



JUPITER ENERGY LIMITED

ABN 65 084 918 481

NOTICE OF GENERAL MEETING

AND

EXPLANATORY STATEMENT

AND

PROXY FORM

**For the General Meeting to be held on
Friday, 16th June 2006 at 2pm (WST) at
The Celtic Club
48 Ord Street, West Perth
Western Australia**

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This is an important document. Please read it carefully.

If you are unable to attend the General Meeting, please complete the form of proxy enclosed and return it in accordance with the instructions set out on that form.

If you have any questions regarding the matters set out in this document, please contact the Company Secretary, Mr Andrew Meloncelli on (08) 9214 2550, your stockbroker or other professional adviser.

TIME AND PLACE OF MEETING AND HOW TO VOTE

Venue

The General Meeting of the shareholders of Jupiter Energy Limited will be held at:

**The Celtic Club
48 Ord Street
West Perth, Western Australia**

**Commencing at
2 pm (WST)
on Friday, 16th June 2006**

How to Vote

You may vote by attending the meeting in person, by proxy or authorised representative.

Voting in Person

To vote in person, attend the meeting on the date and at the place set out above. The meeting will commence at 2pm.

Voting by Proxy

To vote by proxy, please complete and sign the proxy form enclosed with this Notice of General Meeting as soon as possible and either:

- Send the proxy by facsimile to the Company on facsimile number (08) 9214 2511 (International: + 61 8 9214 2511) or to Computershare Investor Services Pty Ltd on facsimile number (08) 9323 2033 (International: + 61 8 9323 2033);
- Deliver the proxy to the registered office of the Company at Ground Floor, 83 Havelock Street, West Perth, Western Australia 6005 or Computershare Investor Services Pty Ltd at Level 2, 45 St George's Terrace, Perth, Western Australia 6000;
- Mail the proxy to the Company at PO Box 1617, West Perth, Western Australia 6872 or Computershare Investor Services Pty Ltd at GPO Box D182, Perth, Western Australia 6840 (reply paid envelope),

so that it is received not later than 2pm (WST) on Wednesday, 14th June 2006 (48 hours prior to commencement of the meeting).

Your proxy form is enclosed.

JUPITER ENERGY LIMITED

ABN 65 084 918 481

NOTICE OF GENERAL MEETING

Notice is given that the General Meeting of shareholders of Jupiter Energy Limited will be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia at 2pm (WST) on Friday, 16th June 2006.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the General Meeting. The Explanatory Statement and the proxy form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered shareholders of the Company as at the close of business on Wednesday, 14th June 2006.

Terms used in this Notice have the meanings set out in section 3 of the Explanatory Statement.

AGENDA

BUSINESS

The Explanatory Statement that accompanies and forms part of the Notice describes the matters to be considered as special business.

Resolution 1 – Ratification of Past Placement

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of Rule 7.4 of the Listing Rules of the Australian Stock Exchange Limited and for all other purposes, the shareholders of the Company ratify and confirm the allotment and issue of 9,500,000 fully paid ordinary shares in the Company at an issue price of 6 cents per share to the persons set out in Appendix A to this Notice.”

Voting Exclusion Statement:

In respect of this resolution the Company will disregard any votes cast by any person who has participated in the issue of fully paid ordinary shares and any associate of those persons.

Resolution 2 – Approval of Share Placement

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“Subject to the passing of resolution 3, that, for the purposes of Rule 7.1 of the Listing Rules of the Australian Stock Exchange Limited, and for all other purposes, the shareholders of the Company hereby approve and authorise the Directors to issue within 3 months after the date of this meeting up to 40,000,000 fully paid ordinary shares at a minimum issue price of 12.5 cents per share.”

Voting Exclusion Statement:

In respect of this resolution the Company shall disregard any votes cast by any person who may participate in the issue of fully paid ordinary shares and any person who might obtain a benefit (except a benefit solely in the capacity of a security holder) if that resolution is passed and any associate of those persons.

Resolution 3 – Approval of Issue of Options

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“Subject to the passing of resolution 2, that, for the purposes of Rule 7.1 of the Listing Rules of the Australian Stock Exchange Limited, and for all other purposes, the shareholders of the Company hereby approve and authorise the Directors to issue 1 unlisted option (rounded down) for every 5 fully paid ordinary shares issued (pursuant to resolution 2) up to a maximum of 8,000,000 unlisted options at an exercise price 8 cents per option and otherwise on the terms and conditions set out in Appendix B to this Notice.”

Voting Exclusion Statement:

In respect of this resolution the Company shall disregard any votes cast by any person who may participate in the issue of options and any person who might obtain a benefit (except a benefit solely in the capacity of a security holder) if that resolution is passed and any associate of those persons.

Resolution 4 – Approval of Issue of Options to Petro Technology Australia Pty Ltd

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of Rule 7.1 of the Listing Rules of the Australian Stock Exchange Limited, and for all other purposes, the shareholders of the Company hereby approve and authorise the Directors to issue 6,000,000 unlisted options to Petro Technology Australia Pty Ltd (or nominee) on the terms and conditions set out in Appendix C to this Notice.”

Voting Exclusion Statement:

In respect of this resolution the Company shall disregard any votes cast by any person who may participate in the issue of options and any person who might obtain a benefit (except a benefit solely in the capacity of a security holder) if that resolution is passed and any associate of those persons.

