



**INTERIM FINANCIAL REPORT  
FOR THE HALF-YEAR  
ENDED 31 DECEMBER 2007**

## **CORPORATE DIRECTORY**

### **Directors and Officers**

*Geoff Gander*  
**Executive Chairman**

*Andrew Childs*  
**Non-Executive Director**

*Erkin Svanbayev*  
**Non-Executive Director**

*Scott Mison*  
**Company Secretary/Financial Controller**

### **Principal and Registered Office**

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Facsimile +61 8 9322 8244  
Email [info@jupiterenergy.com.au](mailto:info@jupiterenergy.com.au)  
Website [www.jupiterenergy.com.au](http://www.jupiterenergy.com.au)

### **Auditors**

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

Telephone +61 8 9261 9100  
Facsimile +61 8 9261 9101

### **Bankers**

Australian and New Zealand Banking Group Limited  
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

Telephone 1300 557 010 (within Australia)  
+61 3 9415 4000 (outside Australia)  
Facsimile +61 8 9323 2033  
Website [www.computershare.com](http://www.computershare.com)

### **ASX Code**

Jupiter Energy Limited is listed on the Australian Stock Exchange under the codes JPR (shares) and JPROA (options).

**DIRECTORS' REPORT**

Your directors submit the financial report of the consolidated entity for the half-year ended 31 December 2007.

**Directors**

The names of directors who held office during or since the end of the half-year:

Name	Directorship
Mr Geoff Gander	Appointed Director 27 January 2005
Mr Erkin Svanbayev	Appointed Director 15 June 2007
Mr Andrew Childs	Appointed Director 9 July 2007
Mr Eddie Smith	Appointed Director 27 January 2005 and resigned 9 July 2007
Mr David Quinlivan	Appointed Director 3 March 2005 and resigned 9 July 2007

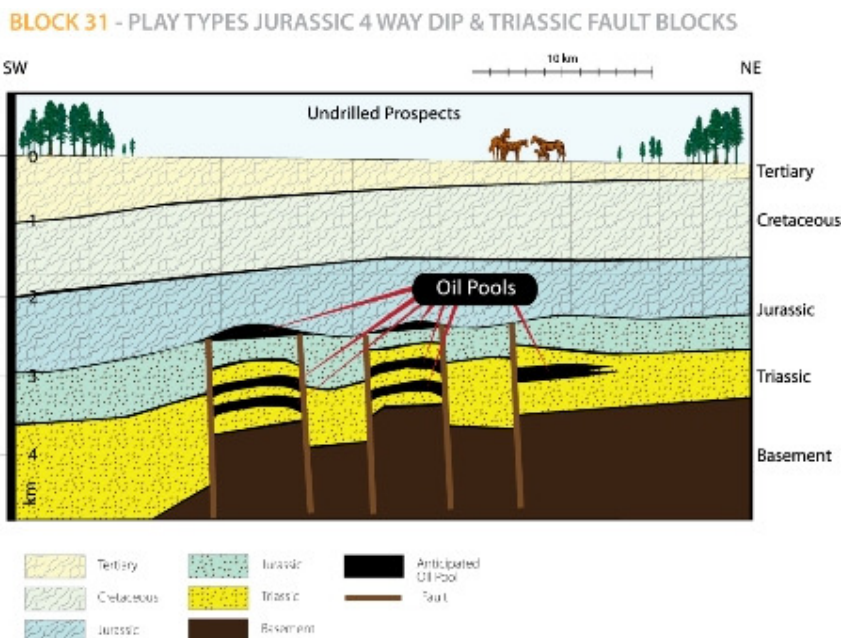
The directors have been in office since the beginning of the interim period unless otherwise stated.

**Review of Operations**

Jupiter Energy Limited [ASX: JPR (shares) and JPROA (options)] presents the following report on activities for the six months ending 31 December 2007. Also included in this report are details of any significant events that have taken place subsequent to 31 December 2007.

On Tuesday, October 8 2007 the Company announced that it had signed a Binding Purchase Agreement to acquire its initial permit in Kazakhstan. The permit is located in the Zhetybai-Uzen step where government records indicate reserves are 6 Billion barrels of oil equivalent (BOE) of which 80% is oil. The two biggest oil fields are Uzen and Zhetybai which produce from both the Jurassic and the Triassic.

