



HALF YEAR FINANCIAL REPORT

31 DECEMBER 2012

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

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West Perth
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Auditors

Ernst & Young
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Telephone +61 8 9429 2222
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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 Codes

Jupiter Energy Limited shares are listed on the Australian Securities Exchange under the code JPR and on the Alternative Investment Market under the code JPRL.

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity for the half-year ended 31 December 2012.

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 2012 to 31 December 2012 and the "Subsequent Events" section includes any significant events that have occurred between 1 January 2013 and the release date of this report.

Total production for the period was approximately 77,000 (2011: 11,739) barrels of oil.

The consolidated loss for the period after income tax was \$2,794,714 (2011:\$ 2,024,051).

At the end of December 2012, cash levels were \$3,965,342 (2011: \$4,597,275). Assets increased to \$56,435,903 (2011: \$45,042,499) and equity increased to \$49,129,547 (2011: \$40,554,781).

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 and J-52 wells):

During the review period, oil was produced from the J-50 and J-52 wells under their respective Trial Production licences as well as from the J-51 well during its second Production Testing period. Total barrels sold amounted to 77,000, at an average price of \$A43/barrel providing a cash inflow of \$A3,323,263 that were used in funding general operations.

Trial Production Licences for the J-51 and J-53 wells were approved by authorities in late December 2012 meaning that from 1 January 2013 the Company had four wells (J-50, J-51, J-52 and J-53) approved to produce under their individual Trial Production Licences.

Testing (J-51 and J-53 wells):

During the review period, the J-51 well was tested for periods in July, August and September from both the Mid Triassic T2A and T2B horizons. The oil produced was sold into the domestic market at an average price of \$US43/barrel. The well was shut in at the conclusion of its second ninety day testing period pending the granting of its Trial Production licence; the last oil produced from J-51 was on 12 September 2012.

During the review period, the J-53 well recorded higher than expected water cuts and the well underwent a cement squeeze to further reduce this water influx. To date, a total of approximately 100 barrels of oil has been recovered from J-53 and further work on the well is currently being carried out in order to establish a stabilised flow rate. Notwithstanding the proposed work programme for J-53, its Trial Production licence was granted in December 2012.

Completion (J-55 well):

The J-55 well reached a total depth of 3,400m in late September 2012. Hydrocarbon shows while drilling, including a core in the reservoir zone, and subsequent open hole wireline logs all indicated hydrocarbons in the Triassic reservoir. The open hole logs indicated good levels of oil saturation and porosity, similar to the proved producing zones in the Akkar East field.

Analysis by independent consulting firm Reservoir Evaluation Services LLC ("RES") confirmed some 112m of gross reservoir and approximately 60m of net pay at the Middle Triassic carbonate reservoir unit, the primary reservoir objective in the well. Cut offs of 3.8% porosity and 50% oil saturation were used in the analysis, with a correction for mud filtrate displacement.

Production casing was run and cemented in place. Following the initial acid-wash stimulation of J-55 in December 2012 approximately 50m³ of oil (350 barrels) was recovered to surface, however stabilized natural flow was not established.

Further work on the well was carried out during the first quarter of 2013 to establish a stabilised flow rate. More information on the results of this work is available in the "Subsequent Events" section of this report.

Drilling (J-58 well):

The J-58 well reached TVD of 3,320m in late November 2012 and took a total of 37 days to drill. The performance of the drilling operation was better than anticipated with the well reaching final depth ahead of schedule.

Hydrocarbon shows while drilling, including a core in the reservoir zone, and subsequent open hole wireline logs all indicated hydrocarbons in the Triassic reservoir. The open hole logs indicated good levels of oil saturation and porosity, similar to that of the J-55 well which was also drilled on the same structure and production casing was run in preparation for the ninety day production testing period.

Analysis by independent consulting firm RES confirmed some 152.8m of gross reservoir and approximately 75.6m of net pay at the Middle Triassic T2B carbonate reservoir unit, the primary reservoir objective in the well.

In addition RES analysis also confirmed an additional 120.1m of gross reservoir and approximately 52m of net pay at the Middle Triassic T2A carbonate reservoir unit. Cut offs of 3.8% porosity and 50% oil saturation were used in the analysis, with a correction for mud filtrate displacement.