Resolution 5 – Approval of Issue of Options to FEI Resources (M) Sdn Bhd

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of Rule 7.1 of the Listing Rules of the Australian Stock Exchange Limited, and for all other purposes, the shareholders of the Company hereby approve and authorise the Directors to issue 3,000,000 unlisted options to FEI Resources (M) Sdn Bhd on the terms and conditions set out in Appendix C to this Notice.”

Voting Exclusion Statement:

In respect of this resolution the Company shall disregard any votes cast by any person who may participate in the issue of options and any person who might obtain a benefit (except a benefit solely in the capacity of a security holder) if that resolution is passed and any associate of those persons.

Resolution 6 – Issue of Options to Mr Geoff Gander

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of Rule 10.11 of the Listing Rules of Australian Stock Exchange Limited and Section 208 of the Corporations Act and for all other purposes, the Company approves and authorises the Directors to issue to Mr Geoff Gander (or his nominee) 20,000,000 options to be issued on the terms and conditions set out in Annexure D to this Notice of Meeting.”

Voting Exclusion Statement:

In respect of this resolution the Company shall disregard any votes cast by any person who may participate in the issue of options and any person who might obtain a benefit (except a benefit solely in the capacity of a security holder) if that resolution is passed and any associate of those persons.

Resolution 7 – Issue of Options to Mr Eddie Smith

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of Rule 10.11 of the Listing Rules of Australian Stock Exchange Limited and Section 208 of the Corporations Act and for all other purposes, the Company approves and authorises the Directors to issue to Mr Eddie Smith (or his nominee) 10,000,000 options to be issued on the terms and conditions set out in Annexure D to this Notice of Meeting.”

Voting Exclusion Statement:

In respect of this resolution the Company shall disregard any votes cast by any person who may participate in the issue of options and any person who might obtain a benefit (except a benefit solely in the capacity of a security holder) if that resolution is passed and any associate of those persons.

Resolution 8 – Issue of Options to Vogue Overseas SA

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of Rule 7.1 of the Listing Rules of Australian Stock Exchange Limited and for all other purposes, the Company approves and authorises the Directors to issue to Vogue Overseas SA (or its nominee) 5,000,000 options to be issued on the terms and conditions set out in Annexure E to this Notice of Meeting.”

Voting Exclusion Statement:

In respect of this resolution the Company shall disregard any votes cast by any person who may participate in the issue of options and any person who might obtain a benefit (except a benefit solely in the capacity of a security holder) if that resolution is passed and any associate of those persons.

By Order of the Board

A L Meloncelli
Company Secretary

Date: 8 May 2006

NOTES

1. A shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a shareholder of the Company.
2. Where a voting exclusion applies, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
3. The proposed Chairman of the meeting intends to vote undirected proxies in favour of the all three resolutions.
4. For the determination of voting entitlements, the Directors have set a snapshot date to determine the identity of those entitled to attend and vote at the Meeting. The snapshot date is the close of business on 14th June 2006.
5. A proxy form is attached. If required it should be completed, signed and returned to the Company's registered office or Computershare Investor Services Pty Ltd in accordance with the proxy instructions on that form.

EXPLANATORY STATEMENT

This Explanatory Statement and all attachments are important documents. They should be read carefully.

If you have any questions regarding the matters set out in this Explanatory Statement or the preceding Notice, please contact the Company Secretary, your stockbroker or other professional adviser.

GENERAL INFORMATION

This Explanatory Statement has been prepared for the shareholders of the Company in connection with the General Meeting of the Company to be held at 2:00pm (WST) on Friday, 16th June 2006.

The purpose of this Explanatory Statement is to provide shareholders with information that the Board believes to be material to shareholders in deciding whether or not to approve the resolutions detailed in the Notice.

1. THE RESOLUTIONS

1.1 Resolution 1 - Ratification of Past Placement

Resolution 1 seeks the ratification, pursuant to Listing Rule 7.4, of the issue of 9,500,000 fully paid ordinary shares in the Company at an issue price of 6 cents to various investors.

The following information is provided in accordance with Listing Rule 7.5:

- the number of securities allotted and issued was 9,500,000 fully paid ordinary shares;
- the price at which the shares were issued was 6 cents per share;
- the shares issued were all fully paid ordinary shares in the capital of the Company and rank equally with the Company's current issued shares;
- the shares were issued to the parties set out in Annexure A. None of the allottees are a related party or an associate of a related party of the Company; and
- the funds raised of \$570,000 are to be used to provide additional working capital. Specifically the funds will be allocated to additional expenditure on PEP 163 and PEP 164 including a detailed seismic study at both locations. Funds will also be used to fund additional employees including a new created position of Chief Financial Officer.

1.2 Resolution 2 - Approval of Share Placement

Resolution 2 seeks the approval, pursuant to Listing Rule 7.1, for the issue within 3 months after the date of this meeting of up to 40,000,000 fully paid ordinary shares in the capital of the Company. The minimum issue price of the shares will be 12.5 cents per share.

Legal and Regulatory Matters

Listing Rule 7.1 provides that (subject to specified exceptions) a listed company must not issue or agree to issue equity securities where such an issue increases its ordinary capital by more than 15% over any 12 month period, without the approval of shareholders of ordinary shares.

resolution 2 contemplates that the Company will issue shares that will increase the Company's ordinary capital by more than 15% over a twelve month period. The effect of resolution 2 will be to allow the Directors to issue the shares during the period of 3 months after the meeting (or a longer period of allowed by ASX), without using the Company's annual 15% placement capacity.

