



HALF YEAR FINANCIAL REPORT

31 DECEMBER 2013

CORPORATE DIRECTORY

Directors and Officers

Geoff Gander
Executive Chairman/CEO

Alastair Beardsall
Non-Executive Director

Baltabek Kuandykov
Non-Executive Director

Scott Mison
Executive Director/Company Secretary

Principal and Registered Office

Level 2, 23 Barrack Street
Perth
Western Australia 6005

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West Perth
Western Australia 6872

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Website 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)
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Facsimile +61 8 9323 2033
Website 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 2013.

Directors

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

Name	Date of Appointment/Retirement
Mr Geoff Gander	Appointed Director 27 January 2005
Mr Alastair Beardsall	Appointed Director 5 October 2010
Mr Baltabek Kuandykov	Appointed Director 5 October 2010
Mr Scott Mison	Appointed Director 31 January 2011

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 2013 to 31 December 2013 and the "Subsequent Events" section includes any significant events that have occurred between 1 January 2014 and the release date of this report.

Total production for the period was approximately 112,000 (2012: 77,000) barrels of oil. Revenue for the period was \$3,419,560.

The consolidated loss for the period after income tax was \$2,465,620 (2012: \$2,794,714).

At the end of December 2013, cash levels were \$2,197,490 (2012: \$3,965,342). Assets increased to \$74,784,479 (2012: \$56,435,903) and equity increased to \$53,817,462 (2012: \$49,129,547).

Review of Operations

This financial year continues to see measured progress being made by Jupiter Energy Limited (Jupiter and/or the Company) as we continued to make the transition from pure oil explorer to that of explorer and producer (E&P).

Production (J-50, J-51, J-52 and J-53 wells):

During the review period, oil was produced from the J-51 and J-52 wells under their respective Trial Production Licences (TPL's). These two wells are both located on the northern section of the permit and are part of the East Akkar oilfield.

Total barrels sold from the J-51 and J-52 wells for the six month period amounted to ~111,900, at an average price of ~\$US33/barrel providing a cash inflow of \$US3.72 million (\$A 3.42m) that was used in funding general operations.

There are two other producing wells located in the northern section of the permit, J-50 and J-53. With regards the J-50 well, Kazakh emission regulations required the Company to obtain an amendment to the J-50 TPL to address the increased emission level from the well after improved production was achieved post the installation of an Electric Submersible Pump (ESP). This process meant that the well was shut in during the review period; the J-50 well recommenced production in January 2014.

The J-53 well was also shut in for almost all the review period, awaiting further remedial work and this work was completed in late December. The well produced a small quantity of oil in the last few days of December 2013 (595 barrels).

The Emission Approvals for wells J-50, J-51, J-52 and J-53 wells were all approved by authorities in late December 2013 meaning that from 1 January 2014 the Company had four wells (J-50, J-51, J-52 and J-53) approved to produce during 2014 under their individual TPL's.

Post 90 day testing (J-55, J-58 and J-59 wells):

These three wells are all located on the southern section of the permit and are part of what will be known as the West Zhetybai oilfield.

During the review period, the J-55, J-58 and J-59 wells were all shut in as the Company awaited the preparation of an independent reserve report for the West Zhetybai field. Post the approval of the reserve report by the authorities, the Company will progress TPL applications for these wells.

Forward Drilling Plan (J-54 well):

The Company expects to commence the drilling of its eighth exploration well (J-54) during 2014, assuming the required funding is in place.

The J-54 prospect is a large structural closure mapped using 3D seismic to the north of the producing East Akkar field. The prospect is believed to be a separate structure and the prognosis is that it is structurally up dip of Akkar East.

The Company considers that the main risk associated with the well is an adequate top seal to trap oil. Assuming success, it is believed that the reservoir quality and flow rates should be similar to that found in the Akkar East field.

Further updates on the 2014 Drilling Program associated with the Akkar East and West Zhetybai fields will be announced as appropriate.

Growth in Oil Production and Revenues:

Production for the review period was approximately 112,000 barrels, an increase of over 45% on the 77,000 barrels produced in the corresponding review period in 2012 and an 8 fold increase from production in 2011 when approximately 12,000 barrels of oil were produced during the same review period.