The stimulation and flow testing of the T2B reservoir unit was carried out during the first quarter of 2013. More information on the results of this work is available in the "Subsequent Events" section of this report.

Forward Drilling Plan (J-59 well):

Jupiter spudded its seventh exploration well, J-59, on 31 December 2012 and completed the drilling during the first quarter of 2013.

The J-59 well was, like the J-55 and J-58 wells, located on the southern extension area. It is positioned approximately 3.8km to the southeast of the J-58 well location.

The well was vertical and was designed to have the potential to intersect a secondary Jurassic clastic reservoir target and then the primary Mid-Triassic carbonate reservoir target before drilling to a planned total depth of approximately 3,400m true vertical depth.

The J-59 well was again drilled by Kazakh drilling contractor Akpan LLP who are using the same ZJ-40 rig as was used previously for the J-55 and J-58 wells. The well was anticipated to take approximately 60 days from spud through to running production casing and temporarily suspending the well.

More information on the outcome of this work is available in the "Subsequent Events" section of this report.

Funding and Capital Management:

In July 2012 the Company completed a fully underwritten pro-rata non-renounceable entitlement issue of 1 fully paid ordinary share in the capital of the Company for every 4 Shares at an issue price of \$A0.40 per Share, raising \$A11,613,016 before costs (the "Offer").

The Offer was fully underwritten by Waterford Petroleum Limited (Waterford) and Soyuzneftegas Capital Limited ("SNG"). The shortfall was approximately 35% and this shortfall was distributed between Waterford and SNG. Post the closure of the Offer, SNG also announced the conversion of their \$US3.45m Convertible Notes in exchange for the issue of 8,215,000 shares.

Post distribution of the shortfall and the conversion of the Convertible Notes, Waterford announced their holding had increased to 29.5% and SNG announced their holding was 19.8%, meaning that the Company's two cornerstone investors now hold approximately 50% of the shares in issue.

Proceeds from the Rights Issue, complemented by revenues from the sale of oil from the producing wells, meant that the Company was funded to complete the drilling of J-58 during the second half of 2012 and to implement the necessary topside infrastructure to bring the J-51 and J-53 wells onto Trial Production before the end of the year.

Due to very encouraging wireline logging results from the J-58 well it was decided that the Company should look to drill the J-59 well as soon as was feasible.

Funds for the drilling of the J-59 well were sourced via a \$US3m unsecured loan via three Promissory Notes, each with exactly the same terms and each with a face value of \$US1m. The loan is repayable on 31 December 2013 or at such time that the Company raises additional funding of a minimum of \$20 million via debt, equity or other funding. The loan has a coupon rate of 15% per annum, payable quarterly in arrears, with the first interest payment due on 31 March 2013. The loan was provided by Mobile Energy Limited.

The work obligations for Block 31 are all current and it is the intention of the Board to align ongoing operational spending with the cashflow generated through oil sales until further funding is secured.

In terms of future investment in Block 31, the directors are currently reviewing a range of options for financing the further development of the East Akkar field during 2013 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 a funding facility 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.

Reserves Update:

The Company has engaged an international consulting firm to produce a new Competent Persons Report (CPR) over the Company's assets; this study will provide an updated and independent view of the Company's reserves and resource estimates. Work began on the new CPR during December 2012 and is expected to be published by late March or early April 2013.

Subsequent Events:

J-53 Well:

On 26 February 2013 the Company provided an update on the J-53 well. Remedial cementing was in progress to repair the poor primary cement bond, thought to be the cause of the water ingress, and then the plan was to re-perforate the lower T2B Triassic and bring the well on to production with an electric submersible pump (ESP). The well can be produced for up to 3 years under its already approved Trial Production License (TPL).

The Company also advised that it believes the Z sand present in the J-53 well contains hydrocarbons and this will be evaluated at a later date.

J-55 Well:

On 26 February 2013 the Company provided an update on the J-55 well. Following the initial acid-wash stimulation of J-55 in December 2012, a review of the transient bottom hole pressures recorded during the initial testing indicated that the flow characteristics of the lower T2B Triassic horizon may improve following a re-perforation and a further, more aggressive, acid stimulation. This work was carried out in January 2013 and production of up to 200 barrels of oil per day (bopd) was established during the first week of February, using an ESP in the well.

