JUPITER ENERGY LIMITED

HALF YEAR FINANCIAL REPORT

31 DECEMBER 2015

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

Ground Floor
10 Outram Street
West Perth
Western Australia 6005

PO Box 1282
West Perth
Western Australia 6872

Telephone	+61 8 9322 8222
Facsimile	+61 8 9322 8244
Email	info@jupiterenergy.com
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)
	+61 3 9415 4000 (outside Australia)
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 2015.

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 2015 to 31 December 2015 and the "Subsequent Events" section includes any significant events that have occurred between 1 January 2016 and the release date of this report.

Total production for the period was nil (2014: 100,658) barrels of oil. Revenue for the period was $nil (2014: $3,606,362).

The consolidated loss for the period after income tax was $7,729,875 (2014: $5,468,890).

At the end of December 2015, cash levels were $299,985 (2014: $5,654,052). Assets decreased to $48,743,424 (June 2015: $74,409,695) and equity decreased to $7,900,087 (June 2015: $41,654,899). The decrease is a direct result of the revaluation of the Tenge and the weakening of the Australian Dollar.

Review of Operations

The six month period to 31 December 2015 ("the Review Period") saw little operational progress with restricted funding and uneconomic domestic oil prices both negatively impacting the further development of the Block 31 licence area as well as not enabling the Company to take on additional exploration acreage.

Production Report/Status of Well Licences:

Production (J-50, J-51, J-52, J-53 and # 19 wells):

During the Review Period, no oil was produced from the J-50, J-51 and J-52 wells under their respective Trial Production Licences (TPL's). These three wells are located on the northern section of the permit and are part of the North Akkar (East Block) (J-50) and the East Akkar (J-51 and J-52) oilfields.

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

Extension of Trial Production Licences – Akkar East oilfield (wells J-51, J-52 and J-53)

The Company has been granted extensions to the TPL's on the Akkar East oilfield (J-51, J-52 and J-53 wells) and these extensions will now run until 29 December 2016, the end of the current Exploration Licence period.

The Company also received its emission permits for the J-51, J-52 and J-53 wells for the 2016 calendar year meaning that the wells have all the required approvals to operate under trial production during 2016.

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

The Company has therefore decided to cease production from its producing Akkar East wells (J-51 and J-52) until the domestic oil price improves. The Company continued to monitor local pricing during the Review Period and believes that production may recommence during 2016 but is unable to give any guarantee that this will occur in that timeframe.

J-50 Trial Production Licence

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

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

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

The Company is now considering formally referring the matter to a higher authority within Kazakhstan in an effort to bring the matter to a conclusion.

Well 19

Well 19 is located on the Akkar East field and was drilled in an area of already proven C1 reserves between the J-51 and J-52 wells and as such was the Company's first 'production' well.

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

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

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

Drilling Report:

No drilling activity took place during the Review Period.

Subject to obtaining the requisite funding, the Company plans to continue with its drilling program as soon as it is possible. At this stage, two wells are planned for 2016. The continued use of limited unsecured debt to fund the Company has been driven by the fact that the Company has been unable to obtain the required permission from the Ministry of Energy (the Waiver) to raise equity through the issue of new shares. The Board has been advised by convertible note and promissory note holder Waterford Petroleum and the other convertible note holders that funding via equity is their preferred structure and they continue to urge the Company to pursue the granting of a Waiver as soon as possible.

The Company has already received approval from the relevant Kazakh authorities to extend the 2015 drilling program into 2016. The Company is also in the process of submitting an application seeking an extension of the current Exploration Period through to at least 29 December 2019.

Oil Production and Revenues:

There was no oil production during the Review Period. Approximately 100,000 barrels of oil were produced during the same Review Period in 2014.

Revenues from oil sales in this Review Period amounted to $A nil (previous review period: $A3.6m).

Status of West Zhetybai Wells (J-55, 58, 59):

J-58 and J-59 have both had their respective 2016 TPL's approved. The wells are both currently suspended due to the low domestic oil prices. It should be noted that in order to get the J-58 and J-59 wells ready for Trial Production, the appropriate surface production infrastructure must be put in place for both the wells. This equipment will need to be purchased and funding is not available at this time to complete the acquisition of the equipment required.

