



**HALF YEAR FINANCIAL REPORT**

**31 DECEMBER 2016**

## **CORPORATE DIRECTORY**

### **Directors and Officers**

*Geoff Gander*  
*Executive Chairman/CEO*

*Alexey Kruzhkov*  
*Non-Executive Director*

*Baltabek Kuandykov*  
*Non-Executive Director*

*Scott Mison*  
*Executive Director/Company Secretary*

### **Principal and Registered Office**

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10 Outram Street  
West Perth  
Western Australia 6005

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West Perth  
Western Australia 6872

Telephone +61 8 9322 8222  
Facsimile +61 8 9322 8244  
Email [info@jupiterenergy.com](mailto:info@jupiterenergy.com)  
Website [www.jupiterenergy.com](http://www.jupiterenergy.com)

### **Auditors**

Ernst & Young  
11 Mounts Bay Road  
Perth, Western Australia 6000

Telephone +61 8 9429 2222  
Facsimile +61 8 9429 2436

### **Bankers**

National Australia Bank Limited  
Perth Central Business Banking Centre  
UB13.03, 100 St Georges Terrace  
Perth WA 6000

### **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, AIM and KASE Codes**

Jupiter Energy Limited shares are listed on the Australian Securities Exchange under the code JPR, on the AIM Market of the London Stock Exchange under the code JPRL and on the Kazakh Stock Exchange under JPRL\_AU.

## **DIRECTORS' REPORT**

Your directors submit the financial report of the consolidated entity for the half-year ended 31 December 2016.

### **Directors**

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

#### **Name**

Mr Geoff Gander

Mr Baltabek Kuandykov

Mr Scott Mison

Mr Alexey Kruzhkov

Appointed Director 29 August 2016

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

### **Operating Results**

This review covers the 6 months from 1 July 2016 to 31 December 2016 and the "Subsequent Events" section includes any significant events that have occurred between 1 January 2017 and the release date of this report.

The consolidated loss for the period after income tax was \$6,277,355 (2015: \$7,729,875).

At the end of December 2016, cash levels were \$472,758 (June 2016: \$663,446). Assets increased to \$50,197,124 (June 2016: \$47,557,046) and equity decreased to \$(143,346) (June 2016: \$3,711,243).

### **Review of Operations**

The 6 month period to 31 December 2016 ("the Review Period") saw little operational progress with restricted funding and uneconomic domestic oil prices both negatively impacting the further development of the Block 31 licence area as well as not enabling the Company to take on additional exploration acreage.

That said, progress was made in terms of positioning the Company for a return to oil production during the 2017 calendar year.

### **Oil Production and Revenues:**

There was no oil production during the Review Period. No barrels of oil were produced during the same Review Period in 2015.

Revenues from oil sales in this Review Period amounted to \$A nil (previous Review Period: \$ nil).

### **Production Report/Status of Well Licences:**

#### **Production – Akkar North (East Block) Oilfield (J-50 well):**

The J-50 well remained shut in during the Review Period as discussions continued regarding the division of reserves on the Akkar North field. The J-50 well is located on the Akkar North (East Block) accumulation and no Trial Production Licence (TPL) has been in effect on this area since 29 December 2014.

Production – Akkar East Oilfield (J-51, J-52, J-53 and # 19 wells):

During the Review Period, no oil was produced from either the J-51 or J-52 wells under their respective Trial Production Licences (TPLs). These two wells are located on the northern section of the permit and are part of the East Akkar oilfield.

The J-53 well, which is also located on the Akkar East oilfield, was shut in for the entire Review Period, awaiting further remedial work before potentially coming back onto production. This work will be carried out when the appropriate funding and approvals are in place.

Well 19 which is also located on the Akkar East field and was drilled in an area of already proven C<sup>1</sup> reserves between the J-51 and J-52 wells and as such was the Company's first 'production' well.

The limited completion and testing of well 19 in early 2015 included perforating the well underbalanced with tubing conveyed perforating guns, monitoring fluid levels and running pressure gauges. Testing of the well indicated severe skin damage which will require an acid treatment to stimulate the well and assist oil flow into the well bore. This is consistent with other wells in the area.

Further work on well 19, including an acid stimulation, will not take place until the requisite approvals and funding for the work are in place and the Company is ready to return to domestic oil production.

No oil was produced from well 19 during the Review Period.