The Company advised that the forward plan was to perforate the upper T2A Triassic and production from this zone would be comingled with the producing lower T2B Triassic. The Company also advised that the upper Z sand is also scheduled for evaluation in the next round of well intervention work.

J-58 Well:

On 26 February 2013 the Company provided an update on the J-58 well. Some 5.5m of the lower T2B Triassic in J-58 has been perforated and flow tested in February 2013 delivering approximately 400 barrels of oil over an 8 hour period (equivalent of 1,200 barrels of oil per day) on a 9mm choke. Based on this initial rate, a decision has been made not to carry out an acid stimulation of the well at this time.

Pressure Transient Analysis indicated a reservoir pressure of 349 atmospheres which was very encouraging and the forward plan was to bring the J-58 well on to production to determine a stabilized, and sustainable, flow rate.

The Company also advised that a decision on the timing of the testing of the T2A horizon would be made after evaluating the performance of the well during March.

The forward plan will be to comingle production from the T2B and the T2A. The upper Z sand is also thought to be hydrocarbon bearing and the Company will complete and evaluate this horizon in the next round of well intervention work.

J-59 Well:

On 28 February 2013 the Company provided an update on the J-59 well. The J-59 well took a total of 52 days to drill and reached a total vertical depth of 3,191m on 20 February 2013; the performance of the drilling operation was in line with expectations.

Hydrocarbon shows while drilling, including a core in the reservoir zone, and subsequent open hole wireline logs all indicated hydrocarbons in the Triassic reservoir. The open hole logs indicated good levels of oil saturation and porosity, similar to that of the J-55 and J-58 wells which were also drilled on the same structure; production casing was run in preparation for production testing.

Analysis by independent consulting firm RES confirmed some 102.8m of gross reservoir and approximately 42.8m of net pay at the Middle Triassic T2B carbonate reservoir unit, the primary reservoir objective in the well.

In addition RES analysis also confirmed an additional 64.6m of gross reservoir and approximately 40.4m of net pay at the Middle Triassic T2A carbonate reservoir unit.

Cut offs of 3.8% porosity and 50% oil saturation were used in the analysis, with a correction for mud filtrate displacement.

The Company advised that when the J-59 well results were aggregated with the results from the J-55 and J-58 wells, the geological indications were that the entire southern extension structure may contain up to 30 mmbbl of potential resources.

The Company confirmed that the forward plan was to test the J-59 well for up to a maximum of ninety days from the T2B horizon during which time flow rates and reservoir pressures would be measured at various choke sizes and fluid samples collected for analysis.

The well would then be shut in and if appropriate an application submitted to the relevant regulatory authorities for the well to be tested at the T2A horizon for a further ninety days.

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

Summary:

The Company went through a very productive six month period. The drilling results continue to confirm the prospectivity of the Block 31 permit and it is expected that the CPR will provide an independent confirmation of the current reserve base. Whilst the delays in some of the well testing operations have been frustrating, the goal of developing Jupiter Energy into a full cycle E&P company with a meaningful production profile and sizeable 2P reserves base remains on track.

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

The information in this report which relates to independent Triassic oil reserves (1P, 2P, 3P) and prospective resource (P90, P50, P10) is based on information compiled by Senergy Limited, an international oil & gas consulting company that specialises in oil & gas reserve estimations. Senergy Limited has sufficient experience which is relevant to reserve estimations and to the specific exploration permit in Kazakhstan to qualify as competent to verify information pertaining to the Triassic oil reserves (1P, 2P, 3P) and prospective resource (P90, P50, P10). Senergy Limited has given and not withdrawn its written consent to the inclusion of its name and the Triassic (1P, 2P, 3P) reserves and prospective resource (P90, P50, P10) figures in the form and context in which they appear in this report. Senergy Limited has no financial interest in the Company.