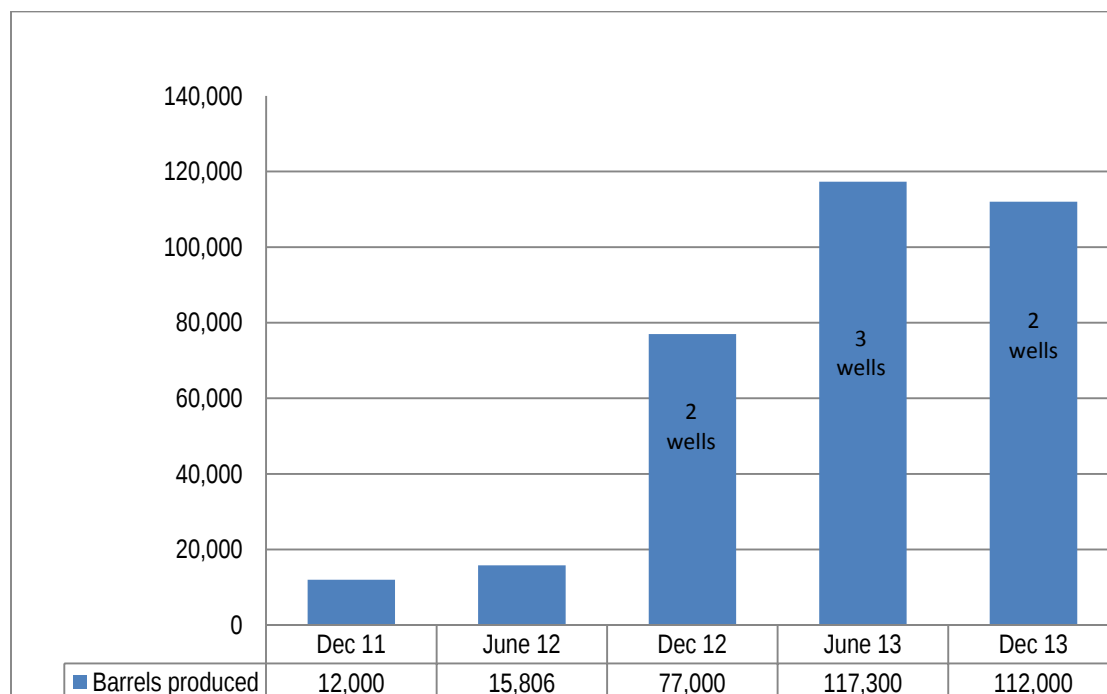


Fig 1: Barrels produced – 6 month periods

Revenues show a similar trend with oil sales amounting to \$nil in the six months from 1 July to 31 December 2011, increasing to \$US2.29m (\$A 2.21m) in the corresponding period in 2012 and increasing again to \$US3.72m (\$A 3.42m) in this review period.

Update to Reserves and Resource Estimations:

On 11 September 2013 the Company announced the details of three independent reserve estimations that had been carried out on the various accumulations on the Block 31 permit.

Two of these reports were State Reserve Reports prepared by independent Kazakh consulting firm Reservoir Evaluation Services (RES). The first of these was the Final Akkar East Reserves Report prepared as part of the process of moving the Akkar East field into Full Field Development. This review of the Akkar East field reserves was a follow on to the 2012 Preliminary Reserves report prepared by RES submitted as part of the process required to enable the J-50, J-51, J-52 and J-53 wells to be granted their respective TPL's. The Preliminary Reserves report was approved by the Kazakh authorities in June 2012.

The second report was the Southern Extension area (West Zhetybai) Preliminary Reserves Report and this report is the first step towards the granting of TPL's for the J-55, J-58 and J-59 wells.

In summary, the Akkar East accumulation covers the area delineated by the J-51, J-52 and J-53 wells and the Oil-In-Place (OIP) for this area has been estimated by RES at 129 mmbbls with recoverable reserves estimated at 32.6 mmbbls. The C1 reserves have been estimated at 10.7 mmbbls and C2 reserves at 21.9 mmbbls. The recoverable reserves reflect an average recovery factor of 27.2%.

The J-50 well is part of the Akkar North accumulation and the recoverable reserves estimated by RES for this area are 8.6 mmbbls (C1 - 4 mmbbls and C2 - 4.6 mmbbls) bringing the total recoverable reserves in the area delineated by the wells J-50, 51, 52 and 53 to 41.2 mmbbls; C1 reserves of 14.7 mmbbls and C2 reserves of 26.5 mmbbls.

Estimated reserves for the T3¹, T3² (both formerly known as the Z Sand), T2A and T2B horizons were included in these calculations. The Akkar East Final Reserves Report has been submitted to the relevant authorities and post review by these authorities the Company will confirm the final approved C1+C2 reserve figures that will be booked by the State Reserves Committee.

The West Zhetybai accumulation covers the area delineated by the J-55, J-58 and J-59 wells and reserves have been evaluated for the T3¹, T3², T2A and T2B horizons. The OIP for this area has been estimated by RES at 232 mmbbls (from all four horizons) with recoverable reserves estimated at 61.2 mmbbls. The C1 reserves have been estimated by RES at 2.3 mmbbls and C2 reserves at 58.9 mmbbls; the recoverable reserves reflect an average recovery factor of 27.2%.