The permit, known currently as Block 31, consists of two blocks and covers an area of over 100 sq km. It is located on trend with three existing producing oil fields which have potential reserves of 21-56 million barrels of oil (mmbbls). The Contract with the Ministry of Energy and Mineral Resources (MEMR) is for exploration to begin on the permit in 2007.



**DIRECTORS' REPORT (Cont.)**

The Permit has a six (6) year exploration period with the right to extend it twice for two (2) years for a total period of ten (10) years.

The permit has been lightly explored with a regional 2D grid of 1970's and 1980's vintage seismic and mapping of the top Triassic map suggests Middle Triassic tilted fault blocks traps similar to the Akkar N and NW Zhetybai oil fields. These traps include a potential field extension to Akkar N and at least two other substantial structures. Recent 3D along this same trend has revealed Middle Triassic traps which have already resulted in new field discoveries.

**Summary of the Transaction:**

The underlying terms of the transaction were as follows:

JPR paid the vendors of the permit an initial deposit of \$US 500,000. The Vendors are required to seek MEMR approval to assign the Sub Surface Rights to JPR and receive a waiver from the Government of Kazakhstan to refuse to exercise its pre-emptive right to also acquire an interest in these Sub Surface Rights. The waiver process is followed in Kazakhstan whenever there is a sale of rights of oil & gas permits from one party to another.

On completion JPR will conclude the purchase of the Sub Surface Rights by way of:

- The issue of 16 million fully paid ordinary shares in JPR; and
- The payment of \$US 5,500,000 which, when combined with the initial deposit, makes the total cash consideration paid \$US 6,000,000.

The transaction was subject to certain conditions precedent and these were:

- JPR receiving the necessary government approvals and waivers from MEMR to enable the transfer of the Sub Surface Rights;
- completion of due diligence by JPR on the Sub Surface Rights, to the satisfaction of the Board of Jupiter Energy Limited;
- the removal of any encumbrances on or in respect of any of the Sub Surface Rights;
- the approval of the issue of the 16 million fully paid ordinary shares by the shareholders of JPR at the 15 November 2007 AGM; and
- the approval by JPR shareholders to raise additional capital to complete the transaction at the 15 November 2007 AGM.

The approvals for the issue of the 16 million vendor shares and the placement of up to 50 million JPR shares and 50 million JPROA options to assist in the finance of the acquisition were received at the 15 November 2007 AGM and the Company advised shareholders on 17 December 2007 that the waiver from the State owned KazMunaiGas had been received and hence the process only required the lodgement of the sub surface rights with JPR's 100% owned Singapore subsidiary, Jupiter Energy Pte Ltd.

Shareholders will be aware that settlement on Block 31, as at 14 March 2008, has yet to be finalised. Shareholders may also be aware that there have been a range of announcements made by the Kazak Government since 31 December 2007 in relation to the resources sector in that country and these announcements have caused some uncertainty in the international investment community and this uncertainty has caused some delays in JPR's planned capital raising activities.

**DIRECTORS' REPORT (Cont.)**

The JPR Board has now had time to consider the government announcements which included the introduction of a new tax regime for the sector. After lengthy deliberation involving consultation with the Company's Almaty office and our financial advisors, the Board has decided to postpone the settlement on Block 31 until such time that the capital markets are able to get complete clarity on the likely impact that this new proposed legislation will have, thereby giving the Company the time required to complete its delayed capital raising.

The Board has advised Zher Munai & K LLP (Zher Munai) of its decision and has asked Zher Munai to sign an Addendum to the current Sale Purchase Agreement (SPA) which alters the basis on which the purchase of Block 31 by JPR from Zher Munai will proceed. As at 14 March 2008, Zher Munai was still considering this request. If Zher Munai does agree to sign the proposed Addendum, the following changes will be made to the original terms of the transaction:

- JPR will have up until 30 June 2008 to complete settlement on Block 31 assuming the MEMR agree to this extension of time;
- Settlement will be conditional on JPR raising a minimum of \$A6 million in fresh equity. This equity raising will be coordinated through JPR's financial advisors, Indian Ocean Capital Pty Ltd (IOC), and will be used to fund the ongoing work program on Block 31;
- From 1 March 2008 onwards, JPR will be responsible for paying any interest penalties due to the Kazak Government as a result of the late settlement on Block 31. This amount will only be due if and when JPR finalises the purchase of Block 31. The maximum penalty (assuming settlement was to occur on 30 June 2008) would be approximately \$US276,000; and
- If JPR does not complete the settlement on Block 31 on or before 30 June 2008, the Sale Purchase Agreement will terminate and the \$US500,000 deposit already paid by JPR to Zher Munai will be retained by Zher Munai. No other penalties will be payable by JPR in this scenario.