The information in this report which relates to Triassic prospective resources (P50) and open hole logging interpretation 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 sufficient experience which is relevant to oil & gas reserve estimation and open hole logging analysis and to the specific permit in Kazakhstan to qualify as competent to verify the information pertaining to the Triassic prospective resource (P50) and open hole logging analysis. RES has given and not withdrawn its written consent to the inclusion of the Triassic prospective resource (P50) figure or open hole logging analysis in the form and context in which they appear in this report. RES 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 West Perth on 14 March 2013.

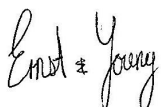
This report is signed in accordance with a resolution of the Board of Directors.



G A Gander
Executive Chairman/CEO

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

In relation to our review of the financial report of Jupiter Energy Limited for the half-year ended 31 December 2012, 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.

A stylized signature of the Ernst & Young firm, written in a cursive script.

Ernst & Young

A handwritten signature of R J Curtin, written in a cursive script.

R J Curtin
Partner
14 March 2013

To the members of Jupiter Energy Limited

Report on the 31 December 2012 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 2012, 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 2012 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.

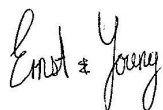
Conclusion

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 2012 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*.

Material Uncertainty Regarding Continuation as a Going Concern

Without modifying our conclusion, we draw attention to Note 2(a) in the financial report. As a result of the matters described in Note 2(a), there is a material uncertainty whether the consolidated entity will continue as a going concern and therefore whether it will 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 any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script, likely belonging to R J Curtin.

R J Curtin
Partner
Perth
14 March 2013

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 2012 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 in West Perth 14 March 2013.

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

	Consolidated Entity	
	6 months to 31 December 2012	6 months to 31 December 2011
Note	\$A	\$A
Revenue	2,207,211	-
Cost of sales	(1,913,659)	-
Gross profit	<u>293,552</u>	-
Other income	-	21,455
(Loss) / gain on derivative financial instrument	(221,223)	510,925
Foreign currency (loss) / gain	(372,196)	295,923
General and administrative costs	(2,477,113)	(2,641,202)
Operating loss	<u>(2,776,980)</u>	<u>(1,812,899)</u>
Finance income	23,061	20,978
Finance costs	(40,795)	(232,130)
Loss before tax	<u>(2,794,714)</u>	<u>(2,024,051)</u>
Income tax expense	-	-
Loss after income tax	<u>(2,794,714)</u>	<u>(2,024,051)</u>
Other comprehensive income		
<i>Items that may be reclassified to profit and loss</i>		
Foreign currency translation	(1,208,896)	1,442,897
Total comprehensive loss for the period	<u>(4,003,610)</u>	<u>(581,154)</u>
Loss per share attributable to ordinary equity holders of the parent (cents per share)		
Basic loss per share	(1.90)	(1.75)
Diluted loss per share	(1.90)	(1.75)

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

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012**

	Note	31 December 2012 \$A	30 June 2012 \$A
ASSETS			
Current Assets			
Cash and cash equivalents	4	3,965,342	395,445
Trade and other receivables		349,508	527,566
Other current assets		1,492,198	460,496
Inventories		40,272	53,320
Total Current Assets		<u>5,847,320</u>	<u>1,436,827</u>
Non-Current Assets			
Other non-current assets		2,302,969	2,401,889
Exploration and evaluation expenditure	5	22,528,061	25,014,521
Plant and equipment		2,150,681	926,336
Oil and gas properties	6	23,204,091	14,225,282
Other financial assets		402,781	292,752
Total Non-Current Assets		<u>50,588,583</u>	<u>42,860,780</u>
Total Assets		<u>56,435,903</u>	<u>44,297,607</u>
Current Liabilities			
Trade and other payables	7	3,823,534	1,124,623
Deferred revenue		17,901	1,192,039
Other financial liabilities	8	2,891,940	-
Provisions		87,156	90,957
Total Current Liabilities		<u>6,820,531</u>	<u>2,407,619</u>
Non-current Liabilities			
Provisions		485,825	356,594
Other financial liabilities	8	-	2,789,897
Derivative liability	8	-	274,880
Total Non-Current Liabilities		<u>485,825</u>	<u>3,421,371</u>
Total Liabilities		<u>7,306,356</u>	<u>5,828,990</u>
Net Assets		<u>49,129,547</u>	<u>38,468,617</u>
Equity			
Contributed equity	9	85,635,659	71,236,136
Share based payment reserve		4,737,306	4,472,289
Foreign currency translation reserve		(5,955,883)	(4,746,987)
Accumulated losses		(35,287,535)	(32,492,821)
Total Equity		<u>49,129,547</u>	<u>38,468,617</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 2012**