It should be noted that the higher proportion of C2 to C1 reserves with West Zhetybai indicates the need for (i) further testing of the J-55 and J-59 wells and (ii) general appraisal of the area which may include the drilling of additional wells.

Like the Akkar East Final Reserves Report, the West Zhetybai Preliminary Reserves Report has been submitted to the relevant authorities and post review by these authorities the Company will confirm the final approved C1+C2 preliminary reserve figures that will be booked by the State Reserves Committee.

The third report announced was a Competent Persons Report (CPR) that was prepared using the Society of Petroleum Engineers Petroleum Resources Management System (PRMS) classification system; reserves are defined as those quantities of oil which are estimated to be commercially recoverable from a known accumulation from a given date forward.

McDaniel & Associates (McDaniel) were engaged to complete this independent reserves audit of only the mid Triassic horizon as identified by wells J-50, J-51, J-52, J-53, J-55, J-58 and J-59.

One of the underlying differences between the Kazakh State Reserves classification system and PRMS classification system is that PRMS also considers the commercial uncertainties rather than only geological attributes and therefore the lack of established commercial oil flow from the J-53, J-55 and J-59 wells resulted in the reserve calculations performed by McDaniel were based primarily on production from the T2B horizon from wells J-50, J-51, J-52 and J-58.

The results, by reserve category, were:

- Proved Reserves: 1P 9.7 mmbbls
- Proved plus Probable Reserves: 2P 19.2 mmbbls

Proved plus Probable plus Possible: 3P 28.7 mmbbls By way of a comparison with the evaluation carried out by RES, their estimation of the C1 + C2 reserves for the same T2B horizon from wells J-50, J-51, J-52 and J-58 was approximately 33 mmbbls. The difference between McDaniel's 2P figure of 19.2 mmbbls and the RES figure of 33 mmbbls is mostly attributable to the differing recovery factors used by both parties (~14% vs ~27%), with the estimated oil-in-place (OIP) figure from both parties being approximately 135-140 mmbbls.

As part of the work undertaken by McDaniel to establish the commercial threshold of the mid-Triassic reserves, the Net Present Value of the proved+probable reserves using a discounted cashflow model with a discount rate of 10% was calculated as \$US304.6m (~\$US15.9/bbl) pre-tax and \$US222.5m (~\$US11.6/bbl) after tax.

Shareholders are encouraged to read the 11 September 2013 announcement in full as it contains more details on the differing reserve classification methodologies used by RES in preparing the State Reserve Reports and by McDaniel in preparing the CPR.

In summary, the results of these independent reserve audits confirmed the prospectivity of the Block 31 permit.

Funding and Capital Management:

On 23 September 2013 the Company announced that as of 20 September 2013 Jupiter had agreed to issue \$US6.5 million of Convertible Notes ("the Convertible Notes"). The specific details were:

\$US6.5m Convertible Notes (Series B):

The key terms of the Convertible Notes are as follows:

- Term: 3 years
- Conversion Price: \$US1.25 per share (maximum of 5.2 million shares may be issued).
- Coupon Rate: 12% per annum, with the interest accruing from and including the Issue Date until the earlier of the Conversion Date, Redemption Date or Maturity Date of the Note.
- The Convertible Notes may be redeemed by Jupiter at any time with a minimum of 12 months interest payable if the Convertible Notes are redeemed within the 1st 12 months of their Term
- The issue of the Convertible Notes is carried out under Jupiter's 15% capacity in accordance with ASX Listing Rule 7.1

In addition, the Company also announced on 23 September 2013, the holders of Series A Convertible Notes issued on 31 May 2013 agreed to convert their notes to Series B Convertible Notes, effective from 20 September 2013.

This means that as at the date of this report there are a total of \$US15.5m Convertible Notes now outstanding. Full details of these Notes are outlined on page 20 of this report.

The Company is still reviewing its ongoing funding requirements for 2014-2016 and the directors are currently reviewing a range of options for financing the further development of the East Akkar field during 2014 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 funding has been established, the further development of the Akkar East field, and in particular building of the topside infrastructure including a processing facility and gas separation plant, will be accelerated.

Funds will also be allocated to continue the drilling on the West Zhetybai permit area. Currently the higher proportion of C2 to C1 reserves in this area indicates the need for (i) further testing of the J-55 and J-59 wells and (ii) further appraisal of the area. Ultimately this field will be linked into the Akkar East topside infrastructure allowing both fields to produce export oil.

The Company also continues to look for opportunities for further extensions to the field and currently has two applications being considered by the relevant authorities. One of these applications, an extension of the North Eastern section of the permit, has been approved in principal by the Ministry of Oil & Gas but the addendum to the contract, which is required before the extension is completed, is still work in progress.

KASE:

Under Kazakh law, a Company that has over 80% of its assets located in Kazakhstan must be listed on the Kazakh Stock Exchange (KASE). The Company announced on 16 September 2013, that the Company had fulfilled the relevant conditions required under the KASE Listing Rules, and the KASE Listing Committee had confirmed that the Company's shares would be included on the official list of shares trading on KASE.