Production – West Zhetybai Oilfield (J-55, J-58 and J-59 wells):

During the Review Period, no oil was produced from either the J-58 or J-59 wells under their respective TPLs. These two wells are located on the southern section of the permit and are part of the West Zhetybai oilfield.

The J-55 well, which is also located on the West Zhetybai oilfield, was shut in for the entire Review Period, awaiting further remedial work before potentially coming back onto production. This work will be carried out when the appropriate funding and approvals are in place.

It should be noted that in order to get the J-58 and J-59 wells ready for Trial Production, the appropriate surface production infrastructure must be put in place for both the wells. This equipment will need to be either relocated from the Akkar East field and/or purchased and funding is not available at this time to complete the acquisition of the equipment required.

When the TPLs for West Zhetybai have been approved, the funding is in place and domestic oil prices have recovered, the forward plan is for the J-58 well to be put on production from the T<sup>2</sup>B horizon, and J-59 will be used to test the potential of the shallow Jurassic horizon discovered during the drilling of the well, before being completed for production from the T<sup>2</sup>B horizon.

Extension of the Exploration Period

On 19 September 2016, the Company announced that it had signed Addendum 7 to Contract 2275 which confirmed that the Kazakh Ministry of Energy had approved a three (3) year extension to the Exploration Period on Block 31, through to 29 December 2019. The 3 year extension is based on the Company maintaining its current acreage and the Ministry of Energy has indicated that if the Company does proceed with the North East and South East land extensions currently under consideration then a further one (1) year extension (to 29 December 2020) could also be considered.

Extension of Trial Production Licences – Akkar East and West Zhetybai oilfields

The Company submitted applications for the extension of the TPL's on the Akkar East oilfield (J-51, J-52, J-53 and well 19) and the West Zhetybai oilfield (J-58 and J-59) during the Review Period. If and when these extensions have been approved, the TPLs for the Akkar East and West Zhetybai fields will run until 29 December 2019 to coincide with the term of the newly extended Exploration Licence period.

### **Status of Operations:**

The Company announced on 19 February 2015, as a result of the material reduction in world oil prices, the sales price being achieved for domestic oil in Kazakhstan had fallen to levels that made oil production from Block 31 cashflow negative.

The Company therefore decided to cease production from its producing Akkar East wells (J-51 and J-52) until the domestic oil price improved. The Company continued to monitor local pricing during the Review Period and believes that production may recommence during 2017 but is unable to give any guarantee that this will occur.

The Company has opened dialogue with various local oil marketing groups and if the oil prices offered are at a level that can sustain a positive cashflow from field operations, Jupiter will consider recommencing oil production during 2017.

### **Reserves Dispute:**

#### *Akkar North (East Block) Reserves Dispute (J-50 well)*

The Company advised shareholders on 28 November 2014 that the application to extend the TPL for well J-50 was being held by the Kazakh Committee of Geology pending resolution of the allocation of reserves associated with the well.

The J-50 well has been shut in since 29 December 2014 (the date at which the last Trial Production licence expired).

The underlying issue delaying the Trial Production Licence renewal is the demand by the Committee of Geology that Jupiter Energy reach agreement with its neighbour MangistauMunaiGas (MMG) over the division of reserves associated with both companies' share of the Akkar North accumulation. Jupiter Energy has been in dialogue with MMG on this issue for some time but has been unable to reach formal agreement with MMG with respect to the division of Akkar North reserves or another form of settlement of the matter.

During the Review Period the Company continued to actively work with MMG and the relevant Kazakh authorities to resolve this matter and the Company will advise shareholders when a definitive resolution has been reached on this matter.

### **Drilling Report:**

No drilling activity took place during the Review Period.

Subject to obtaining the requisite approvals and funding, the Company plans to continue with its drilling program as soon as it is possible. At this stage, under the proposed minimum 2017-2019 Work Program that is currently with the Kazakh authorities for approval, the drilling of two new wells is planned for 2018 and sidetracks are scheduled for wells J-53 and J-55 in 2019.

### **Significant Corporate Appointments:**

During the Review Period a number of key appointments were made to the Jupiter Energy organisation.

On 30 August 2016 the Company announced the appointment of Alexey Kruzhkov as a Non-Executive Director of the Company. Alexey is the appointed Board representative of Waterford Finance and Investment Limited, the Company's largest shareholder and replaced Alastair Beardsall who retired on 31 May 2016. Alexey also joins the board of each Jupiter subsidiary.