CONSOLIDATED	Issued Capital	Share based payment reserve	Foreign currency translation reserve	Accumulated Losses	Total Equity
	\$A	\$A	\$A	\$A	\$A
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
As at 1 July 2011	71,280,610	3,922,453	(6,084,968)	(28,197,719)	40,920,376
Loss for the period	-	-	-	(2,024,051)	(2,024,051)
Other comprehensive income	-	-	1,442,897	-	1,442,897
Total comprehensive income	-	-	1,442,897	(2,024,051)	(581,154)
Share based payments	-	215,559	-	-	215,559
As at 31 December 2011	71,280,610	4,138,012	(4,642,071)	(30,221,770)	40,554,781

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 2012**

	Consolidated Entity	
	6 months to 31 December 2012 \$A	6 months to 31 December 2011 \$A
Cash flows from operating activities		
Receipts from customers	3,323,263	30,864
Payments to suppliers and employees	(3,027,700)	(2,901,540)
Interest received	23,061	20,860
Net cash from/(used in)/provided by operating activities	<u>318,624</u>	<u>(2,849,816)</u>
Cash flows from investing activities		
Payments for exploration and development expenditure	(9,330,344)	(9,676,460)
Payments for plant and equipment	(1,408,854)	(451,233)
Net cash (used in) investing activities	<u>(10,739,198)</u>	<u>(10,127,693)</u>
Cash flows from financing activities		
Proceeds from convertible note	-	3,482,361
Proceeds from issue of shares	11,613,015	-
Transaction costs from issue of shares	(499,492)	-
Proceeds from unsecured loan	2,891,940	-
Interest paid	(40,795)	-
Net cash provided by financing activities	<u>13,964,668</u>	<u>3,482,361</u>
Net increase/(decrease) in cash held	3,544,094	(9,495,148)
Cash at the beginning of the financial period	395,445	13,968,248
Foreign exchange gain/(loss)	25,803	124,175
Cash at the end of the financial period	<u>3,965,342</u>	<u>4,597,275</u>

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 2012 was authorised for issue in accordance with a resolution of the Directors on 14 March 2013.

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

The registered office is Level 2, 28 Kings Park Road, 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 2012 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 2012 and considered together with any public announcements made by Jupiter Energy Limited during the half-year ended 31 December 2012 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 2012 the Group has a net working capital deficiency of \$0.972 million, which includes Promissory Notes of \$2.89 million repayable on 31 December 2013. To overcome this deficiency the Group is reliant on planned production forecasts being achieved during 2013 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. The financing is expected to be finalised within the short term to allow the Group to repay the Promissory Notes and to further the development of the East Akkar field during 2013 and beyond to the stage where export oil sales are being achieved and further development of the field is self-funding.

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.

(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 2012. All new and amended accounting standards and interpretations effective 1 July 2012 have been adopted by the Group. The adoption of new standards and amendments from 1 July 2012 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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 2012	31 Dec 2011
	\$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	3,965,342	4,597,275
	<u>3,965,342</u>	<u>4,597,275</u>

5. MINERAL EXPLORATION EXPENDITURE

	Consolidated Entity	
	31 Dec 2012	30 June 2012
	\$A	\$A
Exploration expenditure carried forward in respect of areas of interest in:		
Exploration and evaluation expenditure at cost	22,528,061	25,014,521
	<u>22,528,061</u>	<u>25,014,521</u>
Movements during the period		
Balance at beginning of period	25,014,521	25,319,806
Expenditure incurred during the period	8,310,704	12,856,785
Reclassification to oil and gas properties	(9,880,951)	(14,241,140)
Foreign exchange translation	(916,213)	1,079,070
Balance at end of period	<u>22,528,061</u>	<u>25,014,521</u>

