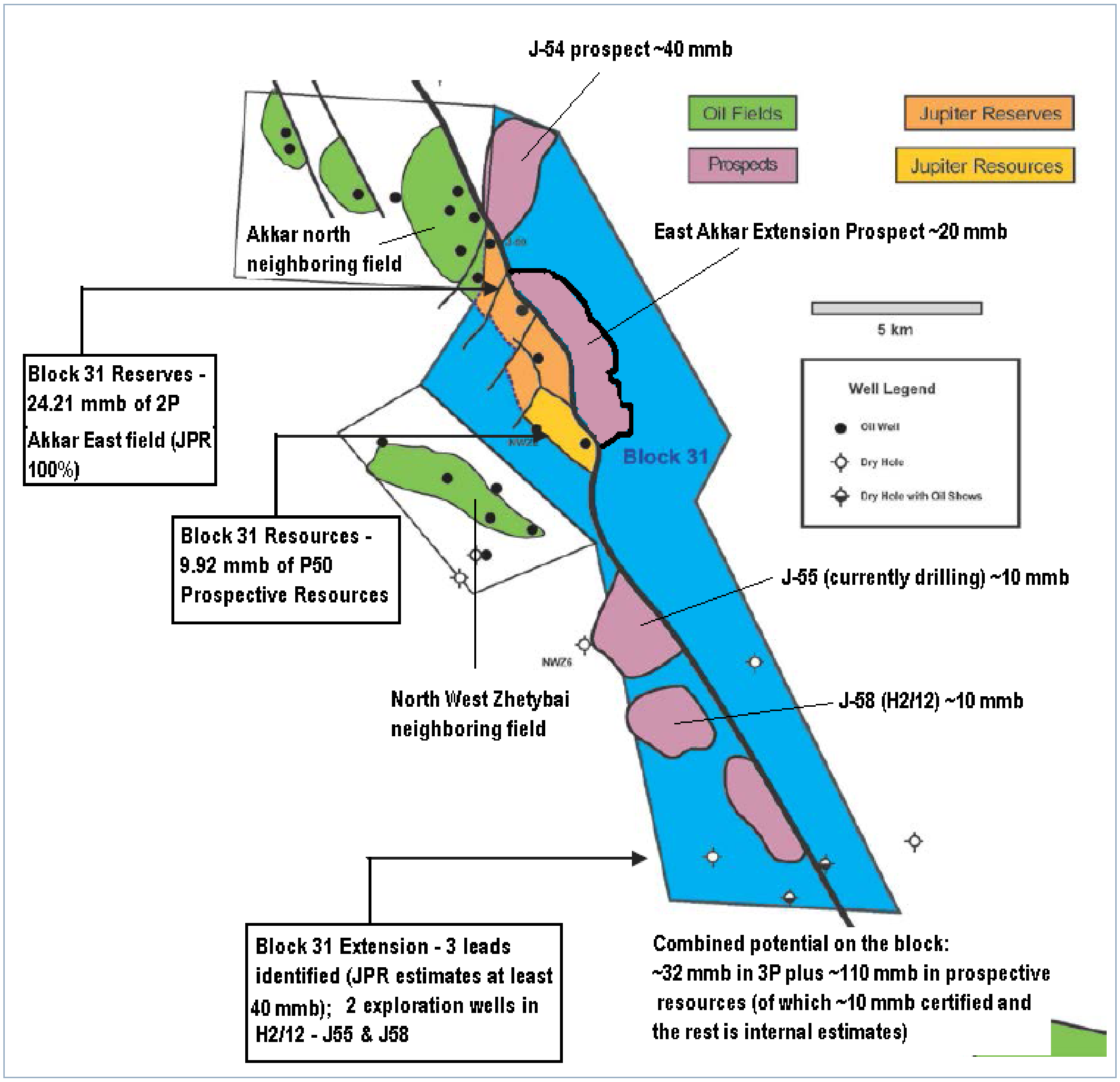
Given that the current 3P reserves and prospective resources combined amount to ~42 mmb and are based on the well data from J-50 and J-52 only (note JPR has drilled J-51 and J-53 since then), we believe with encouraging results from J-55 and J-58, the story may move to ~60 mmb of reserves and resources over the whole extended area (see Exhibit 3). According to JPR's internal estimates the whole southern structure (Block 31 extension) could contain ~40 mmb, thus if JPR drills more wells in 2013/14, the story may move to ~80 mmb of reserves and resources over the whole extended area.