Alexey holds an Engineering Degree and an MBA and has over 10 years' experience working in the investment industry, focusing primarily on organisations involved in Oil & Gas, Mining and Real Estate. He has served as a

Director on the Boards of companies listed in Canada and Norway. He is a member of the executive team of Waterford Investment and Finance Limited.

On 27 October 2016 the Company announced that Baltabek Kuandykov had been appointed as President: Jupiter (Kazakhstan). Baltabek has been on the Board of Jupiter Energy Limited since 2010 and this new position was created to ensure that the Jupiter organisation is represented at the appropriate level within Kazakhstan, particularly in relation to interaction with government officials and at events such as the upcoming EXPO 2017, at which Jupiter is a sponsor.

On 2 December 2016 the Company announced the appointment of Alexander Kuzev as an Advisor to the Jupiter Energy Limited Board.

Alexander Kuzev (51) is an oil industry professional with over 26 years of experience.

Most of Alexander's career has been spent working in the Former Soviet Union (FSU) with much of that time responsible for the overall management of field operations with a focus on production sustainability, technology and field maintenance. He has worked with a range of oil and gas companies including Schlumberger and Gazprom Drilling.

Alexander brings an important technical skill set to Jupiter Energy as well as in country experience, having been involved with various Kazakhstan based oil and gas operations since the late 1990's.

Alexander is currently Managing Director of an oil production company with operations in Astrakhan, Southern Russia and he holds a Bachelor of Engineering.

On 2 December 2016, the Company also announced the appointment of Sergey Kostin as the new Head of Operations in Kazakhstan.

Sergey is based in Aktau and is responsible for leading the operations team based both in the Aktau office and in the field as the Company looks to prepare to recommence production during the 1H 2017. His direct reports include all operations, marketing, geology and geophysics personnel and he works closely with the heads of Finance & Administration and Legal.

Sergey (52) has 30 years experience in the oil sector with over 14 years spent in a variety of operational roles with the international oil services organisation Schlumberger. He has also worked with a number of Russian oil companies, most recently with SGC Drilling as their Director of Drilling.

He has vast experience in the drilling of wells and the Company believes that he will bring Jupiter Energy an important combination of international drilling expertise and cultural awareness at what will be a critical period in the development of Block 31.

Once a decision to recommence production has been made it is expected that a number of further hiring decisions will be made in Aktau to bolster the current staffing levels there.

### **2016 Annual General Meeting:**

The 2016 Annual General Meeting was held in Perth on Friday 04 November 2016 and all Resolutions were passed.

### **Funding and Capital Management:**

As at 31 December 2016, the Company had 153,377,693 listed shares trading under the ASX ticker "JPR", the AIM ticker "JPRL" and the KASE ticker "AU\_JPRL".

The Company has no options or Performance Shares, listed or unlisted, on issue.

As at 31 December 2016, total Company debt outstanding was \$US35,732,987 (A\$49,439,089) through a total of five (5) Promissory Notes, with the following holders:

- Waterford Petroleum Limited: \$US13,053,950
- Waterford Petroleum Limited: \$US9,559,670
- Mobile Energy Limited: \$US10,199,502
- Midocean Holdings Limited: \$US2,199,914
- Other Private Investors: \$US719,951

As at 31 December 2016, the Company has drawn down \$US2,291,238 (including accrued interest) under the new Funding Agreement with Waterford Petroleum Limited, as announced on 29 July 2016, and therefore has a further \$US2,708,762 (including accrued interest) available to it under this Agreement.

Directors have deferred their Directors' Fees since February 2015 and will continue to do so until such time that the Company has an improved cashflow position.

The Company is still reviewing its ongoing funding requirements for 2017 and the directors are exploring a range of options for financing the further development of the East Akkar and West Zhetybai fields during 2017 and beyond, to the stage where export oil sales are being achieved and further development of the field is self-funding; these options may include the further issue of new equity, reserve based debt, convertible debt or a combination of these and other funding instruments.

Once the appropriate funding has been secured, the further development of both the Akkar East and West Zhetybai fields, and in particular building of the topside infrastructure on Akkar East including a processing facility and gas separation plant, will be accelerated.