6. OIL AND GAS PROPERTIES

Movements during the period		
Balance at beginning of period	14,323,277	-
Additions	-	-
Transferred from exploration and evaluation assets	9,880,951	14,241,140
Disposals	-	-
Net exchange differences	(724,421)	82,137
Balance at end of period	<u>23,479,807</u>	<u>14,323,277</u>
Depletion and impairment at beginning of period	(97,995)	-
Charge for the year	(177,721)	(97,995)
Provision for impairment	-	-
Disposals	-	-
Depletion and impairment at end of period	<u>(275,716)</u>	<u>(97,995)</u>
Net book value at end of period	<u>23,204,091</u>	<u>14,225,282</u>

During the period, costs associated with J-51 and J-53 were transferred to oil and gas properties as the wells were granted a trial production licence during the period.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

7. OTHER PAYABLES

	Consolidated Entity	
	31 Dec 2012 \$A	30 June 2012 \$A
Trade creditors	2,134,223	675,335
Accrued expenses	1,654,558	36,889
Other payables	34,753	412,399
	<u>3,823,534</u>	<u>1,124,623</u>

8. OTHER FINANCIAL LIABILITIES

Current

Unsecured loan ¹	2,891,940	-
	<u>2,891,940</u>	<u>-</u>

Non-current

Convertible note ²	-	2,789,897
Derivative liability ²	-	274,880
	<u>-</u>	<u>3,064,777</u>

1. On 31 December 2012, Jupiter entered into a new unsecured loan agreement (the "Loan") with Mobile Energy Limited.

The Loan is for \$US3 million via 3 Promissory Notes, each with exactly the same terms and each with a face value of \$US1m. The Loan is repayable on 31 December 2013 or at such time that the Company raises additional funding of a minimum of \$20 million via debt, equity or other funding. The Loan has a coupon rate of 15% per annum, payable quarterly in arrears, with the first interest payment due on 31 March 2013.

2. On 2 August 2012, Soyuzneftegas Capital Limited (SNG) converted the convertible notes. The final conversion price was \$0.40, therefore issuing 8,215,000 shares.

9. CONTRIBUTED EQUITY

	31 Dec 2012 \$A	30 June 2012 \$A
<i>Issued Capital</i>		
Ordinary shares (a)	85,341,461	70,941,938
Options (b)	294,198	294,198
	<u>85,635,659</u>	<u>71,236,136</u>

(a) Movements in ordinary share capital

	No.	\$A
Balance 30 June 2011	1,737,934,742	70,986,412
1 for 15 reconstruction	(1,622,071,255)	-
Cost of issue - Rights Issue	-	(44,474)
Issue of shares – share based payment *	266,667	-
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	<u>153,377,693</u>	<u>85,341,461</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

9. CONTRIBUTED EQUITY (CONTINUED)

(b) Movements in options

	No.	\$A
Balance 30 June 2011	13,000,000	294,198
1 for 15 reconstruction	(12,133,331)	
Balance 31 December 2011	866,669	294,198
Balance 30 June 2012	866,669	294,198
Expired during the period	(866,669)	-
Balance 31 December 2012	-	294,198

10. SHARE BASED PAYMENTS

On 9 November, 5,066,666 performance rights were approved by shareholders to directors and executives. 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 2013). No performance rights vest if the calculated share price is less than the minimum vesting price at vesting date.

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 2012:

Performance Rights

Grant date	9 November 2012
Number of performance rights	5,066,666
Share price	51 cents
Exercise price	0 cents
Dividend Yield	0.0%
Expected volatility	75.0%
Risk-free interest rate	2.72%
Expected life	1.14 year
Weighted average fair value	11.04 cents
Total amount	\$559,360
Expensed to 31 December 2012	\$79,909

11. CONTINGENT LIABILITIES

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

12. EVENTS SUBSEQUENT TO REPORTING DATE

J-53 Well:

On 26 February 2013 the Company provided an update on the J-53 well. Remedial cementing was in progress to repair the poor primary cement bond, thought to be the cause of the water ingress, and then the plan was to re-perforate the lower T2B Triassic and bring the well on to production with an electric submersible pump (ESP). The well can be produced for up to 3 years under its already approved Trial Production License (TPL).