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

Further remedial work will need to be carried out on J-55 to determine if commercial production can be established from this well and this work will require the requisite funding and separate approvals from the relevant Kazakh authorities.

Corporate Restructure:

As a result of the ceasing of domestic oil production, the Company restructured its Aktau operations with a significant reduction in staff in March 2015.

The focus on costs continued during the Review Period with further reductions in staff numbers at the beginning of 2016 as well as a further reduction in office space. A total of approximately $US2.4m has been removed from of the annual operating costs.

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

Funding and Capital Management:

As at 31 December 2015, the Company had 153,377,693 listed shares trading under the ASX ticker "JPR", the AIM ticker "JPRL" and the KASE ticker "AU_JPRL".

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

The Company has on issue $US15.5m in Series B Convertible Notes made up of 12,400,000 Notes with a conversion price of $US1.25 per Note; interest on the Notes is accrued at 12% per annum and will become payable when the Notes are repaid or converted into shares. The Series B Convertible Notes were issued on 20 September 2013, have a three (3) year term and fall due for repayment (including accrued interest) on 20 September 2016 unless converted/repaid at an earlier date.

On 30 April 2015 the Company reached agreement with substantial shareholder Waterford Petroleum to roll over an existing $US5m promissory note and all accrued interest and provide up to a further $US5m in working capital to the Company via the issue of further promissory notes (the Waterford Promissory Notes). As at 31 December 2015, the total drawn down from the Waterford $US10m facility stood at $US8.73m. Based on the current Care & Maintenance budget, the remaining $US1.27m available from Waterford under the current funding facility will be sufficient to provide the Company with working capital for the 1st half of 2016.

The Waterford Promissory Notes attract an interest rate of 15% and become repayable on 1 July 2016.

The Company is still reviewing its ongoing funding requirements for 2016 and the directors are exploring a range of options for financing the further development of the East Akkar and West Zhetybai fields during 2016 and beyond, to the stage where export oil sales are being achieved and further development of the field is self-funding; these options may include the further issue of new equity, reserve based debt, convertible debt or a combination of these and other funding instruments.

Once the appropriate funding has been secured, the further development of both the Akkar East and West Zhetybai fields, and in particular building of the topside infrastructure on Akkar East including a processing facility and gas separation plant, will be accelerated. Based on management forecasts, the Company has sufficient working capital, including its access to the remaining funding under the Waterford Promissory Notes, for the first half of the 2016 calendar year. The Company continues to seek a longer term funding package that will enable the commencement of the 2016 drilling program and for on-going working capital in the 2nd half of 2016 and beyond.

2015 Annual General Meeting:

The 2015 Annual General Meeting was held in Perth on Friday 06 November 2015 and all Resolutions were passed.

Subsequent Events:

On 28 January 2016, the Company received a further $US200,000 from Waterford under the existing funding facility and these funds will be put towards meeting working capital commitments.

On 22 February 2016, the Company received a further $US130,000 from Waterford under the existing funding facility and these funds have also been put towards meeting working capital commitments.

The Board believes the remaining funding available from the Waterford Promissory Notes will be sufficient to provide the Company with working capital for the 1st half of 2016 calendar year based on the current Care & Maintenance budget.

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

Summary:

The Company continues to endure a frustrating operating environment in Kazakhstan with progress inhibited by a combination of numerous lengthy approval processes, the protracted negotiations with MMG and restricted funding as a result of the refusal of the Kazakh Ministry of Energy to issue a Waiver. The dramatic fall in world oil prices and the knock on effect this has had on domestic oil prices in Kazakhstan has also impacted the business and production remains shut in from all wells until domestic oil prices improve to a level that makes oil production from Block 31 cashflow positive.

The dramatic fall in global oil prices has also had a material impact on the willingness of the equity markets to fund junior explorers and as such even if the Kazakh authorities were to issue a Waiver in the short term, the ability to raise the required equity to fund the Block 31 development in the current market environment is uncertain.

These frustrations aside, since acquiring an exploration permit in 2008, independent reserve reports continue to confirm that that Jupiter has now discovered two sizeable oilfields with significant reserves and resources. In addition, oil production has moved from zero at the beginning of 2011 to over 230,000 barrels for calendar year 2014, with 2014 calendar year revenues reaching $A8.75 million ($US7.568m).