The process of trading shares on KASE commenced on 10 December 2013, with Halyk Finance acting as Market Maker.

2013 Annual General Meeting:

The 2013 Annual General Meeting was held on Thursday 7 November 2013 and all Resolutions were passed on a show of hands.

Subsequent Events:

Production from J-50, J-51, J-52 and J-53 Wells:

The 2014 J-50, J-51, J-52 and J-53 2014 Emissions permits were all received in December 2013 and all wells have been in production for January and most of February. Production rates being achieved are approximately as follows:

- J-50: 240 bopd
- J-51: 300 bopd
- J-52: 320 bopd
- J-53: 100 bopd

with the water cut in wells J-50 and J-51 being <1%, J-52 is <2% and in the case of J-53, post remedial work, the water cut has been declining and has reduced to ~30%. It was initially decided to produce the J-53 well using an interim ESP and with the success of the remediation work, it has been decided to replace this ESP with a new model for improved reliability. The new ESP has been ordered and will be available for installation during April and in the meantime it has been decided to shut in the well until the new pump has been installed.

All produced oil is being sold on a pre-paid basis from the well heads, and purchased by several local oil traders.

J-59 Well:

The Company has lodged an application for an additional 90 days test period so further completion and testing work can be carried out on the J-59 well. The timing of this work is expected to be during 1Q 2014 and will focus on the testing of the Jurassic horizon identified during the drilling of the well.

J-55 and J-58 Wells:

These wells remain shut in, awaiting approval of their individual TPL's.

Devaluation of the Kazakh Tenge:

On 11 February 2014, the National Bank of Kazakhstan announced the effective devaluation of the local currency (Kazakh Tenge) by approximately 20%, when measured against the \$US. The impact of this devaluation will be assessed over time but the immediate indications for the Company is that as the majority of the third party contracts that are in place are based on payments in \$US, there will be no impact from the

devaluation. However where contracts are paid in Tenge, the effect of the devaluation will be to increase the nominal costs by 20%.

Revenue from oil sales will continue to be received in \$US.

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

Summary:

The Company has endured a somewhat frustrating six month period with progress inhibited by a combination of numerous lengthy approval processes and restricted funding.

That said, since acquiring an exploration permit in 2008, independent reserve reports released during September 2013 confirmed 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 240,000 barrels for calendar year 2013, with calendar revenues reaching \$US7.9 million.

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 is confident of continuing to make progress towards achieving this goal during 2014.

Competent Persons Statements:

General

Keith Martens, BSc Geology and Geophysics, with over 35 years' oil & gas industry experience, is the qualified person who has reviewed and approved the technical information contained in this report.

Independent Reserves Analysis - RES:

The information in this announcement which relates to the C1 and C2 Block 31 reserve estimations is based on information compiled by Reservoir Evaluation Services LLP ("RES"), a Kazakh based oil & gas consulting company that specialises in oil & gas reserve estimations. RES has used the Kazakh Reserve classification system in determining their estimations. RES has sufficient experience which is relevant to oil & gas reserve estimation and to the specific permit in Kazakhstan to qualify as competent to verify the information pertaining to the C1 and C2 reserve estimations. RES has given and not withdrawn its written consent to the inclusion of the C1 and C2 reserve estimations in the form and context in which they appear in this announcement. RES has no financial interest in the Company.

Independent Reserves Analysis – McDaniel & Associates:

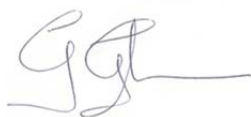
The information in this announcement which relates to the proven, probable and possible reserve estimations of the Mid Triassic is based on information compiled by McDaniel & Associates ("McDaniel"), a Canadian based oil & gas consulting company that specialises in oil & gas reserve estimations. McDaniel has used the Petroleum Resources Management System (PRMS) classification system in determining their reserve estimations. McDaniel has sufficient experience which is relevant to oil & gas reserve estimation and to the specific permit in Kazakhstan to qualify as competent to verify the information pertaining to the Mid Triassic reserves. McDaniel has given and not withdrawn its written consent to the inclusion of the Mid Triassic reserve estimations in the form and context in which they appear in this announcement. McDaniel has no financial interest in the Company.

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 8 of the financial report.

Dated at Perth on 13 March 2014.

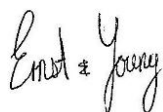
This report is signed in accordance with a resolution of the Board of Directors.

A handwritten signature in blue ink, appearing to read 'G A Gander', with a long horizontal stroke extending to the right.