The JPR Board still believes that this initial exploration project is an excellent opportunity on which to begin the development of JPR into a substantial oil producer in Kazakhstan. Assuming completion on Block 31, the Company has further plans to grow the portfolio of oil assets and this plan will be implemented over the coming 12 months and in fact is already well progressed with several other permits already under review. Assuming completion on Block 31, the Company is also looking to close out at least one of these other opportunities before the end of September 2008. These new opportunities would see JPR take an equity position in existing oil fields with proven reserves, meaning that 2008 could see the Company begin to derive revenues from oil production.

**Capital Structure**

The Company finished the December 2007 half year with 235,796,189 fully paid ordinary shares on issue and with approximately \$6 million in cash.

At the date of this report, the unissued ordinary shares of Jupiter Energy Limited under option are as follows:

<b>Date of Expiry</b>	<b>Exercise Price</b> \$		<b>Number under</b> <b>Option</b>
30-June-2008	0.12	Unlisted	8,250,000
31-Dec-2008	0.08	Unlisted	2,628,000
31-Dec-2008	0.20	Unlisted	5,000,000
30-June-2010	0.08	Listed	200,000,000
31-Dec-2012	0.20	Unlisted	3,000,000
			<b>218,878,000</b>

**DIRECTORS' REPORT (Cont.)*****Subsequent Events***

Below is a list of events that have occurred subsequent to 31 December 2007.

1. JPR has requested Zher Munai to agree to a delay in settlement on Block 31 to a date no later than June 30 2008 on the basis that JPR needs to raise an additional \$A6,000,000 (minimum) to fund the work program on Block 31
2. Zher Munai has been requested to seek approval from the Government to defer the settlement on Block 31 until a day no later than 30 June 2008. This will enable Zher Munai to defer the payment to the Government of a "Signature Bonus" on Block 31 until after JPR has completed settlement.
3. JPR has agreed that, assuming the Government agrees to the deferred settlement date of 30 June 2008, if it fails to complete settlement on Block 31 on or before 30 June 2008, it will not seek a refund of the \$US500,000 deposit already paid to Zher Munai on Block 31
4. JPR has agreed to, assuming the Government agrees to the deferred settlement date of 30 June 2008, pay the penalties due to the Government for the late payment of the Signature Bonus on Block 31 from 1 March 2008 to the date of settlement (with settlement being no later than 30 June 2008).
5. JPR is intending to complete commitments for a capital raising of a minimum of \$A6,000,000 during April 2008 and complete settlement on Block 31 as soon as possible after the raising is completed. As the raising will require shareholder approval, the capital raising process is not expected to be completed until late May or early June 2008.
6. If JPR is unable to secure funding and complete settlement by 30 June 2008, it will forfeit its \$US500,000 deposit as full and final settlement of any funds due to Zher Munai or the Kazak Government.

Based on the above sequence of events, the JPR Board has decided to impair the Block 31 asset as at 31 December 2007, resulting in a write down of \$563,698. Should the Block 31 transaction proceed, as is the intention of the JPR Board (subject to the issues outlined above being successfully concluded), the Block 31 asset will be written back to the 30 June 2008 Balance Sheet, reflecting the fact that the asset is being carried at its agreed value.

***Auditor's Independence Declaration***

In accordance with section 307C of the Corporations Act 2001, the Directors have obtained a declaration of independence from RSM Bird Cameron Partners, the consolidated entity's auditors. The independence declaration is included at page 6 of the financial report.

Dated at West Perth on 14 March 2008.

This report is signed in accordance with a resolution of the Board of Directors.



**G A Gander**  
Director

# RSM Bird Cameron Partners

Chartered Accountants

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www.rsmi.com.au

## AUDITOR'S INDEPENDENCE DECLARATION TO THE BOARD OF DIRECTORS OF JUPITER ENERGY LIMITED

I declare that to the best of my knowledge and belief, during the half-year ended 31 December 2007 there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

*RSM Bird Cameron Partners*  
RSM BIRD CAMERON PARTNERS  
Chartered Accountants



J A KOMNINOS  
Partner

Perth, WA

Dated: *14 March 2008*

# RSM Bird Cameron Partners

Chartered Accountants

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GPO Box R1253 Perth WA 6844  
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## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF JUPITER ENERGY LIMITED

### *Report on the Half-Year Financial Report*

We have reviewed the accompanying half-year financial report of Jupiter Energy Limited (the consolidated entity) which comprises the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, accompanying notes to the financial statements and the directors' declaration. The consolidated entity comprises both Jupiter Energy Limited (the company) and the entities it controlled during the half-year.

### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including:

- giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and
- complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

As the auditor of Jupiter Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



*Independence*

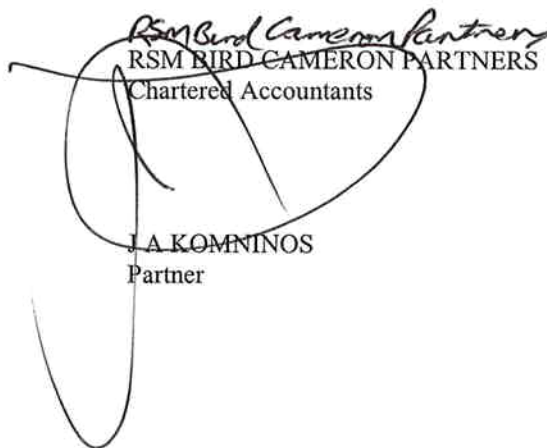
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Jupiter Energy Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Perth, WA  
Dated: 14 March 2008

  
RSM BIRD CAMERON PARTNERS  
Chartered Accountants  
J.A. KOMNINOS  
Partner

**DIRECTORS' DECLARATION**

The directors of the company declare that:

1. The financial statements and notes thereto set out on pages 10 to 18 are in accordance with the Corporations Act 2001, and:
  - (a) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
  - (b) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2007 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date.
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Dated at West Perth on 14 March 2008.

This declaration is made in accordance with a resolution of the Board of Directors.



**G A Gander**  
Director

**INCOME STATEMENT  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

		<b>Consolidated</b>	
		<b>31.12.07</b>	<b>31.12.06</b>
		<b>\$</b>	<b>\$</b>
<b>Continuing operations</b>			
Other revenue	3	<u>208,316</u>	-
Administration expenses		381,053	-
Consulting fees		335,423	-
Depreciation expenses		7,266	-
Directors fees		204,174	-
Legal fees		206,312	-
Provision for impairment	5	563,698	-
Occupancy expenses		17,835	-
Share based payments		<u>270,495</u>	-
<b>Total Expenses</b>		<b>1,986,256</b>	<b>-</b>
<b>(Loss) from continuing operations before related income tax expense</b>		<b>(1,777,940)</b>	<b>-</b>
Income tax expense		-	-
<b>(Loss) from continuing operations after income tax expense</b>		<b>(1,777,940)</b>	<b>-</b>
<b>Discontinued operations</b>			
(Loss) from discontinued operations after income tax	4	-	(2,337,653)
<b>Net (loss) for the period</b>		<b><u>(1,777,940)</u></b>	<b><u>(2,337,653)</u></b>
Basic loss per share (cents per share)		<b>(0.754)</b>	(2.100)
Diluted loss per share (cents per share)		<b>(0.754)</b>	(2.100)

The accompanying notes form part of this interim financial report.

**BALANCE SHEET  
AS AT 31 DECEMBER 2007**

	<b>Consolidated</b>	
	<b>31.12.07</b>	<b>30.6.07</b>
	<b>\$</b>	<b>\$</b>
<b>Current Assets</b>		
Cash and cash equivalents	6,010,972	7,615,057
Trade and other receivables	26,551	17,747
Bonds	7,220	7,220
<b>Total Current Assets</b>	<b>6,044,743</b>	<b>7,640,024</b>
<b>Non Current Assets</b>		
Plant and equipment	27,005	19,281
Intangible assets	5 -	-
<b>Total Non Current Assets</b>	<b>27,005</b>	<b>19,281</b>
<b>Total Assets</b>	<b>6,071,748</b>	<b>7,659,305</b>
<b>Current Liabilities</b>		
Trade payables	204,301	301,798
Provisions	1,240	1,841
<b>Total Current Liabilities</b>	<b>205,541</b>	<b>303,639</b>
<b>Total Liabilities</b>	<b>205,541</b>	<b>303,639</b>
<b>Net Assets</b>	<b>5,866,207</b>	<b>7,355,666</b>
<b>Equity</b>		
Contributed equity	6 20,296,004	20,007,523
Accumulated losses	(14,429,797)	(12,651,857)
<b>Total Equity</b>	<b>5,866,207</b>	<b>7,355,666</b>

The accompanying notes form part of this interim financial report.