The goal of developing Jupiter Energy into a full cycle E&P company with a meaningful production profile and sizeable 2P reserves base remains the key objective for the Board and Management and the Company remains confident of continuing to make progress towards achieving this goal during 2016.

Competent Persons Statements:

General

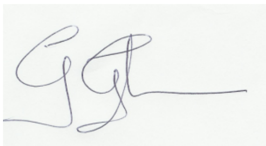
Keith Martens, BSc Geology and Geophysics, with over 35 years' oil & gas industry experience, is the qualified person who has reviewed and approved the technical information contained in this report.

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 15 March 2016.

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



G A Gander
Executive Chairman/CEO

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

As lead auditor for the review of Jupiter Energy Limited for the half - year ended 31 December 2015, I declare to the best of my knowledge and belief, there have been:

a. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b. no contraventions of any applicable code of professional conduct in relation to the review.

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

Ernst & Young

Darryn Hall
Partner
15 March 2016

Building a better
working world

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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 2015, 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 2015 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 2015 and of its performance for the half-year ended on that date; and

b. complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

Emphasis of matter

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

Ernst & Young

Darryn Hall
Partner
Perth
15 March 2016

DIRECTORS' DECLARATION

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

In the opinion of the Directors:

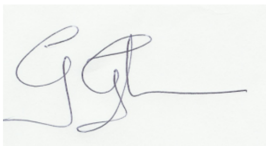
a. The financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:

   I. giving a true and fair view of the financial position of the consolidated entity as at 31 December 2015 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 (b), 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 15 March 2016.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	Note	Consolidated Entity 6 months to 31 Dec 2015 $A	 6 months to 31 Dec 2014 $A
Revenue		-	3,606,362
Cost of sales		(179,872)	(2,424,512)
Gross profit		(179,872)	**1,181,850**
Gain on derivative financial instrument		-	68,200
Foreign currency (loss)		(1,871,391)	(2,814,375)
General and administrative costs	7	(3,275,414)	(1,830,127)
Impairment		-	(743,311)
Operating loss		**(5,326,677)**	**(4,137,763)**
Finance income		12,529	12,919
Finance costs		(2,415,727)	(1,344,046)
Loss before tax		**(7,729,875)**	**(5,468,890)**
Income tax expense		-	-
Loss after income tax		**(7,729,875)**	**(5,468,890)**
Other comprehensive income			
Items that may be reclassified to profit and loss			
Foreign currency translation		(26,024,936)	9,877,584
Total comprehensive loss for the period		**(33,754,811)**	**4,408,694**
Loss per share attributable to ordinary equity holders of the parent (cents per share)			
Basic loss per share		(5.04)	(3.57)
Diluted loss per share		(5.04)	(3.57)

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

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	31 Dec 2015 $A	30 June 2015 $A
ASSETS			
Current Assets			
Cash and cash equivalents	4	299,985	1,613,560
Trade and other receivables		28,700	78,051
Other current assets		49,024	122,110
Inventories		37,876	68,535
Total Current Assets		415,585	1,882,256
Non-Current Assets			
Trade and other receivables		2,839,559	4,842,743
Oil and gas properties	6	15,311,051	24,399,029
Plant and equipment		486,506	967,247
Exploration and evaluation expenditure	5	29,330,825	44,166,103
Other financial assets		359,898	640,238
Total Non-Current Assets		48,327,839	75,015,360
Total Assets		48,743,424	76,897,616
Current Liabilities			
Trade and other payables	7	2,143,747	1,280,749
Deferred revenue		-	60,111
Other financial liabilities	8	38,404,989	-
Derivative liability	8	1,612	1,612
Total Current Liabilities		40,550,348	1,342,472
Non-current Liabilities			
Provisions		292,988	527,827
Other financial liabilities	8	-	33,372,417
Total Non-Current Liabilities		292,988	33,900,244
Total Liabilities		**40,843,336**	35,242,716
Net Assets		**7,900,088**	**41,654,900**
Equity			
Contributed equity	9	85,633,935	85,633,935
Share based payment reserve		5,764,014	5,764,014
Foreign currency translation reserve		(24,859,802)	1,165,133
Accumulated losses		(58,638,059)	(50,908,182)
Total Equity		**7,900,088**	**41,654,900**