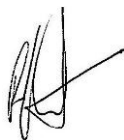
G A Gander
Executive Chairman/CEO

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

In relation to our review of the financial report of Jupiter Energy Limited for the half-year ended 31 December 2013, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



Ernst & Young



R J Curtin
Partner
Perth
13 March 2014

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, which comprises the statement of financial position as at 31 December 2013, 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 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 2013 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.

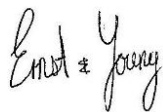
Conclusion

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 2013 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 qualifying our conclusion, we draw attention to Note 2(a) in the financial report which discloses the consolidated entity's reliance on planned production forecasts being achieved in 2014 and the ability to raise additional capital in order for the consolidated entity to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt about 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



R J Curtin
Partner
Perth
13 March 2014

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 2013 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, 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 13 March 2014.

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

	Consolidated Entity	
	6 months to	6 months to
Note	31 Dec 2013	31 Dec 2012
	\$A	\$A
Revenue	3,419,560	2,207,211
Cost of sales	(2,587,171)	(1,913,659)
Gross profit	832,389	293,552
Other income	(291,468)	-
Gain / (loss) on derivative financial instrument	467,023	(221,223)
Loss on extinguishment of convertible notes	(295,194)	-
Foreign currency (loss) / gain	-	(372,196)
General and administrative costs	(2,250,560)	(2,477,113)
Operating loss	(1,537,810)	(2,776,980)
Finance income	11,366	23,061
Finance costs	(939,176)	(40,795)
Loss before tax	(2,465,620)	(2,794,714)
Income tax expense	-	-
Loss after income tax	(2,465,620)	(2,794,714)
Other comprehensive income		
<i>Items that may be reclassified to profit and loss</i>		
Foreign currency translation	1,284,500	(1,208,896)
Total comprehensive loss for the period	(1,181,120)	(4,003,610)
Loss per share attributable to ordinary equity holders of the parent (cents per share)		
Basic loss per share	(1.61)	(1.90)
Diluted loss per share	(1.61)	(1.90)

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

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013**

	Note	31 Dec 2013 \$A	30 June 2013 \$A
ASSETS			
Current Assets			
Cash and cash equivalents	4	2,197,490	4,131,731
Trade and other receivables		1,312,087	1,119,496
Other current assets		533,944	264,717
Inventories		78,220	59,087
Total Current Assets		4,121,742	5,575,031
Non-Current Assets			
Trade and other receivables		3,667,364	3,818,391
Oil and gas properties	6	25,964,631	25,908,977
Plant and equipment		1,483,540	1,617,097
Exploration and evaluation expenditure	5	38,924,719	34,710,757
Other financial assets		622,483	460,951
Total Non-Current Assets		70,662,737	66,516,173
Total Assets		74,784,479	72,091,204
Current Liabilities			
Trade and other payables	7	1,543,547	2,678,639
Deferred revenue		1,402,558	1,642,837
Provisions		91,675	86,574
Other financial liabilities	8	-	3,280,160
Derivative liability	8	431,519	763,177
Total Current Liabilities		3,469,299	8,451,387
Non-current Liabilities			
Provisions		564,223	452,942
Other financial liabilities	8	16,933,495	8,613,730
Total Non-Current Liabilities		17,497,718	9,066,672
Total Liabilities		20,967,017	17,518,059
Net Assets		53,817,462	54,573,145
Equity			
Contributed equity	9	85,633,935	85,633,935
Share based payment reserve		5,673,807	5,248,370
Foreign currency translation reserve		2,353,990	1,069,490
Accumulated losses		(39,844, 270)	(37,378,650)
Total Equity		53,817,462	54,573,145

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 2013**

CONSOLIDATED	Issued Capital	Share based payment reserve	Foreign currency translation reserve	Accumulated Losses	Total Equity
	\$A	\$A	\$A	\$A	\$A
As at 1 July 2013	85,633,935	5,248,370	1,069,490	(37,378,650)	54,573,145
Loss for the period	-	-	-	(2,465,620)	(2,465,620)
Other comprehensive income	-	-	1,284,500	-	1,284,500
Total comprehensive income / (loss)	-	-	1,284,500	(2,465,620)	(3,750,120)
Share based payments	-	425,437	-	-	425,437
As at 31 December 2013	85,633,935	5,673,807	2,353,990	(39,844,270)	53,817,462
As at 1 July 2012	71,236,136	4,472,289	(4,746,987)	(32,492,821)	38,468,617
Loss for the period	-	-	-	(2,794,714)	(2,794,714)
Other comprehensive income	-	-	(1,208,896)	-	(1,208,896)
Total comprehensive income / (loss)	-	-	(1,208,896)	(2,794,714)	(4,003,610)
Issue of shares	14,899,015	-	-	-	14,899,015
Share issue costs	(499,492)	-	-	-	(499,492)
Share based payments	-	265,017	-	-	265,017
As at 31 December 2012	85,635,659	4,737,306	(5,955,883)	(35,287,535)	49,129,547