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

	<b>Issued Capital</b>	<b>Accumulated Losses</b>	<b>Total Equity</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
As at 1 July 2006	10,963,658	(8,783,286)	2,180,372
Loss for the period	-	(2,337,653)	(2,337,653)
Shares Issued	4,141,652	-	4,141,652
Options Issued	120,412	-	120,412
As at 31 December 2006	<u>15,225,722</u>	<u>(11,120,939)</u>	<u>4,104,783</u>
	<b>Issued Capital</b>	<b>Accumulated Losses</b>	<b>Total Equity</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
As at 1 July 2007	20,007,523	(12,651,857)	7,355,666
Loss for the period	-	(1,777,940)	(1,777,940)
Shares issued	17,986	-	17,986
Options Issued	270,495	-	270,495
As at 31 December 2007	<u>20,296,004</u>	<u>(14,429,797)</u>	<u>5,866,207</u>

The accompanying notes form part of this interim financial report.

**CASH FLOW STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

	<b>Consolidated</b>	
	<b>31.12.07</b>	<b>31.12.06</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees	(1,251,699)	(480,998)
Interest received	208,316	85,204
Interest paid	-	(894)
<b>Net cash (used in) operating activities</b>	<b>(1,043,383)</b>	<b>(396,688)</b>
<b>Cash flows from investing activities</b>		
Payments for biodiesel development expenditure	-	(2,300,256)
Payment for oil field acquisition	(563,698)	-
Payments for exploration expenditure	-	(6,086)
Payments for plant and equipment	(14,990)	(2,438)
<b>Net cash (used in) investing activities</b>	<b>(578,688)</b>	<b>(2,308,780)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	17,986	4,355,059
Transaction costs from issue of shares	-	(213,407)
<b>Net cash provided by financing activities</b>	<b>17,986</b>	<b>4,141,652</b>
<b>Net increase/(decrease) in cash held</b>	<b>(1,604,085)</b>	<b>1,436,184</b>
Cash at the beginning of the financial period	7,615,057	1,861,593
Foreign exchange gain/(loss)	-	(3,013)
<b>Cash at the end of the financial period</b>	<b>6,010,972</b>	<b>3,294,764</b>

The accompanying notes form part of this interim financial report.

**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007****NOTE 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES****Basis of preparation**

This general purpose condensed financial report for the half year ended 31 December 2007 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2007 and considered together with any public announcements made by Jupiter Energy Ltd during the half year ended 31 December 2007 in accordance with the continuous disclosure obligations of the *ASX listing rules*.

Apart from the changes in accordance in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

**Changes in Accounting Policy**

Since 1 July 2007 the Group has adopted the following Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2007. Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the Group.

- AASB 101 (revised October 2006) Presentation of Financial Statements
- AASB 7 Financial Instruments: Disclosures
- AASB 2005-10 Amendments to Australian Accounting Standards (AASB 132, 101, 114, 117, 133, 139, 1, 4, 1023 and 1038)
- AASB 2007-1 Amendments to Australian Accounting Standards arising from Interpretation 11 (AASB 2)
- AASB 2007-4 Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments
- AASB 2007-7 Amendments to Australian Accounting Standards (AASB 1, AASB 2, AASB 4, AASB 5, AASB 107, & AASB 128)
- Interpretation 10 Interim Financial Reporting and Impairment
- Interpretation 11 AASB 2 – Group and Treasury Share Transactions

**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

**NOTE 2. SEGMENT REPORTING**

**Business Segments**

The following table represents revenue and profit information for business segments for the half years ended 31 December 2007 and 31 December 2006.

	Discontinued operations			Continuing Operations	Consolidated
	Biodiesel	Oil & Gas (Australia)	Gold Mining	Oil & Gas (Kazakhstan)	Total
	\$	\$	\$	\$	\$
<b>Half Year Ended 31 Dec 2007</b>					
Revenue	-	-	-	208,316	208,316
Profit / (loss)	-	-	-	(1,777,940)	(1,777,940)
<b>Half Year Ended 31 Dec 2006</b>					
Revenue	85,204	-	-	-	85,204
Profit / (loss)	(2,313,647)	(24,006)	-	-	(2,337,653)

**NOTE 3. REVENUE**

	Consolidated	
	2007	2006
	\$	\$
Other revenue		
Interest revenue	208,316	85,204
	<b>208,316</b>	<b>85,204</b>



**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

**NOTE 4. DISCONTINUED OPERATIONS**

In January 2007 the board decided to cease the biodiesel project based in Malaysia and look for new business opportunities. In May 2007 the Company sold 100% of the issued capital of Jupiter Biofuels Sdn Bhd.