The following information is provided in accordance with Listing Rule 7.3:

- the maximum number of shares that may be issued pursuant to resolution 2 is 40,000,000;
- the shares will be issued on a date within three months from the date of this meeting or at such a later date approved by the ASX;
- the minimum issue price of the shares will be 12.5 cents per fully paid ordinary share;
- the allottees will be chosen at the discretion of the Directors. The identity of the allottees is not known as at the date of this Notice. The Directors will not participate in the proposed issue and none of the allottees will be a related party or an associate of a related party of the Company;
- the funds are intended to be used for the purposes of existing projects within the company including Jupiter Biofuels Pty Ltd as well as review potential new acquisitions. Specifically the funds will be used to:
 - fund the engagement of Petro Technology and FEI Resources. Both organisations are focussed on the development of the Company's 100% owned subsidiary, Jupiter Biofuels Pty Ltd, and its 100% owned subsidiary in Malaysia, Jupiter Biofuels Sdn Bhd;
 - finalise key licences with the Malaysian Industrial Development Authority (MIDA);
 - secure options on land with the Kuantan Port Authority; and
 - finalise contracts with the technology provider of the Biodiesel plant, which is expected to be built in Malaysia during 2007.
- the shares will be fully paid ordinary shares in the capital of the Company and will rank equally with the Company's current issued shares;
- the allotment will occur progressively; and
- a voting exclusion statement has been included as part of the resolution.

1.3 Resolution 3 - Approval of Issue of Options

Resolution 3 seeks the approval, pursuant to Listing Rule 7.1 the issue within 3 months after the date of the meeting to issue 1 unlisted option (rounded down) for every 5 fully paid ordinary shares issued (pursuant to resolution 2) up to a maximum of 8,000,000 unlisted options at an exercise price 8 cents each and otherwise on the terms and conditions set out in Appendix B of this Notice.

Legal and Regulatory Matters

Listing Rule 7.1 provides that (subject to specified exceptions) a listed company must not issue or agree to issue equity securities where such an issue increases its ordinary capital by more than 15% over any 12 month period, without the approval of shareholders of ordinary shares.

Resolution 3 contemplates that the Company will issue equity securities that will increase the Company's ordinary capital by more than 15% over a twelve month period. The effect of resolution 3 will be to allow the Directors to issue the shares during the period of 3 months after

the meeting (or a longer period of allowed by ASX), without using the Company's annual 15% placement capacity.

The following information is provided in accordance with Listing Rule 7.3:

- the maximum number of options that may be issued pursuant to resolution 3 is 8,000,000;
- the options will be issued on a date within three months from the date of this meeting or at such a later date approved by the ASX;
- the exercise price per option is 8 cents;
- the allottees will be chosen at the discretion of the Directors. The identity of the allottees is not known as at the date of this Notice. The Directors will not participate in this proposed issue and none of the allottees will be a related party or an associate of a related party of the Company;
- the funds raised from the exercise of the options are intended to be used for the purposes of existing projects within the Company including Jupiter Biofuels Pty Ltd as well as to review potential new acquisitions; and
- the terms and conditions of the options are set out in Appendix B to this notice.

1.4 Resolutions 4 and 5 - Approval of Issue of Options to Petro Technology Australia Pty Ltd and FEI Resources (M) Sdn Bhd

Resolutions 4 and 5 seek the approval, pursuant to Listing Rule 7.1, for the issue of 6,000,000 unlisted options to Petro Technology and 3,000,000 unlisted options to FEI Resources on the terms and conditions set out in Appendix C to this Notice.

The purpose of the grant of the options is to provide an incentive to Petro Technology and FEI Resources to provide assistance to the Company in implementing and developing the Company's proposed biodiesel project in Malaysia. For this purpose, the options to be issued to Petro Technology and FEI Resources are subject to vesting conditions based on the achievement of key performance milestones.

Legal and Regulatory Matters

Listing Rule 7.1 provides that (subject to specified exceptions) a listed company must not issue or agree to issue equity securities where such an issue increases its ordinary capital by more than 15% over any 12 month period, without the approval of shareholders of ordinary shares.

resolutions 4 and 5 contemplate that the Company will issue equity securities that will increase the Company's ordinary capital by more than 15% over a twelve month period. The effect of resolutions 4 and 5 will be to allow the Directors to issue 6,000,000 unlisted options to Petro Technology and 3,000,000 unlisted options to FEI Resources during the period of 3 months after the meeting (or a longer period of allowed by ASX), without using the Company's annual 15% placement capacity.

The following information is provided in accordance with Listing Rule 7.3:

- the maximum number of options that may be issued pursuant to resolutions 4 and 5 is 6,000,000 and 3,000,000 respectively;
- the options will be issued on a date within three months from the date of this meeting or at such a later date approved by the ASX;

- the options are to be issued for nil cash in consideration for services to be rendered by Petro Technology and FEI Resources to the Company in implementing and developing the Company's proposed biodiesel project in Malaysia;
- the options will be issued to Petro Technology and FEI Resources. Neither Petro Technology or FEI Resources is a related party or an associate of a related party of the Company; and
- the terms and conditions of the options are set out in Appendix C to this notice.

1.5 Resolutions 6 and 7 - Issue of Options to Mr Gander and Mr Smith

The Company seeks approval for the issue of:

- (a) 20,000,000 options to Mr Geoff Gander; and
- (b) 10,000,000 options to Mr Eddie Smith.

The approval is sought for the purposes of:

- (a) Chapter 2E of the Corporations Act 2001, which governs the giving of financial benefits to directors and other "related parties" of a company; and
- (b) Listing Rule 10.11 which provides that, subject to certain exceptions, a company listed on ASX cannot issue or grant securities to a related party without shareholder approval.