Based on current management forecasts, the Company has sufficient working capital, including its access to the remaining funding under the Waterford Promissory Notes, until June 2017. The Company continues to seek a longer term funding package that will enable the commencement of the proposed 2017 Work Program, recommencing domestic oil production from the Akkar East field and for on-going working capital in the 2nd half of 2017 and beyond.

### **Subsequent Events:**

On 31 January 2017 the Company received a further \$US240,000 from Waterford under the existing funding facility and these funds will be put towards meeting working capital commitments.

The Board believes the remaining funding available from the Waterford Promissory Notes will be sufficient to provide the Company with working capital for the 1<sup>st</sup> half of 2017 calendar year based on the current Care & Maintenance budget. If a broader amount of work is to be carried out including recommencing oil production from the Akkar East oilfield, additional funding will first need to be sourced.

There are no further "Subsequent Events" to report prior to the release of this report.

### **Summary:**

The Company had a productive 6 month period from 1 July to 31 December 2016.

The extension of the Exploration Licence to 29 December 2019 was a key milestone and good progress was made in getting the TPLs approved for the Akkar East and West Zhetybai oilfields.

Whilst global oil prices have remained low and domestic oil prices have meant that production has been shut in, market conditions appear to be improving and a return to domestic production appears possible during 2017 assuming the requisite regulatory approvals and funding are in place.

Since acquiring an exploration permit in 2008, independent reserve reports continue to confirm that that Jupiter has now discovered two sizeable oilfields with significant reserves and resources. In addition, oil production has

moved from zero at the beginning of 2011 to over 230,000 barrels for calendar year 2014, with 2014 calendar year revenues reaching \$A8.75 million (\$US7.568m).

The goal of developing Jupiter Energy into a full cycle E&P company with a meaningful production profile and sizeable 2P reserves base remains the key objective for the Board and Management and the Company remains confident of continuing to make progress towards achieving this goal during 2017.

### **Competent Persons Statement:**

#### General

Alexey Glebov, PhD, with over 33 years' oil & gas industry experience, is the qualified person as defined in the AIM Guidance Note on Mining and Oil & Gas Companies dated June 2009, who has reviewed and approved the technical information contained in this report. Alexey PhD's in technical science (1992) and geology science (2006), an Honors Degree in Geology and Geophysics (1984) from Novosibirsk State University and a Gold Medal (1985) from USSR Academy of Sciences. He is a member since 2001 of the European Association of Geoscientists & Engineers (EAGE #M2001-097) and was made an Honorary Oilman in 2011 by the Ministry of Energy of the Russian Federation. Alexey Glebov is qualified in accordance with ASX Listing Rule 5.41.

#### ***Auditor's Independence Declaration***

In accordance with section 307C of the Corporations Act 2001, the Directors have obtained a declaration of independence from Ernst & Young, the consolidated entity's auditors. The independence declaration is included at page 9 of the financial report.

Dated at Perth on 24 February 2017.

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



**G A Gander**  
**Executive Chairman/CEO**

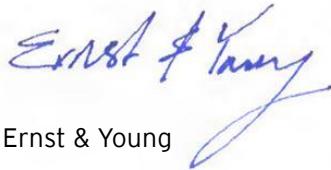


## Auditor's Independence Declaration to the Directors of Jupiter Energy Limited

As lead auditor for the review of Jupiter Energy Limited for the half-year ended 31 December 2016, I declare to the best of my knowledge and belief, there have been:

- a. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b. no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Jupiter Energy Limited and the entities it controlled during the financial period.



Ernst & Young



D A Hall  
Partner  
24 February 2017

## Report on the half-year financial report to the members of Jupiter Energy Limited

We have reviewed the accompanying half-year financial report of Jupiter Energy Limited which comprises the statement of financial position as at 31 December 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

### Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### 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 a 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 half-year 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 2016 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 and the entities it controlled during the half-year, 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*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

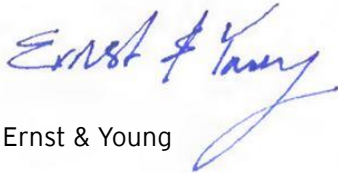
## Conclusion

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 2016 and of its performance for the half-year ended on that date; and
- b. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

## Emphasis of matter

Without modifying our conclusion, we draw attention to Note 2(a) in the financial report which describes the principal conditions that raise doubt about the consolidated entity's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.