But the southern extension is not the only upside for JPR. To the north of the Akkar East field JPR plans to drill J-54 which is internally estimated to target ~40 mmb and to the east of the Akkar East field there is also a prospect (East Akkar Extension prospect) which is internally estimated to target ~20 mmb. To summarize, combined prospectivity (in addition to existing certified reserves and resources of ~42 mmb) is ~100 mmb over the southern extension, the northern and eastern parts of the Block 31.

Exhibit 3: Block 31



Source: JPR, GMP

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Updated CPR, Q1/13 - anticipated increase in reserves and resources. Updated CPR is planned to be finalized in Q1/13 based on results of all 6 wells drilled on Block 31; by that time, namely, J-50, J-51, J-52, J-53, J-55 and J-58. We note that the current reserves and resources certified by Senergy on 9 May/11are based only on the first two wells, J-50 and J-52. Since then JPR drilled J-51 and J-53 wells. We anticipate that the new CPR which will be based on all 6 wells (including J-55 and J-58) will see an increase in 2P reserves and resources. Additionally, we note that the Kazakh Government approved a reserves report using the Russian GOST guidelines following the first four wells certifying 37 mmb of C1+C2 reserves. However, we caution against drawing any direct parallels between the two different systems of reserve certification.

With current EV of ~$73 mm, we believe the market is pricing in the company's 2P reserves of 24.2 mmb at $3.0/b. This is a steep decline compared to the recent acquisition metrics of $5-7/b and our valuation of $6.3/b. Hence, investors are getting 2P barrels at a steep discount and the remaining prospectivity on the block "for free". We believe that with the new updated CPR the market will get further confirmation of the potential on the block.

Start of trial production from J-51 & J-53, late Q4/12 - potential step up in production and revenues. The company has to date drilled four wells with producing zone in Triassic, allowing for the booking of 24 mmb of 2P reserves attributable to the Akkar East field. Two of them, J-50 and J-52, were approved for trial production; the TPL applications for J-51 and J-53 have been lodged and JPR expects approval to come through by the end of Q4/12. With all four wells on TPL by year-end, JPR anticipates a step-up in revenues and to exit 2012 with domestic sales of ~1,400 b/d. Given workovers on J-50 and remedial work on J-53 (rates to be confirmed), as well as a planned shut-in of J-51 (~600 b/d; awaiting TPL approval), production is currently running at ~400 b/d and this is all coming from J-52.

In order for JPR to move from trial production licence (and domestic sales) to full production licence (and export sales), it will need to advance the Akkar East field's infrastructure to the level required for production licence to be approved (for more details on TPL see *Fiscal Terms* section of the initiation report, page 16). The company plans to further invest ~$40 mm in order to bring the asset to export-ready stage by 2015 and start benefiting from international oil prices and higher netbacks. We believe exporting production also improves the company's chances to get a higher bid if and when it becomes a takeover target.

Other investment highlights include:

Strong support from substantial shareholders. Waterford and SNG are strategic investors who understand the nuances of developing a successful oil production business in Kazakhstan and have a three- to five-year view on their investment in JPR. They provide financial and operational support and are fully onside with the company's strategy to crystallize value through a potential sale.

Experienced board with strong in-country relationships. JPR recognized early on that in order to successfully operate in Kazakhstan, both a capable local team and a board with strong in-country relationships are highly necessary. With some key people on the Board of Directors providing in-country relationships, the CEO's hands-on approach to management and an almost entirely local workforce, we believe JPR is well positioned to continue to operate effectively in Kazakhstan.

Encouraging geology so far. The whole block including the extended area is covered with existing 3D seismic. The block is surrounded by a number of producing fields: the Akkar North field to the north, the North West Zhetybai to the west and large producing fields like Zhetybai and Uzen further to the south east. All four wells drilled on the block to date are commercial discoveries with production from the Triassic. Hydrocarbons were also identified in the Jurassic but have yet to be tested.