The Board considers that in view of the financial, legal and other responsibilities assumed by directors of public companies, the payment of monetary fees alone is not an adequate reward and does not provide an adequate incentive to enable the Company to attract and keep board members and executive directors of the requisite level of experience and qualifications. The Board considers that equity participation by way of the grant of options to members of the Board of the Company is appropriate for these purposes. In addition, the Board considers that the issuing of options will contribute to the preservation of the Company's cash reserves.

The purpose of the grant of the options is to provide an incentive to the Directors to continue to be dedicated and committed to the Company and to maximize their efforts to the benefit of Shareholders generally. The Company has decided to grant Mr Gander a greater number of Options than Mr Smith due to the fact that Mr Gander has been, and will continue to be, responsible for the day to day management of the Company and in particular will be responsible for all aspects of the continued development of the Jupiter Biofuels subsidiary.

The Board notes that the Options are subject to vesting conditions based on the achievement by the Company of specific performance milestones.

1.5.1 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. Section 208 of the Corporations Act prohibits a public company giving a financial benefit to a related party unless one of a number of exceptions applies.

A "financial benefit" is defined in the Corporations Act in broad terms and includes a public company issuing securities.

For the purpose of this meeting, a "related party" includes:

- (a) a director of the Company;

- (b) an entity over which a director has control; and
- (c) an entity which believes, or has reasonable grounds to believe, that it is likely to become a related party in the future.

For the purposes of Chapter 2E of the Corporations Act, Mr Gander and Mr Smith are related parties of the Company by virtue of the fact that they are directors of the Company.

Section 208 of the Corporations Act provides that for a public company to give a financial benefit to a related party of that company, the public company must obtain the approval of members in the way set out in Sections 217 to 227 and give the benefit within 15 months after the approval.

The following information is provided to satisfy the requirements of Section 219 of the Corporations Act:

- (a) the proposed financial benefit to be given to the related parties (or their nominees) is the grant of 30,000,000 options (20,000,000 options to Mr Gander and 10,000,000 options to Mr Smith). In determining the number of options to be issued and their terms, consideration was given to the relevant experience and role of each of the Directors, their respective overall remuneration terms, the current market price of Shares and the terms of options packages granted to the directors of other companies within the oil and gas industry;
- (b) Mr Gander and Mr Smith decline to make a recommendation to Shareholders in relation to resolutions 6 and 7 respectively due to their material personal interest in the outcome of the relevant resolutions. The independent Directors (with respect to resolutions that they do not have a material personal interest in) recommend that Shareholders vote in favour of resolutions 6 and 7 as they are of the view that the issue of options to the Directors is an appropriate form of remuneration to provide them with an incentive to maximise returns to Shareholders. The Directors are not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the resolutions;
- (c) as at the date of this Notice, the annual remuneration (inclusive of superannuation where applicable) payable to the Directors is set out below:

Person	Remuneration
Mr Gander	\$47,960
Mr Smith	\$45,415

- (d) during the previous financial year, the remuneration (inclusive of superannuation where applicable) paid to the Directors is set out below:

Person	Remuneration
Mr Gander	\$10,900
Mr Smith	\$13,205

- (e) as at the date of this Notice, the Directors have notifiable interests in the securities of the Company as set out below:

Person	Shares	Options
Mr Gander	1,335,000	481,484 listed options exercisable at \$0.20 on or before 31/10/2006. 5,000,000 unlisted options expiring on 30/06/2008.
Mr Smith	8,092,409	466,666 listed options exercisable at \$0.20 on or before 31/10/2006.

- (f) other than as set out above, the Directors receive no other emoluments from the Company;
- (g) the options will be granted for no consideration and otherwise on the terms and conditions set out in Annexure D to this Explanatory Statement;
- (h) if Shareholders approve the grant of options to Mr Gander and Mr Smith and all or any of the options are exercised, the effect will be to dilute the shareholding of existing Shareholders. Subject to any adjustments arising from any rights issues or bonus issues of securities by the Company, 30,000,000 Shares will be allotted and issued upon exercise of the options with the effect that the shareholding of the existing Shareholders will be diluted by approximately 29% (based on the number of Shares currently on issue and assuming no other options are exercised). If all the options were to be exercised then the Company however would have received \$6,000,000 in cash. The market price for Shares during the term of the options would normally determine whether or not Mr Gander and Mr Smith exercise the options. If at any time any of the options are exercised and the Shares are trading on ASX at a price which is higher than the exercise price of the options, then there may be a perceived cost to the Company. In the 12 months before the date of this Notice, the highest, lowest and last trading price of Shares on ASX are as set out below:

Highest	\$0.15 on 4 May 2006
Lowest	\$0.03 on 9 January 2006
Last	\$0.175 on 5 May 2006

- (i) the value of the options and the option pricing methodology is set out below;
- (j) the primary purpose of the grant of the options is to provide an incentive to Mr Gander and Mr Smith to provide dedicated and ongoing commitment and effort to the Company. Given this purpose, the Directors do not consider that there are any opportunity costs to the Company of benefits forgone by the Company in granting the options upon the terms proposed; and
- (k) in determining the number of options to be issued and their terms, consideration was given to the relevant experience and role of each of the Directors, their respective overall remuneration terms (which the Company believes are modest in comparison to the level of service provided), the current market price of Shares and the terms of options packages granted to directors of other companies within the oil and gas industry.

1.5.2 Details concerning value of options

The options proposed to be issued are not listed on ASX and as such have no market value.