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 2013**

	Consolidated Entity	
	6 months to 31 December 2013 \$A	6 months to 31 December 2012 \$A
Cash flows from operating activities		
Receipts from customers	3,243,176	3,323,263
Payments to suppliers and employees	(2,362,771)	(3,027,700)
Interest received	11,510	23,061
Net cash from/(used in)/provided by operating activities	891,915	318,624
Cash flows from investing activities		
Payments for exploration and development expenditure	(5,864,615)	(9,330,344)
Payments for plant and equipment	(206,423)	(1,408,854)
Net cash (used in) investing activities	(6,071,038)	(10,739,198)
Cash flows from financing activities		
Proceeds from convertible note	6,916,800	-
Proceeds from issue of shares	-	11,613,015
Transaction costs from issue of shares	-	(499,492)
Proceeds from unsecured loan	-	2,891,940
Repayment of unsecured loan	(3,190,500)	-
Interest paid	(208,065)	(40,795)
Net cash provided by financing activities	3,518,235	13,964,668
Net increase/(decrease) in cash held	(1,660,888)	3,544,094
Cash at the beginning of the financial period	4,131,731	395,445
Foreign exchange gain/(loss)	(273,353)	25,803
Cash at the end of the financial period	2,197,490	3,965,342

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

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The half year financial report of Jupiter Energy Limited for the period 31 December 2013 was authorised for issue in accordance with a resolution of the Directors on 13 March 2014.

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 Level 2, 23 Barrack Street, Perth, Western Australia 6000.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) Basis of preparation

This condensed financial report for the half-year ended 31 December 2013 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

All monetary values are reported in A\$ 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 2013 and considered together with any public announcements made by Jupiter Energy Limited during the half-year ended 31 December 2013 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 2013 the Group has a net working capital surplus of \$0.65 million. The Group is reliant on planned production forecasts being achieved during 2014 and being able to raise additional capital.

The Directors are currently reviewing a range of financing options which may include the further issue of new equity, reserve based debt, convertible debt or a combination of these and other funding instruments. While financing is expected to be finalised within the short term to allow the Group to further the development of the East Akkar field during 2014 there is no certainty that financing will be completed as anticipated.

The Directors are confident of being able to raise the required capital, but note that financing has not been secured at the date of this report. 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 2013. All new and amended accounting standards and interpretations effective 1 July 2013 have been adopted by the Group. The adoption of new standards and amendments from 1 July 2013 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

Consolidated Entity	
31 Dec 2013	31 Dec 2012
\$A	\$A

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

Cash at bank and in hand	2,197,490	3,965,342
	<u>2,197,490</u>	<u>3,965,342</u>

5. MINERAL EXPLORATION EXPENDITURE

Consolidated Entity	
31 Dec 2013	30 June 2013
\$A	\$A

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

38,924,719	34,710,757
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Movements during the period

Balance at beginning of period	34,710,757	25,014,521
Expenditure incurred during the period	3,500,063	16,627,189
Reclassification to oil and gas properties	-	(9,782,935)
Foreign exchange translation	713,899	2,851,982
Balance at end of period	<u>38,924,719</u>	<u>34,710,757</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. OIL AND GAS PROPERTIES

	Consolidated Entity	
	31 Dec 2013 \$A	30 June 2013 \$A
Movements during the period		
Balance at beginning of period	26,599,737	14,323,277
Additions	-	-
Transferred from exploration and evaluation assets	-	9,782,935
Disposals	-	-
Net exchange differences	407,336	2,493,525
Balance at end of period	27,007,073	26,599,737
Depletion and impairment at beginning of period	(690,760)	(97,995)
Charge for the year	(351,682)	(592,765)
Provision for impairment	-	-
Disposals	-	-
Depletion and impairment at end of period	(1,042,442)	(690,760)
Net book value at end of period	25,964,631	25,908,977

7. OTHER PAYABLES

Trade creditors	635,190	889,235
Accrued expenses	133,084	364,154
Other payables	775,273	1,425,250
	1,543,547	2,678,639

8. OTHER FINANCIAL LIABILITIES

Current

Unsecured loans	-	3,280,160
Derivative liability	431,519	763,177
	431,519	4,043,337

Non-Current

Convertible note	16,933,495	8,613,730
Derivative liability	-	-
	16,933,495	8,613,730

Promissory Notes

On 28 March 2013, Jupiter entered into a second unsecured loan agreement with Mobile Energy Limited. The Loan was for \$US3 million via 3 Promissory Notes, each with exactly the same terms and each with a face value of \$US1m. The Loan was repayable on 31 March 2014 or at such time that the Company raised additional funding of a minimum of \$20 million via debt, equity or other funding. The Loan had a coupon rate of 15% per annum, payable quarterly in arrears, with the first interest payment due on 30 June 2013. During the period, the Promissory Notes were converted into Convertible Notes (Series B).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**US\$9m Convertible Notes (Series A):**

On 31 May 2013, Jupiter issued US\$9m Series A convertible notes.