Ernst & Young



D A Hall  
Partner  
Perth  
24 February 2017

**DIRECTORS' DECLARATION**

In accordance with a resolution of the Directors of Jupiter Energy Limited, I state that:

In the opinion of the Directors:

- a. The financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
  - I. giving a true and fair view of the financial position of the consolidated entity as at 31 December 2016 and the performance for the half-year ended on that date, and
  - II. complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- b. Subject to the matters disclosed at note 2(a), there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



**G A Gander**  
**Executive Chairman/CEO**

Signed at Perth 24 February 2017.

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

	Note	<b>Consolidated Entity</b>	
		<b>6 months to 31 Dec 2016 \$A</b>	<b>6 months to 31 Dec 2015 \$A</b>
Revenue		-	-
Cost of sales		-	(179,872)
<b>Gross profit</b>		-	(179,872)
Foreign currency gain / (loss)		(1,343,720)	(1,871,391)
General and administrative costs		(1,702,186)	(3,275,414)
<b>Operating loss</b>		<b>(3,045,906)</b>	<b>(5,326,677)</b>
Finance income		9,363	12,529
Finance costs		(3,240,812)	(2,415,727)
<b>Loss before tax</b>		<b>(6,277,355)</b>	<b>(7,729,875)</b>
Income tax expense		-	-
<b>Loss after income tax</b>		<b>(6,277,355)</b>	<b>(7,729,875)</b>
<b>Other comprehensive income in subsequent periods (net of tax)</b>			
Foreign currency translation		2,422,766	(26,024,936)
<b>Total comprehensive loss for the period</b>		<b>(3,854,589)</b>	<b>(33,754,811)</b>
<b>Loss per share attributable to ordinary equity holders of the parent (cents per share)</b>			
Basic loss per share		(4.09)	(5.04)
Diluted loss per share		(4.09)	(5.04)

*The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.*

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2016**

	Note	31 Dec 2016 \$A	30 June 2016 \$A
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	4	472,758	663,446
Trade and other receivables		24,727	24,064
Other current assets		79,009	67,459
Inventories		18,219	17,886
<b>Total Current Assets</b>		<u>594,713</u>	<u>772,855</u>
<b>Non-Current Assets</b>			
Trade and other receivables		2,897,779	2,787,367
Oil and gas properties	6	15,605,794	14,976,550
Plant and equipment		426,970	417,142
Exploration and evaluation expenditure	5	30,253,333	28,215,402
Other financial assets		418,535	387,732
<b>Total Non-Current Assets</b>		<u>49,602,411</u>	<u>46,784,193</u>
<b>Total Assets</b>		<u>50,197,124</u>	<u>47,557,048</u>
<b>Current Liabilities</b>			
Trade and other payables	7	669,054	755,133
<b>Total Current Liabilities</b>		<u>669,054</u>	<u>755,133</u>
<b>Non-current Liabilities</b>			
Provisions		232,327	154,442
Other financial liabilities	8	49,439,089	42,936,226
<b>Total Non-Current Liabilities</b>		<u>49,671,416</u>	<u>43,090,668</u>
<b>Total Liabilities</b>		<u>50,340,470</u>	<u>43,845,801</u>
<b>Net (Liability) / Assets</b>		<u>(143,346)</u>	<u>3,711,247</u>
<b>Equity</b>			
Contributed equity	9	85,633,935	85,633,935
Share based payment reserve		5,764,014	5,764,014
Foreign currency translation reserve		(23,880,886)	(26,303,650)
Accumulated losses		(67,660,407)	(61,383,052)
<b>Total (Deficiency)/ Equity</b>		<u>(143,346)</u>	<u>3,711,247</u>

*The above Statement of Financial Position should be read in conjunction with the accompanying notes.*

**STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

<b>CONSOLIDATED</b>	Issued Capital	Share based payment reserve	Foreign currency translation reserve	Accumulated Losses	Total Equity
	<b>\$A</b>	<b>\$A</b>	<b>\$A</b>	<b>\$A</b>	<b>\$A</b>
<b>As at 1 July 2016</b>	85,633,935	5,764,014	(26,303,650)	(61,383,052)	3,711,247
Loss for the period	-	-	-	(6,277,355)	(6,277,355)
Other comprehensive income	-	-	2,422,766	-	2,422,766
Total comprehensive income / (loss)	-	-	2,422,766	(6,277,355)	(3,854,589)
<b>As at 31 December 2016</b>	<b>85,633,935</b>	<b>5,764,014</b>	<b>(23,880,886)</b>	<b>(67,660,407)</b>	<b>(143,346)</b>
<b>As at 1 July 2015</b>	85,633,935	5,764,014	1,165,133	(50,908,182)	41,654,900
Loss for the period	-	-	-	(7,729,875)	(7,729,875)
Other comprehensive income	-	-	(26,024,936)	-	(26,024,936)
Total comprehensive income / (loss)	-	-	(26,024,936)	(7,729,875)	(33,754,811)
Share based payments	-	-	-	-	-
<b>As at 31 December 2015</b>	<b>85,633,935</b>	<b>5,764,014</b>	<b>(24,859,802)</b>	<b>(58,638,059)</b>	<b>7,900,088</b>

*The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.*

**STATEMENT OF CASH FLOWS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

	<b>Consolidated Entity</b>	
	<b>6 months to 31 December 2016 \$A</b>	<b>6 months to 31 December 2015 \$A</b>
<b>Cash flows from operating activities</b>		
Receipts from customers	-	-
Payments to suppliers and employees	(1,775,861)	(1,781,022)
Interest received	9,363	12,529
<b>Net cash used in operating activities</b>	<u>(1,766,498)</u>	<u>(1,768,493)</u>
<b>Cash flows from investing activities</b>		
Payments for exploration and development expenditure	(321,074)	(471,062)
Payments for plant and equipment	(5,000)	-
<b>Net cash used in investing activities</b>	<u>(326,074)</u>	<u>(471,062)</u>
<b>Cash flows from financing activities</b>		
Proceeds from unsecured loan	1,910,923	912,780
<b>Net cash provided by financing activities</b>	<u>1,910,923</u>	<u>912,780</u>
<b>Net decrease in cash held</b>	(181,649)	(1,326,775)
Cash at the beginning of the financial period	663,446	1,613,560
Foreign exchange gain/(loss)	(9,039)	13,201
<b>Cash at the end of the financial period</b>	<u>472,758</u>	<u>299,986</u>

*The above Statement of Cash Flows should be read in conjunction with the accompanying notes*



## NOTES TO THE FINANCIAL STATEMENT

### 1. CORPORATE INFORMATION

The half year financial report of Jupiter Energy Limited for the period 31 December 2016 was authorised for issue in accordance with a resolution of the Directors on 24 Feb 2017.

Jupiter Energy Limited is a company limited by shares that is incorporated and domiciled in Australia and whose shares are publicly listed and traded on Australian Securities Exchange, KASE, the Kazakh Stock Exchange, and the London's Alternative Investment Market. Jupiter Energy is a for profit entity.

The registered office is Ground Floor, 10 Outram Street, West Perth, Western Australia 6005.

### 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

#### (a) Basis of preparation

This condensed financial report for the half-year ended 31 December 2016 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

All monetary values are reported in Australian Dollar unless otherwise stated.

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 financing 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 2016 and considered together with any public announcements made by Jupiter Energy Limited during the half-year ended 31 December 2016 and in the subsequent period to the date of this report in accordance with the continuous disclosure obligations of the ASX listing rules.

#### *Going Concern*

The consolidated financial statements have been prepared on a going concern basis with the Directors of the opinion that the Group can meet its obligations as and when they fall due.

At 31 December 2016 the Group has a net current liability position of \$74,341 and a net deficiency position of (\$143,346).

As at 31 December 2016, the Group has in place a US\$5,000,000 promissory note facility. US\$2,820,000 of the facility has been used with US\$2,708,762 remaining. Based on current forecasts, the Group does not have sufficient working capital for the 12 months from the signing date of this report based on its current 2017 budget. The Group is reviewing its ongoing funding requirements for 2017 and beyond, to enable the Company to carry out its 2017-2019 Work Program and develop Block 31 to the stage where export oil sales are being achieved and further development of the field is self-funding. Funding options may include the further issue of new equity, reserve based debt, convertible debt or a combination of these and other funding instruments.

