

25 June 2012

Dear Optionholder

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 Share 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.

There are no participating rights or entitlements inherent in the Options on issue as at the date of the Prospectus and you, as a holder of such Options, will not be entitled to participate in the Offer without first exercising some or all of your Options in accordance with their terms and conditions prior to the Record Date. It is your responsibility to ensure the exercise form and relevant payment are received by the Company in reasonable time to ensure these funds clear and the Option conversion process is completed on or before the Record Date.

Before deciding whether to exercise any Options you hold prior to the Record Date and participate in the Offer you should consider the terms of the Offer carefully and read the Prospectus in its entirety and if in doubt you should consult your stockbroker, accountant or other professional adviser.

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. If you have not exercised your Options prior to the Record Date and are not otherwise a Qualifying Shareholder you will not receive a copy of the Prospectus. You may however 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:

- 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.
- Refer to Section **Error! Reference source not found.** 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.

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.

Capitalised words in this timetable 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



GEOFF GANDER
CHAIRMAN / CEO