The Company also advised that it believes the Z sand present in the J-53 well contains hydrocarbons and this will be evaluated at a later date.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)**12. EVENTS SUBSEQUENT TO REPORTING DATE (CONTINUED)***J-55 Well:*

On 26 February 2013 the Company provided an update on the J-55 well. Following the initial acid-wash stimulation of J-55 in December 2012, a review of the transient bottom hole pressures recorded during the initial testing indicated that the flow characteristics of the lower T2B Triassic horizon may improve following a re-perforation and a further, more aggressive, acid stimulation. This work was carried out in January 2013 and production of up to 200 barrels of oil per day (bopd) was established during the first week of February, using an ESP in the well.

The Company advised that the forward plan was to perforate the upper T2A Triassic and production from this zone would be comingled with the producing lower T2B Triassic. The Company also advised that the upper Z sand is also scheduled for evaluation in the next round of well intervention work.

J-58 Well:

On 26 February 2013 the Company provided an update on the J-58 well. Some 5.5m of the lower T2B Triassic in J-58 has been perforated and flow tested in February 2013 delivering approximately 400 barrels of oil over an 8 hour period (equivalent of 1,200 barrels of oil per day) on a 9mm choke. Based on this initial rate, a decision has been made not to carry out an acid stimulation of the well at this time.

Pressure Transient Analysis indicated a reservoir pressure of 349 atmospheres which was very encouraging and the forward plan was to bring the J-58 well on to production to determine a stabilized, and sustainable, flow rate.

The Company also advised that a decision on the timing of the testing of the T2A horizon would be made after evaluating the performance of the well during March.

The forward plan will be to comingle production from the T2B and the T2A. The upper Z sand is also thought to be hydrocarbon bearing and the Company will complete and evaluate this horizon in the next round of well intervention work.

J-59 Well:

On 28 February 2013 the Company provided an update on the J-59 well. The J-59 well took a total of 52 days to drill and reached a total vertical depth of 3,191m on 20 February 2013; the performance of the drilling operation was in line with expectations.

Hydrocarbon shows while drilling, including a core in the reservoir zone, and subsequent open hole wireline logs all indicated hydrocarbons in the Triassic reservoir. The open hole logs indicated good levels of oil saturation and porosity, similar to that of the J-55 and J-58 wells which were also drilled on the same structure; production casing was run in preparation for production testing.

Analysis by independent consulting firm Reservoir Evaluation Services LLC ("RES") confirmed some 102.8m of gross reservoir and approximately 42.8m of net pay at the Middle Triassic T2B carbonate reservoir unit, the primary reservoir objective in the well.

In addition RES analysis also confirmed an additional 64.6m of gross reservoir and approximately 40.4m of net pay at the Middle Triassic T2A carbonate reservoir unit.

Cut offs of 3.8% porosity and 50% oil saturation were used in the analysis, with a correction for mud filtrate displacement.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)**12. EVENTS SUBSEQUENT TO REPORTING DATE (CONTINUED)**

The Company advised that when the J-59 well results were aggregated with the results from the J-55 and J-58 wells, the geological indications were that the entire southern extension structure may contain up to 30 mmbbls of potential resources.

The Company confirmed that the forward plan was to test the J-59 well for up to a maximum of ninety days from the T2B horizon during which time flow rates and reservoir pressures would be measured at various choke sizes and fluid samples collected for analysis.

The well would then be shut in and if appropriate an application submitted to the relevant regulatory authorities for the well to be tested at the T2A horizon for a further ninety days.

Except as disclosed above, there are no matters or circumstances that have arisen since the end of the period which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group not otherwise disclosed in future financial years.

13. COMMITMENT FOR EXPENDITURE**Exploration Work Program Commitments**

The Group has entered into a subsoil utilisation rights for petroleum exploration and extraction in Block 31 in Mangistau Oblast in accordance with Contract No. 2275 of the 29th of December 2006 with the Ministry of Energy and Mineral Resources of the Republic of Kazakhstan (now renamed the Ministry of Oil & Gas of the Republic of Kazakhstan.).

Exploration work program commitments contracted for (but not capitalised in the accounts) that are payable:

	Consolidated Entity	
	31 Dec 2012	30 June 2012
	\$A	\$A
not later than one year	-	4,783,196
later than one year but not later than five years	-	-
	<u>-</u>	<u>4,783,196</u>