The key terms of the Convertible Notes are as follows:

- Term: 3 years
- Conversion Price: \$US1.25 per share (maximum of 7.2 million shares may be issued)
- Coupon Rate: 12% per annum, payable quarterly in arrears
- The Convertible Notes may be redeemed by Jupiter at any time with a minimum of 12 months interest payable if the Convertible Notes are redeemed within the 1st 12 months of their Term
- The issue of the Convertible Notes was carried out under Jupiter's 15% capacity in accordance with ASX Listing Rule 7.1

The breakdown of subscriptions for the Convertible Notes were as follows:

- Waterford Petroleum Limited: \$US3m
- SNG Investments Limited: \$US2m
- Midocean Holdings Limited: \$US1m
- Mobile Energy Limited: \$US3m

The net cash proceeds of the fundraising was \$US5.7m, following the repayment of US\$3m of the December 2013 Promissory Notes held by Mobile Energy Limited and the payment of a fee of 3% of the proceeds of the raising (\$US270,000) by the Company to Waterford Petroleum Limited for its role in arranging the funding.

US\$6.5m Convertible Notes (Series B)

On 23 September 2013, the Company announced details regarding the issue of \$US6.5million of Series B Convertible Notes, issued on 20 September 2013. The key terms of these Convertible Notes were as follows:

- Term: 3 years
- Conversion Price: \$US1.25 per share (maximum of 5.2 million shares may be issued)
- Coupon Rate: 12% per annum, with the interest accruing from and including the Issue Date until the earlier of the Conversion Date, Redemption Date or Maturity Date of the Note.
- The Convertible Notes may be redeemed by Jupiter at any time with a minimum of 12 months interest payable if the Convertible Notes are redeemed within the 1st 12 months of their Term
- The issue of the Convertible Notes is carried out under Jupiter's 15% capacity in accordance with ASX Listing Rule 7.1

The breakdown of subscriptions for the Convertible Notes is as follows:

- Waterford Petroleum Limited: \$US1.5m
- Mid Ocean Limited \$US0.5m
- Mobile Energy Limited: \$US4m
- Other Private Investors: \$US0.5m

The net cash proceeds of the fundraising was \$US3.305m, following the repayment of \$US3m of Promissory Notes held by Mobile Energy Limited and the payment of a fee of 3% of the proceeds of the raising (\$US195,000) by the Company to Waterford Petroleum Limited for its role in arranging the funding.

The holders of Series A Convertible Notes issued on 31 May 2013 also agreed to convert their notes to Series B Convertible Notes, effective from 20 September 2013.

This means that all interest payable on the entire \$US15.5m Convertible Notes now outstanding will be deferred and accrue from and including the Issue Date of the Series B Convertible Notes until the earlier of

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

the Conversion Date, Redemption Date or Maturity Date of the Note. However, if there is a capital raising prior to the conversion of the notes and the raising is at less than US\$1.25 per share, then the note holders can elect to convert the notes at the lower price, subject to shareholder approval.

Valuation Techniques of Convertible Notes

The Notes have an embedded derivative in the form of a call option for the holder to convert the Notes at US\$1.25 into Jupiter ordinary shares.

The convertible equity feature of the Notes has been separated from the liability component of the Notes for financial reporting purposes. The call option to convert the notes into shares does not meet the definition of an equity instrument, as the exercise price is denominated in foreign currency to the company's functional currency. The convertible call option is classified as a Derivative liability and measured at fair value through the income statement.

The Derivative component of the Notes was valued using the Black Scholes option valuation methodology. The Black Scholes option valuation methodology calculates the expected benefit from acquiring the shares outright less the present value of paying the exercise price for the options at expected exercise date. An input into the Black Scholes option valuation is the expected share price volatility over the remaining term of the options. The expected share price volatility used in the option valuation at reporting date was 55% which was based on historical share price volatility.

The fair value of the embedded derivative is sensitive to changes in share price volatility. The table below outlines the impact a change in the share price volatility input has on the fair value of the embedded derivative.

	31 Dec 2013
	\$
15% increase in volatility	243,371
15 % decrease in volatility	(201,036)

Fair value hierarchy

All financial instruments, such as the Series B convertible notes, for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities

Level 2 — Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable)

Level 3 — Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable)

For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

As at 31 December 2013, the Group held the following classes of financial instruments measured at fair value:

	Level 3	31 December 2013
	\$	\$
Derivative financial liabilities		
Embedded derivative	431,519	431,519

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

There were no transfers between Level 1, Level 2 or Level 3 fair value measurements during the half year ended 31 December 2013.