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In our opinion the top three risks facing the company in the next six months are the following:

Exploration Risk. Exploration risk although common to all E&Ps differs depending on the geology, technology and experience. The geology in which JPR operates is not "frontier" geology as the Mangistau basin is a proven basin and Block 31 is surrounded by a number of producing fields. JPR has to date drilled four wells that were declared as commercial discoveries.

Operational Delays. Potential operational risks related to testing can cause delays which lead to cost overruns and/or less than expected production rates that may impact the company's value. Additionally, delays can occur because of bureaucratic hurdles, e.g. when applying for government approvals. However, we believe that JPR has enough experience of operating in Kazakhstan and has assembled a strong management team in order to deal with operational issues in a timely manner.

Country Risk. JPR's asset is located in Kazakhstan and it is therefore susceptible to country-specific risk factors, such as political, social and economic instability (see *Kazakhstan: Investment Risks* section of the initiation report for more details, page 31).

VALUATION

Valuation Methodology

In valuing our international E&P universe, we use a standard set of assumptions. A 10% discount rate reflects our broad views on the cost of capital for the group as a whole. There are a number of other risks that must be recognized and incorporated into our valuation of individual companies, projects, regions and ultimately our NAV. We believe that one number (the discount rate) cannot capture every nuance of risk, so we apply additional risking to each prospect and/or project on an individual basis which is captured in our EMV tables that formulate our NAV.

Our current Brent oil price assumptions are US$104.25/b (Brent) for 2012, US$95.00/b (Brent) for 2013 and US$90/b for 2014 and beyond (Exhibit 4). For natural gas prices, we assume US$90/mcm in 2012 and US$85/mcm in 2013 and beyond (note that JPR commercially produces only oil).

Exhibit 4: Commodity Price Assumptions

	2012 E	2013 E	2014 E	Long Term
Brent (US$)	$104.25	$95.00	$90.00	$90.00
WTI (US$)	$90.00	$85.00	$85.00	$85.00
Kazakhstan Gas (US$/mcm)	$90.00	$85.00	$85.00	$85.00
FX Rate (£/US$)	1.6000	1.6000	1.6000	1.6000
FX Rate (A$/US$)	0.9500	0.9500	0.9500	0.9500

Source: GMP Estimates

Our valuation approach is to calculate a core asset value for the company based predominately on its known 2P reserves and 2C contingent resources (using the PRMS reserve and resource definitions), where the 2C resources are actively moving towards commercialization, and adjusted for its net cash or debt position. We have built an economic model to estimate the NPV of the full field developments using known parameters where possible. Where these are not available, developments have been modelled based on analogous fields. We use fully diluted share capital taking into account potential options or warrants and include two years of G&A spend to capture the ongoing cost of running the company in the absence of additional funding.

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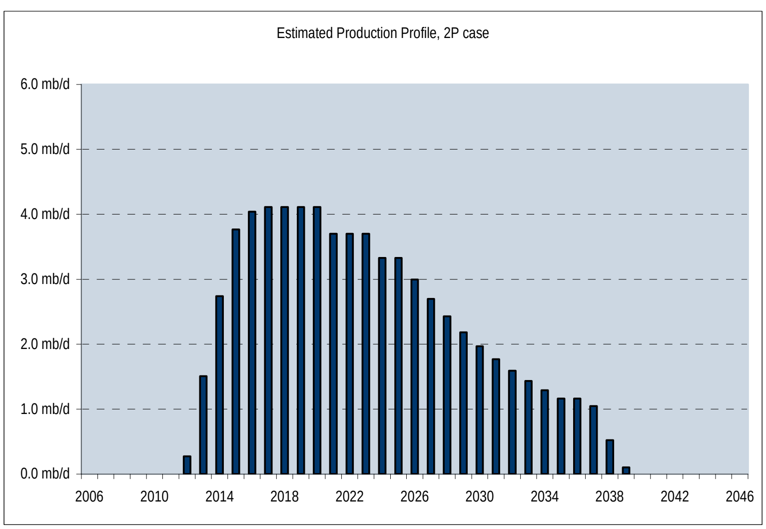
We identify the potential upside for each company and classify this as our estimated Risked Net Asset Value valuation. This includes any resources that the company has and the potential for reserves upside. We have used a risked expected monetary value approach in estimating a potential value of each of the company's exploration portfolios. In some instances it has been assumed that companies will farm down their interests. Thus, we have calculated our Risked NAV based on the view of what the company's likely remaining net interest will be and have credited the company with the associated reduction in drilling costs. This approach may undervalue companies' exploration portfolios, but we believe it is more realistic and reflects the likely risk mitigation that each company's management will carry out.