The options have been valued externally using the Black & Scholes pricing model, based on the following assumptions:

- (a) the exercise price of the options is \$0.20 each;
- (b) the expiry date of the options is 30 December 2009;
- (c) the market price of a Share is \$0.175 cents (being the 1st sale price of Shares on ASX as at 5 May 2006);
- (d) the risk free interest rate is approximately 5.72% (being the 3 year Commonwealth Bond Rate);
- (e) the valuation date for the options is 8 May 2006, although the options will not be granted until the Company has approved the grant of the options. This is expected to occur in late June or early July 2006. Further, the Options are subject to vesting conditions based on the achievement by the Company of specific performance milestones;
- (f) a share volatility rate of 0.496145, based on a review of the Share price over the last 29 months; and
- (g) the valuations ascribed to the options may not necessarily represent the market price of the options at the date of the valuation.

Based on the above assumptions, the technical ranges of values of each of the options are as follows:

	50% Volatility	75% Volatility	100% Volatility
Option Value	\$0.067	\$0.093	\$0.116

Accordingly, the total value of the options (assuming a volatility of 50%) to be granted to the Directors is as follows:

Person	Value
Mr Gander	\$1,340,000
Mr Smith	\$670,000

1.5.3 ASX Listing Rule 10.11

ASX Listing Rule 10.11 requires a listed company to obtain shareholder approval by ordinary resolution prior to the issue of securities (including an option) to a related party. Mr Gander and Mr Smith are considered related parties of the Company by virtue of the fact that they are Directors of the Company.

Approval pursuant to Listing Rule 7.1 is not required in order to grant the options as approval is being obtained under ASX Listing Rule 10.11. The grant of the options will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

1.5.4 Technical Information Required by ASX Listing Rule 10.13

ASX Listing Rule 10.13 sets out a number of matters which must be included in a notice of meeting proposing an approval under ASX Listing Rule 10.11. The following information is provided to Shareholders for the purposes of Listing Rule 10.13:

- (a) the maximum number of options to be granted is 30,000,000 and the allottees will be Mr Gander (20,000,000) and Mr Smith (10,000,000);
- (b) the options will be issued no later than one month from the date of approval of the resolutions (or such later date as approved by ASX) and it is anticipated that the options will be issued on one date;
- (c) the terms and conditions of the options are set out in Annexure D to this Explanatory Statement;
- (d) the options will be granted for a nil cash consideration and as consideration for performance of work, both previously and into the future, by Mr Gander and Mr Smith for the Company and to secure the ongoing commitment of Mr Gander and Mr Smith to the continued growth of the Company; and
- (e) the Company acknowledges that the grant of the options to Mr Smith (as a Non-Executive Director of the Company) is contrary to recommendation 9.3 of the ASX Good Corporate Governance and Best Practice Recommendations. However, the Board considers the grant of the options to be appropriate and reasonable in the circumstances given the necessity to attract the highest calibre of professionals to the role, whilst maintaining the Company's cash reserves. The Board considers it more appropriate for Non-Executive Directors to be compensated in part by a performance related option issue rather than by increased fees. The Board considers that the grant of these options forms part of a reasonable overall remuneration package.

1.6 Resolution 8 - Issue of Options to Vogue Overseas SA

Resolution 8 seeks the approval, pursuant to Listing Rule 7.1, for the issue of 5,000,000 unlisted options to Vogue Overseas SA (or its nominee) on the terms and conditions set out in Appendix E to this Notice.

Legal and Regulatory Matters

Listing Rule 7.1 provides that (subject to specified exceptions) a listed company must not issue or agree to issue equity securities where such an issue increases its ordinary capital by more than 15% over any 12 month period, without the approval of shareholders of ordinary shares.

Resolution 8 contemplates that the Company will issue equity securities that will increase the Company's ordinary capital by more than 15% over a twelve month period. The effect of resolution 3 will be to allow the Directors to issue the shares during the period of 3 months after the meeting (or a longer period of allowed by ASX), without using the Company's annual 15% placement capacity.

The following information is provided in accordance with Listing Rule 7.3:

- the maximum number of options that may be issued pursuant to resolution 8 is 5,000,000;
- the options will be issued on a date within three months from the date of this meeting or at such a later date approved by the ASX;
- the exercise price per option is \$0.20;
- the options are to be issued for nil cash in consideration for services to be rendered by Vogue Overseas SA to the Company in implementing and developing the Company's proposed biodiesel project in Malaysia and in particular assisting with the potential stock exchange listing of Jupiter Biofuels Pty Limited;

- the options will be issued to Vogue Overseas SA (or its nominee). Vogue Overseas SA is not a related party or an associate of a related party of the Company; and
- the terms and conditions of the options are set out in Appendix E to this notice.

2. Directors Recommendations

The Directors of the Company believe that all resolutions are in the best interests of the Company and the Directors unanimously recommend all of the proposed resolutions (except where a Director has an interest in the resolution).

3. Glossary

ASIC means Australian Securities and Investment Commission.

ASX means Australian Stock Exchange Limited.

ASX Listing Rules or **Listing Rules** means the Listing Rules of ASX.

Board means the board of directors of the Company.

Constitution means the Company's constitution (as amended).

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current Directors of the Company.

Explanatory Statement means the Explanatory Statement to the Notice.

FEI Resources means FEI Resources (M) Sdn Bhd (or nominee).

General Meeting or **Meeting** means the general meeting convened by the Notice.

JPR or **Company** means Jupiter Energy Limited (ABN 64 084 918 481).