The Directors, after consultation with the major shareholders and debt providers, are confident of being able to raise the required capital, but note that financing has not been secured at the date of this report and that the recommencement of production is dependent on a recovery in the Kazakh domestic oil price which is in turn linked to an overall recovery in world oil prices. Should the Group not achieve the matters set out above, there is uncertainty whether the Group would continue as a going concern and therefore whether it would realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include adjustments relating to the recoverability or classification of the recorded assets amounts nor to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)****(b) Accounting policies**

The accounting policies adopted in the preparation of the half year financial report are consistent with those followed in the preparation of the Group's financial statements for the year ended 30 June 2016. All new and amended accounting standards and interpretations effective 1 July 2016 have been adopted by the Group. The adoption of new standards and amendments from 1 July 2016 has not had a significant impact on the accounting policies of the Group.

The Group has not elected to early adopt any new standards or amendments that are issued but not yet effective.

**3. SEGMENT REPORTING**

The Consolidated Entity is exploring for oil and gas in Kazakhstan. Each activity has been aggregated as they have similar economic characteristics and are being conducted in one area of interest. The operations of the Consolidated Entity therefore present one operating segment under AASB 8 Operating Segments.

The accounting policies applied for internal reporting purposes are consistent with those applied in the preparation of the half year financial report.

**4. CASH AND CASH EQUIVALENTS**

<b>Consolidated Entity</b>	
<b>31 Dec 2016</b>	<b>31 Dec 2015</b>
<b>\$A</b>	<b>\$A</b>

For the purpose of the half year cash flow statement, cash and cash equivalents are comprised of the following:

Cash at bank	472,758	299,985
	<u>472,758</u>	<u>299,985</u>

**5. EXPLORATION AND EVALUATION EXPENDITURE**

<b>Consolidated Entity</b>	
<b>31 Dec 2016</b>	<b>30 June 2016</b>
<b>\$A</b>	<b>\$A</b>

Exploration expenditure carried forward in respect of areas of interest in:  
Exploration and evaluation expenditure at cost

	30,253,333	28,215,402
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**Movements during the period**

Balance at beginning of period	28,215,402	44,166,103
Expenditure incurred during the period	321,074	279,759
Impairment	-	-
Foreign exchange translation	1,716,858	(16,230,460)
Balance at end of period	<u>30,253,333</u>	<u>28,215,402</u>

Exploration and evaluation assets are capitalised on the basis that the Company continues to hold a current contract ("the Contract") for all areas of interests to which the capitalised costs relate.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****6. OIL AND GAS PROPERTIES**

	<b>Consolidated Entity</b>	
	<b>31 Dec 2016</b>	<b>30 June 2016</b>
	<b>\$A</b>	<b>\$A</b>
<b>Movements during the period</b>		
Balance at beginning of period - 1 July	16,805,439	26,227,918
Net exchange differences	629,244	(9,422,479)
Balance at end of period	<u>17,434,683</u>	<u>16,805,439</u>
<b>Depletion and impairment at beginning of period</b>	(1,828,889)	(1,828,889)
Charge for the period / year	-	-
Depletion and impairment at end of period	<u>(1,828,889)</u>	<u>(1,828,889)</u>
<b>Net book value at end of period</b>	<u>15,605,794</u>	<u>14,976,550</u>

**7. TRADE AND OTHER PAYABLES**

	<b>Consolidated Entity</b>	
	<b>31 Dec 2016</b>	<b>30 June 2016</b>
	<b>\$A</b>	<b>\$A</b>
Trade creditors	562,952	652,938
Accrued expenses	106,102	102,195
	<u>669,054</u>	<u>755,133</u>

**8. OTHER FINANCIAL LIABILITIES**

	<b>Consolidated Entity</b>	
	<b>31 Dec 2016</b>	<b>30 June 2016</b>
	<b>\$A</b>	<b>\$A</b>
<b>Non-Current</b>		
Promissory notes (unsecured)	49,439,089	42,936,226
	<u>49,439,089</u>	<u>42,936,226</u>

**Promissory Notes**

On 31 May 2016, the major shareholder Waterford Petroleum Limited ("Waterford") agreed to re-finance its current Promissory Note (as originally announced on 7 October 2014 and subsequently amended on 30 April 2015) that, as at 31 May 2016, amounted to US\$8,633,333 (A\$11,636,956) in principal with accrued interest of US\$1,250,894 (A\$1,686,092) (total US\$9,914,227 / A\$13,323,048) into a new Promissory Note with the following key terms:

- Unsecured
- Effective 31 May 2016
- Repayable on 1 July 2018
- Interest rate of 15% pa

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

- Interest will accrue and be repayable with principal
- Lender can elect to be repaid if there is a change of control in Jupiter Energy Limited or Jupiter Energy Pte Ltd or there is a change in control in contract 2275 covering the Block 31 Licence

The previous Promissory Note and all accrued interest were due for repayment on 1 July 2016.