Company Valuation

Based on a 2P case of ~25 mmb, a long-term Brent price of $90/b and a discount rate of 10%, we estimate an NPV/b of $6.98/b for a proved producing barrel (fully de-risked) that is exported. We summarize the main assumptions for Block 31 in the following table:

Exhibit 5: Valuation Assumptions

Assumptions:		
Field Size	25 mmb	(2P reserves)
Long-term Brent	$90/b	
Brent Discount	$5/b	
Transportation Cost	$13/b	
Opex	$8/b	
Dev. Capex	$40 mm	(6 more dev/prod wells for a total of 10;
Expl. Capex (incurred and future)	$56 mm	each well @ $6 mm;
Start of Domestic Sales	2012	additional $4 mm on infrastructure)
Start of Export	2015	(80% of production is exported @ Brent
Peak Plateau Rate of	4.1 mboe/d	and 20% is sold domestically @ half of Brent)
Production life	25 years	
Discount Rate	10%	
NPV/b	$6.98/b	



Source: JPR, GMP Estimates

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In our EMV we break down Block 31's potential into reserves (Proved, Probable and Possible) and resources (prospective P50 plus internal management estimates on the block). Unrisked producing barrels are valued at $6.98/b, while future potential is valued at discounted NPV/b values depending on our assumption of how soon they will be produced. Discovered but undeveloped barrels are further risked at a 70%-80% chance of success (CoS) as there are still uncertainties from testing and development. Our Risked Upside represents prospectivity from further exploration that still needs to be proved. The exploration CoS rate we apply here is 30% given that the asset is located in a proven basin with a number of discovered commercial fields around it. However, we assigned the J-54 and East Akkar Extension prospects a lower CoS as they are characterized by management as "higher risk" due to their location on the other side of the fault (see page 41 of the initiation report for more information on both prospects).

Exhibit 6: Risked Net Asset Value

Country	Property/Prospect	Gross Resource (mmboe)	Working Int. (%)	Overall COS (%)	Value/BOE (US$)	Net Risked Resources (mmboe)	Risked NAV (US$ mm)	p/sh (FD)	p/sh Unrisked (FD)	A$/sh (FD)	A$/sh Unrisked (FD)
Producing Assets											
Kazakhstan	Block 31 (Proved)	9.8	100%		$ 6.98	9.8	69	27.4	27.4	0.42	0.42
						9.8	68.6	27.4	27.4	0.42	0.42
Undeveloped Assets											
Kazakhstan	Block 31 (Probable)	14.4	100%	80%	$ 6.35	11.5	73	29.2	36.5	0.44	0.55
Kazakhstan	Block 31 (Possible)	7.8	100%	70%	$ 5.77	5.5	30	11.9	18.1	0.18	0.27
						17.0	103.0	41.1	54.6	0.63	0.83
Risked Upside											
Kazakhstan	Block 31 (Triassic Resources, P50)	9.9	100%	40%	$ 4.34	4.0	14	5.4	17.2	0.08	0.26
Kazakhstan	Block 31 Extension (J-55 & J-58, internal estimate)	20.0	100%	30%	$ 3.94	6.0	15	6.1	31.5	0.09	0.48
Kazakhstan	Block 31 Extension (remaining, internal estimate)	20.0	100%	30%	$ 3.94	6.0	15	6.1	31.5	0.09	0.48
Kazakhstan	Block 31 J-54, internal estimate	40.0	100%	20%	$ 3.94	8.0	22	8.8	63.0	0.13	0.96
Kazakhstan	Block 31 East Extension (internal estimate)	20.0	100%	20%	$ 3.94	4.0	6	2.5	31.5	0.04	0.48
						28.0	72.2	28.9	174.7	0.44	2.66
		142				55	244	97	257	1.48	3.90