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 2015

CONSOLIDATED	Issued Capital	Share based payment reserve	Foreign currency translation reserve	Accumulated Losses	Total Equity
	$A	$A	$A	$A	$A
As at 1 July 2015	85,633,935	5,764,014	1,165,133	(50,908,182)	41,654,900
Loss for the period	-	-	-	(7,729,875)	(7,729,875)
Other comprehensive income	-	-	(26,024,936)	-	(26,024,936)
Total comprehensive income / (loss)	-	-	(26,024,936)	(7,729,875)	(33,754,811)
Share based payments	-	-	-	-	-
As at 31 December 2015	**85,633,935**	**5,764,014**	**(24,859,802)**	**(58,638,059)**	**7,900,088**
As at 1 July 2014	85,633,935	5,695,838	(11,573,714)	(39,925,921)	39,830,138
Loss for the period	-	-	-	(5,468,890)	(5,468,890)
Other comprehensive income	-	-	9,877,584	-	9,877,584
Total comprehensive income / (loss)	-	-	9,877,584	(5,468,890)	4,408,694
Share based payments	-	68,176	-	-	68,176
As at 31 December 2014	**85,633,935**	**5,764,014**	**(1,696,130)**	**(45,394,811)**	**44,307,008**

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 2015

	Consolidated Entity	
	6 months to 31 December 2015 $A	6 months to 31 December 2014 $A
Cash flows from operating activities		
Receipts from customers	-	3,944,939
Payments to suppliers and employees	(1,781,022)	(3,466,825)
Interest received	12,529	12,529
Net cash from/provided by operating activities	(1,768,493)	490,643
Cash flows from investing activities		
Payments for exploration and development expenditure	(471,062)	(1,990,878)
Payments for plant and equipment	-	(349,858)
Net cash (used in) investing activities	(471,062)	(2,340,736)
Cash flows from financing activities		
Proceeds from unsecured loan	912,780	5,693,150
Net cash provided by financing activities	912,780	5,693,150
Net increase/(decrease) in cash held	(1,326,775)	3,843,057
Cash at the beginning of the financial period	1,613,560	1,285,358
Foreign exchange gain/(loss)	13,201	525,637
Cash at the end of the financial period	299,985	5,654,052

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

NOTES TO THE FINANCIAL STATEMENT

1. CORPORATE INFORMATION

The half year financial report of Jupiter Energy Limited for the period 31 December 2015 was authorised for issue in accordance with a resolution of the Directors on 15 March 2016.

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

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

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) Basis of preparation

This condensed financial report for the half-year ended 31 December 2015 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 2015 and considered together with any public announcements made by Jupiter Energy Limited during the half-year ended 31 December 2015 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 2015, the Group has total assets of $48.7 million and a net current liability position of $40.1 million (30 June 2015: total assets of $76.9 million and a net current asset position of $0.5 million). The Group's Promissory Notes and Convertible Notes, described in Note 8, become payable within 12 months from the date of release of this report. The Group's cash-flow forecast also reflects that additional capital will need to be raised within the short term to fund the Group's ongoing working capital requirements and to repay the Group's Promissory Notes and Convertible Notes, if they are not rolled into a new facility. In addition, oil production has been shut-in since March 2015 and will remain so until such time that domestic oil pricing becomes cash flow positive.

The Directors are currently reviewing a range of financing options to provide the group with the required capital. This may include an asset sale, further issue of new equity, reserve based debt, convertible debt or a combination of these and other funding instruments. As part of the financing options being considered the Group's existing Promissory Notes and Convertible Notes will either be repaid, rolled into a new facility or converted into Jupiter shares, subject to certain approvals. Whilst the financing is expected to be finalised within the short term, which will also allow the Group to further the development of the East Akkar field during 2016, there is no certainty that financing will be completed as anticipated.