As at 31 December 2016, the above promissory notes with accrued interest totaled US\$10,762,712 (A\$14,890,965)

On 24 May 2016, the Group and Waterford agreed to put in place a new Framework Funding Agreement that makes up to a further US\$5,000,000 (including accrued interest) available to the Group by way of a new US\$5,000,000 Promissory Note. This takes the total facility available under the existing and the new Framework Funding Agreement to US\$15,000,000 (including accrued interest) of which a further US\$5,088,822 (A\$6,859,274) can be drawn down on (including accrued interest). This is in order to fund the Group's operations whilst it continues to finalise long term funding arrangements for the development of its Block 31 licence area in Kazakhstan.

The key terms of the new Framework Agreement with Waterford are:

- Effective 24 May 2016
- Drawdowns will roll into a Promissory Note
- Promissory Note is repayable on 1 July 2018
- Interest rate of 15% pa
- Interest will accrue and be repayable with principal
- Lender can elect to be repaid if there is a change of control in Jupiter Energy Limited or Jupiter Energy Pte Ltd or there is a change in control in contract 2275 covering the Block 31 Licence

As at 31 December 2016, US\$2,291,238, (A\$3,163,799) (30 June 2016: US\$744,989, A\$1,004,171) has been drawn from the US\$5,000,000 facility.

**US\$15.5m Convertible Notes (Series B):**

On 3 June 2016, the Group announced it had reached agreement with its Convertible Note holders to refinance the 12,400,000 Convertible Notes with a total value of approx. US\$20,800,000 (A\$28,761,900) (including accrued interest) into Promissory Notes with a repayment date of 1 July 2018.

The key terms for the new Promissory Notes are:

- Unsecured
- Effective 31 May 2016
- Repayable on 1 July 2018
- Interest rate of 15% pa
- Interest will accrue and be repayable with the principal
- Lenders can elect to be repaid if there is a change of control in Jupiter Energy Limited or Jupiter Energy Pte Ltd or there is a change in control of the ownership of the Block 31 Licence

The Convertible Notes and all accrued interest were due for repayment on 20 September 2016.

As at 31 December 2016, the above promissory notes with accrued interest totaled US\$22,679,037 (A\$31,378,035)

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****9. CONTRIBUTED EQUITY**

	<b>31 Dec 2016</b>	<b>30 June 2016</b>
	<b>\$A</b>	<b>\$A</b>
<i>Issued Capital</i>		
Ordinary shares (a)	85,339,737	85,339,737
Options (b)	294,198	294,198
	<u>85,633,935</u>	<u>85,633,935</u>

**(a) Movements in ordinary share capital**

	<b>No.</b>	<b>\$A</b>
Balance 30 June 2015	153,377,693	85,339,737
Movement during the period	-	-
Balance 31 December 2015	<u>153,377,693</u>	<u>85,339,737</u>
Balance 30 June 2016	153,377,693	85,339,737
Movement during the period	-	-
Balance 31 December 2016	<u>153,377,693</u>	<u>85,339,737</u>

**(b) Movements in options**

	<b>No.</b>	<b>\$A</b>
Balance 30 June 2015	-	294,198
Movement during the period	-	-
Balance 31 December 2015	<u>-</u>	<u>294,198</u>
Balance 30 June 2016	-	294,198
Movement during the period	-	-
Balance 31 December 2016	<u>-</u>	<u>294,198</u>

**10. SHARE BASED PAYMENTS**

During the current period, there were no share based payments.

**11. CONTINGENT LIABILITIES**

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

**12. EVENTS SUBSEQUENT TO REPORTING DATE**

On 31 January 2017 the Company received a further \$US240,000 from Waterford under the existing funding facility and these funds will be put towards meeting working capital commitments.

The Board believes the remaining funding available from the Waterford Promissory Notes will be sufficient to provide the Company with working capital for the 1<sup>st</sup> half of 2017 calendar year based on the current Care & Maintenance budget. If a broader amount of work is to be carried out including recommencing oil production from the Akkar East oilfield, additional funding will first need to be sourced.

There are no further "Subsequent Events" to report prior to the release of this report.