Fully Diluted Shares Outstanding (mm)	156.4
USD:GBP Exchange Rate	1.60
USD:AUD	0.95

Notes

Estimates of Reserves and Resources are provided by third party engineering firms, management and GMP securities

Overall COS = Chance of success after taking all risks into consideration including geological risk, political risk, etc

Value/BOE is calculated from a field model in the specific fiscal regime of the host country after government take, all capex and costs have been removed, and the time value of money is applied

Risked NAV is equivalent to Expected Monetary Value (EMV). Risked NAV = (Reward*C.o.S.) - [Capital at Risk*(1-C.o.S.)]

Fully diluted shares outstanding = shares at period end + options + all dilutive securities

Cost % = the difference (if any) in costs paid versus working interest. Of relevance when farm-outs or farm-ins occur

Source: JPR, GMP Estimates

In our NAV we show the combined value of production and undeveloped assets and account for the cash position as estimated at Dec/12 to arrive at our Core NAV of 67p/sh / A$1.02/sh. Our Risked Upside, which includes all prospective resources on Block 31, amounts to 29p/sh / A$0.44/sh. Thus, we arrive at a Risked NAV of 95p/sh / A$1.45/sh and we set our 12-24 month target price at 78p/sh / A$1.18/sh as we only include the resource potential attributed to Block 31 in the CPR and the internal estimates for the J-55 and J-58 wells.

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Exhibit 7: Net Asset Value

Net Asset Value Breakdown	MMBOE	US$/BOE	US$MM	p/sh	A$/sh
Production Assets	9.8	6.98	69	27	0.42
Cash/(Net Debt) *			0.8	0.3	0.00
Undeveloped Assets	17.0	6.06	103	41	0.63
Other items incl G&A			(4)	(2)	(0.03)
Core NAV	26.8	6.26	168	67	1.02
Price to NAV (%)				*46%*	
Option Proceeds			(2)	(1)	(0.01)
Risked Upside	28.0	2.58	72	29	0.44
Risked NAV	54.8	4.35	238	95	1.45
Price to Risked NAV (%)				*33%*	
			Current Stock Price	31.0p	
			Unrisked	254.4p	

Notes
Reserves evaluated by Senergy as of May 9th, 2011.
Long term Brent flat price is US$90.00
All asset values are NPV10 After Tax and in USD unless noted.
Two years of G&A are deducted to ensure 'going concern' costs are captured.
* Estimated as at Dec/12

Source: JPR, GMP Estimates

Exhibit 8: Target Price

Target Price Calculation				
Jupiter Energy	p/sh		A$/sh	
Production Assets	27.4		0.42	
Cash/(Net Debt)	0.3		0.00	
Undeveloped Assets	41.1		0.63	
Other Items incl G&A	(1.7)		(0.03)	
Core NAV	67		1.02	
Risked Upside - Included from EMV Sheet	risked	unrisked	risked	unrisked
Block 31 (Triassic Resources, P50)	5.4	17.2	0.08	0.26
Block 31 Extension (J-55 & J-58, internal estimate)	6.1	31.5	0.09	0.48
Option Proceeds	(0.9)	(0.9)	(0.01)	(0.01)
Sum of Parts	78	115	1.18	1.75
TARGET PRICE	78		1.18	
Share Price	31.00		0.50	

Source: JPR, GMP Estimates

Our valuation highlights that the stock has been undervalued, with the market heavily risking the value-per-barrel potential of JPR. Based on the current EV of ~$73 mm, the market values JPR's 2P reserves of 24.2 mmboe at $3.0/b. Our NAV calculations show that we value JPR's 2P reserves at an average of ~$6.3/b. For more details please see the initiation report.

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