In March 2007 the board decided to cease oil and gas exploration on PEP 163 and PEP 164 in Victoria

The results of the discontinued operations for the year until disposal are presented below:

	<b>Consolidated</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
<b>Results of discontinued operation</b>		
Revenue	-	85,204
Expenses	-	(2,422,857)
Results from operating activities	-	(2,337,653)

**NOTE 5. INTANGIBLE ASSETS**

Balance at the beginning of the year	-
Expenditure incurred during the half-year	563,698
Provision for impairment	(563,698)
Balance at the end of the half-year	-

Based on the sequence of events subsequent to the reporting date (Note 8), the JPR Board has decided to impair the Block 31 asset as at 31 December 2007, resulting in a write down of \$563,698. Should the Block 31 transaction proceed, as is the intention of the JPR Board (subject to the issues outlined in the "Review of Operations" being successfully concluded), the Block 31 asset will be written back to the 30 June 2008 Balance Sheet, reflecting the fact that the asset is being carried at its agreed value

**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

**NOTE 6. CONTRIBUTED EQUITY**

	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
<i>Issued Capital</i>		
Ordinary shares (a)	19,720,899	19,702,913
Share options (b)	575,105	304,610
	<u>20,296,004</u>	<u>20,007,523</u>

	<b>2007</b>	<b>2007</b>
	<b>No.</b>	<b>\$</b>
<b>(a) Movements in ordinary share capital:</b>		
Balance 30 June 2007	235,571,389	19,702,913
Exercise of options – July 2007	224,800	17,986
Balance 31 December 2007	<u>235,796,189</u>	<u>19,720,899</u>

<b>(b) Movements in share options</b>		
Balance 30 June 2007	211,102,800	304,610
Exercise of options	(224,800)	-
Share based payment – Director options	5,000,000	172,500
Share based payment – Employee share option plan	3,000,000	97,995
Balance 31 December 2007	<u>218,878,000</u>	<u>575,105</u>

**NOTE 7. CONTINGENT LIABILITIES**

There has been no change in contingent liabilities since the last annual reporting date.

**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007****NOTE 8. EVENTS SUBSEQUENT TO REPORTING DATE**

Below is a list of events that have occurred subsequent to 31 December 2007.

1. JPR has requested Zher Munai to agree to a delay in settlement on Block 31 to a date no later than June 30 2008 on the basis that JPR needs to raise an additional \$A6,000,000 (minimum) to fund the work program on Block 31
2. Zher Munai has been requested to seek approval from the Government to defer the settlement on Block 31 until a day no later than 30 June 2008. This will enable Zher Munai to defer the payment to the Government of a "Signature Bonus" on Block 31 until after JPR has completed settlement.
3. JPR has agreed that, assuming the Government agrees to the deferred settlement date of 30 June 2008, if it fails to complete settlement on Block 31 on or before 30 June 2008, it will not seek a refund of the \$US500,000 deposit already paid to Zher Munai on Block 31
4. JPR has agreed to, assuming the Government agrees to the deferred settlement date of 30 June 2008, pay the penalties due to the Government for the late payment of the Signature Bonus on Block 31 from 1 March 2008 to the date of settlement (with settlement being no later than 30 June 2008).
5. JPR is intending to complete commitments for a capital raising of a minimum of \$A6,000,000 during April 2008 and complete settlement on Block 31 as soon as possible after the raising is completed. As the raising will require shareholder approval, the capital raising process is not expected to be completed until late May or early June 2008.
6. If JPR is unable to secure funding and complete settlement by 30 June 2008, it will forfeit its \$US500,000 deposit as full and final settlement of any funds due to Zher Munai or the Kazak Government.

Based on the above sequence of events, the JPR Board has decided to impair the Block 31 asset as at 31 December 2007, resulting in a write down of \$563,698. Should the Block 31 transaction proceed, as is the intention of the JPR Board (subject to the issues outlined above being successfully concluded), the Block 31 asset will be written back to the 30 June 2008 Balance Sheet, reflecting the fact that the asset is being carried at its agreed value.