Notice means the notice of annual general meeting accompanying this Explanatory Statement.

Petro Technology means Petro Technology Australia Pty Ltd (ABN 58 064 181 111).

Secretary means the current Company Secretary of the Company.

Share means a fully paid ordinary share in the capital of the Company.

WST means Western Standard Time.

Appendix A

Allottees from Placement of 9,500,000 fully paid ordinary shares (pursuant to resolution 1):

Allottee	Number of Shares
Vogue Overseas SA	2,223,333
Tricom Nominees Pty Ltd	500,000
G Clatworthy	300,000
Canaccord Capital (Australia) Pty Ltd	666,667
A Fry	500,000
LJ and LM Brown	900,000
Petroleum Ventures Pty Ltd	2,100,000
GJ Munyard	300,000
Talex Investments Pty Ltd	300,000
Jindabyne Pty Ltd	400,000
M Cordiner	300,000
Paso Holdings Pty Ltd	400,000
Nefco Nominees Pty Ltd	600,000

Appendix B

Terms and Conditions of Unlisted Options (pursuant to resolution 3):

- a) Each Option entitles the holder to one (1) fully paid ordinary share in the capital of the Company.
- b) Options are exercisable before 5.00pm (WST) on 31 December 2008 (Expiry Date).
- c) The Option exercise price is 8 cents each.
- d) All the Shares issued upon exercise of the Options will rank pari passu in all respects with the Company's then issued Shares. The Options will be unlisted. No quotation will be sought from the ASX for the Options.
- e) Subject to the Corporations Act, the Constitution and the ASX Listing Rules, the Options are fully transferable.
- f) The Options are exercisable by delivering to the registered office of the Company a notice in writing stating the intention of the Option holder to exercise a specified number of Options, accompanied by an Option certificate, if applicable, and a cheque made payable to the Company for the subscription monies due, subject to the funds being duly cleared funds. The exercise of only a portion of the Options held does not affect the holder's right to exercise the balance of any Options remaining.
- g) There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of Options to Shareholders during the currency of the Options. However, the Company will ensure that, for the purpose of determining entitlements to any issue, that the Option holder will be notified of the proposed issue at least seven (7) Business Days before the books closing date. This will give Option holders the opportunity to exercise the Options prior to the date for determining entitlements to participate in any such issue.
- h) In the event of any reconstruction (including consolidation, subdivision, reduction or return of capital) of the issued capital of the Company prior to the expiry date of the Options, all rights of the Option holder will be varied in accordance with the ASX Listing Rules (if applicable).
- i) In the event of the Company makes a pro rata issue of securities, the exercise price of the Options will change in accordance with the formula set out in ASX Listing Rule 6.22.2 (if applicable).
- j) In the event of the Company makes a bonus issue of securities, the number of Options will change in accordance with ASX Listing Rule 6.22.3 (if applicable).

Appendix C

Terms and Conditions of Unlisted Options (pursuant to resolutions 4 and 5):

- a) Each Option entitles the holder to one (1) fully paid ordinary share in the capital of the Company.
- b) Subject to paragraph (c), the Options are exercisable before 5.00pm (WST) on 30 June 2008 (Expiry Date).
- c) In accordance with the table below, the Options are not exercisable or transferable until the relevant Vesting Milestone is achieved to the reasonable satisfaction of the Company. If the Vesting Milestone is not achieved by the relevant Lapsing Date, the Options the subject of the Vesting Milestone will immediately lapse.
- d) The Option exercise price is 12 cents each.
- e) All the Shares issued upon exercise of the Options will rank pari passu in all respects with the Company's then issued Shares. The Options will be unlisted. No quotation will be sought from the ASX for the Options.
- f) Subject to the Corporations Act, the Constitution and the ASX Listing Rules, the Options are fully transferable.
- g) The Options are exercisable by delivering to the registered office of the Company a notice in writing stating the intention of the Option holder to exercise a specified number of Options, accompanied by an Option certificate, if applicable, and a cheque made payable to the Company for the subscription monies due, subject to the funds being duly cleared funds. The exercise of only a portion of the Options held does not affect the holder's right to exercise the balance of any Options remaining.
- h) There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of Options to Shareholders during the currency of the Options. However, the Company will ensure that, for the purpose of determining entitlements to any issue, that the Option holder will be notified of the proposed issue at least seven (7) Business Days before the books closing date. This will give Option holders the opportunity to exercise the Options prior to the date for determining entitlements to participate in any such issue.
- i) In the event of any reconstruction (including consolidation, subdivision, reduction or return of capital) of the issued capital of the Company prior to the expiry date of the Options, all rights of the Option holder will be varied in accordance with the ASX Listing Rules (if applicable).
- j) In the event of the Company makes a pro rata issue of securities, the exercise price of the Options will change in accordance with the formula set out in ASX Listing Rule 6.22.2 (if applicable).
- k) In the event of the Company makes a bonus issue of securities, the number of Options will change in accordance with ASX Listing Rule 6.22.3 (if applicable).