Reconciliation of recurring fair value measurements categorised within level 3 of the fair value hierarchy

	\$
Opening balance	-
Fair Value at inception	(839,480)
Net unrealised gain (loss) recognised in income statement during the period*	407,961
Closing balance	(431,519)

*included in the Gain / (loss) on derivative financial instrument amount in the statement of comprehensive income is the movement in derivative of Tranche A convertible notes that were classified as Level 2 financial instruments in the 30 June 2013 Annual Report and were extinguished and realised during the period.

9. CONTRIBUTED EQUITY

	31 Dec 2013 \$A	30 June 2013 \$A
<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

	No.	\$A
Balance 30 June 2012	116,130,154	70,941,938
Issue of shares – Rights Issue	29,032,539	11,613,015
Cost of issue – Rights Issue	-	(499,492)
Conversion of convertible notes	8,215,000	3,286,000
Balance 31 December 2012	153,377,693	85,341,461
Balance 30 June 2013	153,377,693	85,633,935
Movement during the period	-	-
Balance 31 December 2013	<u>153,377,693</u>	<u>85,633,935</u>

(b) Movements in options

	No.	\$A
Balance 30 June 2012	866,669	294,198
Expired during the period	(866,669)	-
Balance 31 December 2012	-	294,198
Balance 30 June 2013	-	294,198
Movement during the period	-	-
Balance 31 December 2013	<u>-</u>	<u>294,198</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**10. SHARE BASED PAYMENTS**

On 7 November 2013, 1,074,999 performance rights were approved by shareholders to directors. The number of performance rights vest in proportion to the percentage increase in share price at vesting date \$0.919 (minimum vesting price). For 100% of the performance rights to vest, the share price of the Company needs to reach \$1.47. In respect of the Vesting Condition, the percentage increase in the Share price of the Company will be calculated by reference to the volume weighted average price of Shares in the 20 consecutive trading days immediately prior to the Vesting Date (31st December 2014). No performance rights vest if the calculated share price is less than the minimum vesting price at vesting date.

At the same meeting shareholders approved the extension of the existing 7,000,001 performance rights to 31 December 2014, with the same terms and conditions. This brings the total number of performance rights on issue as at 31 December 2013 to 8,075,000 and these performance rights all expire on 31 December 2014.

The fair value of performance rights granted to directors is estimated as at the grant date using a Monte Carol simulation option pricing model taking into account the terms and conditions upon which the instruments were granted.

The following table lists the inputs to the models for the period ended 31 December 2013:

	Performance Rights
Grant date	7 November 2013
Number of performance rights	1,074,999
Share price	37.5 cents
Exercise price	0 cents
Dividend Yield	0.0%
Expected volatility	55.0%
Risk-free interest rate	2.54%
Expected life	1.15 year
Weighted average fair value	1.97 cents
Total amount	\$21,177
Expensed to 31 December 2013	\$3,025

During the current period, no performance rights vested.

11. CONTINGENT LIABILITIES

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

12. EVENTS SUBSEQUENT TO REPORTING DATE**Production from J-50, J-51, J-52 and J-53 Wells:**

The 2014 J-50, J-51, J-52 and J-53 2014 Emissions permits were all received in December 2013 and all wells have been in production for January and most of February. Production rates being achieved are approximately as follows:

- J-50: 240 bopd
- J-51: 300 bopd
- J-52: 320 bopd
- J-53: 100 bopd

with the water cut in wells J-50 and J-51 being <1%, J-52 is <2% and in the case of J-53, post remedial work, the water cut has been declining and has reduced to ~30%. It was initially decided to produce the J-53 well using an interim ESP and with the success of the remediation work, it has been decided to replace this ESP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

with a new model for improved reliability. The new ESP has been ordered and will be available for installation during April and in the meantime it has been decided to shut in the well until the new pump has been installed.

All produced oil is being sold on a pre-paid basis from the well heads, and purchased by several local oil traders.

J-59 Well:

The Company has lodged an application for an additional 90 days test period so further completion and testing work can be carried out on the J-59 well. The timing of this work is expected to be during 1Q 2014 and will focus on the testing of the Jurassic horizon identified during the drilling of the well.

J-55 and J-58 Wells:

These wells remain shut in, awaiting approval of their individual TPL's.

Devaluation of the Kazakh Tenge:

On 11 February 2014, the National Bank of Kazakhstan announced the effective devaluation of the local currency (Kazakh Tenge) by approximately 20%, when measured against the \$US. The impact of this devaluation will be assessed over time but the immediate indications for the Company is that as the majority of the third party contracts that are in place are based on payments in \$US, there will be no impact from the devaluation. However where contracts are paid in Tenge, the effect of the devaluation will be to increase the nominal costs by 20%.

Revenue from oil sales will continue to be received in \$US.

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