Vesting Milestone	Options to be issued to Petro (resolution 4)	Options to be issued to Malaysia (resolution 5)	Lapsing Date*
The Company securing rights to acquire industrial land in Malaysia for the purpose of constructing a biodiesel plant.	600,000	300,000	30/05/2006
The Company entering into a Supply Memorandum of Understanding with one or more Palm Oil refining mills in Malaysia.	300,000	150,000	2/06/2006
The Company entering into a MeOH Supply Agreement on terms and conditions satisfactory to the Company.	150,000	75,000	20/06/2006
The Company (or an associated entity) obtaining a licence from MIDA for the production of biodiesel.	600,000	300,000	17/10/2006
The Company securing a tax incentive investment allowance.	300,000	150,000	14/11/2006
The Company securing a no objection letter from the Kuantan Port Authority in Malaysia for the location of the biodiesel plant.	150,000	75,000	30/11/2006
The Company obtaining all relevant environmental approvals for the construction of the biodiesel plant.	600,000	300,000	20/03/2007
The Company entering into a Technology Supply Agreement for the biodiesel processing plant on terms and conditions satisfactory to the Company.	300,000	150,000	15/11/2006
The Company entering into a Letter of Intent for the sale of biodiesel to a third party purchaser on terms and conditions satisfactory to the Company.	600,000	300,000	4/08/2006
The Company entering into a Letter of Intent for the sale of glycerine to a third party purchaser on terms and conditions satisfactory to the Company.	300,000	150,000	4/08/2006
The construction of the biodiesel plant to mechanical completion stage.	750,000	375,000	5/10/2007
The completion of the commissioning of the biodiesel plant.	750,000	375,000	16/11/2007
The Company meeting its capital expenditure budget for the biodiesel plant.	300,000	150,000	16/11/2007
The first export shipment of biodiesel from the biodiesel plant.	300,000	150,000	23/11/2007
TOTAL	6,000,000	3,000,000	

* The Company (in its discretion) may extend any Lapsing Date if a delay is caused to the achievement of a Vesting Milestone by factors beyond the control of Petro Technology and/or FEI Resources.

Appendix D

Terms and Conditions of Unlisted Options (pursuant to resolutions 6 and 7):

- a) Each Option entitles the holder to one (1) fully paid ordinary share in the capital of the Company.
- b) Subject to paragraphs (c) and (d), the Options are exercisable before 5.00pm (WST) on 30 December 2009 (Expiry Date).
- c) The Options to be issued to Mr Gander will vest as follows:
 - i) 5,000,000 upon the Company (or an associated entity) obtaining a licence from MIDA for the construction of a biodiesel plant in Malaysia;
 - ii) 5,000,000 upon Jupiter Biofuels Pty Ltd successfully completing an initial public offering of shares and having a pre-capital raising value of no less than \$40,000,000 (based upon the issue price of the shares offered pursuant to the capital raising);
 - iii) 5,000,000 upon completion of the commissioning of the Company's (or associated entity's) biodiesel plant in Malaysia; and
 - iv) 5,000,000 upon the first sale of biodiesel in commercial quantities from the Company's (or associated entity's) biodiesel plant to a third party purchaser on terms satisfactory to the Company.
- d) The Options to be issued to Mr Smith will vest as follows:
 - i) 2,500,000 upon the Company (or an associated entity) obtaining a licence from MIDA for the construction of a biodiesel plant in Malaysia;
 - ii) 2,500,000 upon Jupiter Biofuels Pty Ltd successfully completing an initial public offering of shares and having a pre-capital raising value of no less than \$40,000,000 (based upon the issue price of the shares offered pursuant to the capital raising);
 - iii) 2,500,000 upon completion of the commissioning of the Company's (or associated entity's) biodiesel plant in Malaysia; and
 - iv) 2,500,000 upon the first sale of biodiesel in commercial quantities from the Company's (or associated entity's) biodiesel plant to a third party purchaser on terms satisfactory to the Company.
- e) The Option exercise price is 20 cents each.
- f) All the Shares issued upon exercise of the Options will rank pari passu in all respects with the Company's then issued Shares. The Options will be unlisted. No quotation will be sought from the ASX for the Options.
- g) Subject to the Corporations Act, the Constitution and the ASX Listing Rules, the Options are fully transferable.
- h) The Options are exercisable by delivering to the registered office of the Company a notice in writing stating the intention of the Option holder to exercise a specified number of Options, accompanied by an Option certificate, if applicable, and a cheque made payable to the Company for the subscription monies due, subject to the funds being duly cleared funds. The

exercise of only a portion of the Options held does not affect the holder's right to exercise the balance of any Options remaining.

- i) There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of Options to Shareholders during the currency of the Options. However, the Company will ensure that, for the purpose of determining entitlements to any issue, that the Option holder will be notified of the proposed issue at least seven (7) Business Days before the books closing date. This will give Option holders the opportunity to exercise the Options prior to the date for determining entitlements to participate in any such issue.
- j) In the event of any reconstruction (including consolidation, subdivision, reduction or return of capital) of the issued capital of the Company prior to the expiry date of the Options, all rights of the Option holder will be varied in accordance with the ASX Listing Rules (if applicable).
- k) In the event of the Company makes a pro rata issue of securities, the exercise price of the Options will change in accordance with the formula set out in ASX Listing Rule 6.22.2 (if applicable).
- l) In the event of the Company makes a bonus issue of securities, the number of Options will change in accordance with ASX Listing Rule 6.22.3 (if applicable).

Appendix E

Terms and Conditions of Unlisted Options (pursuant to resolution 8):

- a) Each Option entitles the holder to one (1) fully paid ordinary share in the capital of the Company.
- b) Subject to paragraph (c), the Options are exercisable before 5.00pm (WST) on 30 December 2009 (Expiry Date).
- c) The Options are exercisable upon Jupiter Biofuels Pty Ltd successfully completing an initial public offering of shares.
- d) The Option exercise price is 20 cents each.
- e) All the Shares issued upon exercise of the Options will rank pari passu in all respects with the Company's then issued Shares. The Options will be unlisted. No quotation will be sought from the ASX for the Options.
- f) Subject to the Corporations Act, the Constitution and the ASX Listing Rules, the Options are fully transferable.
- g) The Options are exercisable by delivering to the registered office of the Company a notice in writing stating the intention of the Option holder to exercise a specified number of Options, accompanied by an Option certificate, if applicable, and a cheque made payable to the Company for the subscription monies due, subject to the funds being duly cleared funds. The exercise of only a portion of the Options held does not affect the holder's right to exercise the balance of any Options remaining.
- h) There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of Options to Shareholders during the currency of the Options. However, the Company will ensure that, for the purpose of determining entitlements to any issue, that the Option holder will be notified of the proposed issue at least seven (7) Business Days before the books closing date. This will give Option holders the opportunity to exercise the Options prior to the date for determining entitlements to participate in any such issue.
- i) In the event of any reconstruction (including consolidation, subdivision, reduction or return of capital) of the issued capital of the Company prior to the expiry date of the Options, all rights of the Option holder will be varied in accordance with the ASX Listing Rules (if applicable).
- j) In the event of the Company makes a pro rata issue of securities, the exercise price of the Options will change in accordance with the formula set out in ASX Listing Rule 6.22.2 (if applicable).
- k) In the event of the Company makes a bonus issue of securities, the number of Options will change in accordance with ASX Listing Rule 6.22.3 (if applicable).

PROXY FORM

**APPOINTMENT OF PROXY
JUPITER ENERGY LIMITED
ABN 65 084 918 481**

GENERAL MEETING

I/We

being a Member of Jupiter Energy Limited entitled to attend and vote at the Meeting, hereby

Appoint

OR

Mark this box if you wish to appoint the Chairman of the Meeting as your proxy

or failing the person so named or, if no person is named, the Chairman of the Meeting or the Chairman's nominee, to vote in accordance with the following directions or, if no directions have been given, as the proxy sees fit at the General Meeting to be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on Friday, 16th June 2006 at 2pm (WST) and at any adjournment thereof.

Voting on Business of the General Meeting

		FOR	AGAINST	ABSTAIN
Resolution 1	Ratification of Past Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval of Share Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval of Issue of Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of Issue of Options to Petro Technology	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval of Issue of Options to FEI Resources	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Issue of Options to Mr Geoff Gander	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Issue of Options to Mr Eddie Smith	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Issue of Options to Vogue Overseas SA	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

OR

In relation to the resolutions, if the Chairman is to be your proxy and you do **not** wish to direct your proxy how to vote on these resolutions, please place a mark in this box

By marking this box, you acknowledge that the Chairman of the meeting may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the meeting will not cast your votes on the resolutions and your votes will not be counted in computing the required majority if a poll is called on these resolutions. The Chairman intends to vote in favour of these resolutions.

IF THE CHAIRMAN IS TO BE YOUR PROXY IN RELATION TO THE RESOLUTIONS YOU MUST EITHER MARK THE BOXES DIRECTING YOUR PROXY HOW TO VOTE OR MARK THE BOX INDICATING THAT YOU DO NOT WISH TO DIRECT YOUR PROXY HOW TO VOTE, OTHERWISE THIS APPOINTMENT OF PROXY IN RELATION TO THE RESOLUTIONS WILL BE DISREGARDED.

If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not to be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is

Signed this _____ day of _____ 2006 _____ %

By:

Individuals and joint holders

Companies (affix common seal if appropriate)

JUPITER ENERGY LIMITED
ABN 65 084 918 481

Instructions for Completing 'Appointment of Proxy' Form

1. A member entitled to attend and vote at a meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
2. A duly appointed proxy need not be a member of the company. In the case of joint holders, all must sign.
3. Corporate shareholders should comply with the execution requirements set out on the proxy form or otherwise with the provisions of section 127 of the corporations act. Section 127 of the corporations act provides that a company may execute a document without using its common seal if the document is signed by:
 - 2 directors of the company;
 - a director and a company secretary of the company; or
 - for a proprietary company that has a sole director who is also the sole company secretary – that director.

For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

4. Completion of a Proxy Form will not prevent individual shareholders from attending the Meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the Meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the Meeting.
5. Where a Proxy Form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.

CORPORATE DIRECTORY

Directors and Officers

Eddie Smith - Non-Executive Chairman
Geoff Gander - Executive Director
David Quinlivan - Non-Executive Director
Andrew Meloncelli - Company Secretary

Registered Office

Ground Floor, 83 Havelock Street
West Perth
Western Australia 6005
PO Box 1617, West Perth WA 6872

Telephone +61 8 9214 2550
Facsimile +61 8 9214 2511
Email info@jupiterenergy.com.au
Website www.jupiterenergy.com.au

Principal Place of Business

Level 1, 1275 Hay Street
West Perth
Western Australia 6005
PO Box 1282, West Perth WA 6872

+61 8 9322 8222
+61 8 9322 8244

Auditors

RSM Bird Cameron Partners
8 St George's Terrace
Perth
Western Australia 6000

Bankers

Australian and New Zealand Banking Group
1275 Hay Street
West Perth
Western Australia 6005

Share Registry

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

Solicitors

Steinepreis Paganin
Level 4 Next Building
16 Milligan Street
Perth
Western Australia 6000

Telephone +61 8 1300 557 010
Facsimile +61 8 9323 2033
Website www.computershare.com

ASX Codes

Ordinary Shares and Options listed on the Australian Stock Exchange under codes JPR and JPRO.