Based on the support that the Group has received to date from existing Shareholders, Convertible Note Holders and the Promissory Note holder, the Directors are confident of being able to achieve the matters set out above. Should these not be achieved, 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 2015. All new and amended accounting standards and interpretations effective 1 July 2015 have been adopted by the Group. The adoption of new standards and amendments from 1 July 2015 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 2015 $A	31 Dec 2014 $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	299,985	5,654,052
	299,985	5,654,052

5. MINERAL EXPLORATION EXPENDITURE

	Consolidated Entity	
	31 Dec 2015 $A	30 June 2015 $A
Exploration expenditure carried forward in respect of areas of interest in:		
Exploration and evaluation expenditure at cost	29,330,825	44,166,103
Movements during the period		
Balance at beginning of period	44,166,103	31,986,316
Expenditure incurred during the period	471,062	5,519,880
Impairment	-	(787,046)
Foreign exchange translation	(15,306,340)	7,446,953
Balance at end of period	29,330,825	44,166,103

Exploration and evaluation assets are capitalised on the basis that the Company continues to hold a current contract ("the Contract") for all areas of interests to which the capitalised costs relate. The Contract was granted under a subsoil use agreement with the Kazakhstan Ministry of Energy and Mineral Resources ("MOE") which included a 10 year exploration license (6 years plus two options to extend by an additional 2 years) as well the option to apply for a 25 year production license. The exploration license expires on 29 December 2016, being the conclusion of its secondary 2 year extension option that was available to the Company and the Company is currently in the process of applying for a further extension to the exploration

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

period. Precedents for subsequent renewals after the 10 year expiry date are limited but known examples have been successful and the Company is confident that it has a strong case to justify such an extension being approved by the MOE.

6. OIL AND GAS PROPERTIES

	Consolidated Entity	
	31 Dec 2015 $A	**30 June 2015 $A**
Movements during the period		
Balance at beginning of period - 1 July	26,227,918	21,749,075
Net exchange differences	(9,087,978)	4,478,843
Balance at end of period	**17,139,940**	**26,227,918**
Depletion and impairment at beginning of period	(1,828,889)	(1,465,282)
Charge for the period / year	-	(363,607)
Depletion and impairment at end of period	(1,828,889)	**(1,828,889)**
Net book value at end of period	**15,311,051**	**24,399,029**

Oil and gas property assets relates to capitalised costs in respect to wells J-50, J-51, J-52 and J-53 that were previously granted trial production licenses by the Kazakhstan Ministry of Energy and Mineral Resources ("MOE") under the subsoil use Contract referred to in Note 5. The Contract included a 10 year exploration license (6 years plus two options to extend by an additional 2 years) as well the option to apply for a 25 year production license. Under the Contract both the exploration and current trial productions licenses expire on 29 December 2016, being the conclusion of the secondary 2 year extension option that was available to the Company. The Company is currently in the process of applying for a further extension to the exploration period. Precedents for subsequent renewals after the 10 year expiry date are limited but know examples have been successful and the Company is confident that it has a strong case to justify an extension being approved by the MOE. Furthermore, the trial production license relating to J-50 well has not been extended by the MOE as it was being held by the Kazakh Committee of Geology pending resolution of the allocation of reserves associated with the Akkar North (East Block) accumulation which is associated with this specific well. The Kazakh Committee of Geology demands that the Company reach agreement with its neighbour MangistauMunaiGas (MMG) over the division of reserves association with both companies' share of the Akkar North accumulation. The Company is continuing to capitalise the costs associated with this well on the basis that a satisfactory conclusion to the matter will be reached, the exploration license extension application currently underway will be granted and well J-50 will return to Trial Production at some time in the future.

7. TRADE AND OTHER PAYABLES

Trade creditors	2,089,325	1,253,357
Accrued expenses	45,422	27,392
	2,143,747	1,280,749

Included in trade payables is amount of $1,372,006 for potential 2015 Work Program underperformance fine. The Company has not received any notification from the relevant authorities of such a fine but, under its existing Contract, the liability for underperformance of the 2015 Work Program fine is calculated as being this amount. The potential fine has been included in administration expenses during the period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. OTHER FINANCIAL LIABILITIES

	Consolidated Entity	
	31 Dec 2015 $A	30 June 2015 $A
Current		
Unsecured loans	11,980,936	-
Convertible note	26,424,053	-
	38,404,989	-
Derivative liability	1,612	1,612
Non-Current		
Unsecured loans	-	9,744,164
Convertible note	-	23,628,253
	-	33,372,417

Promissory Notes

On 3 October 2014, Jupiter entered into an unsecured loan agreement with Waterford Petroleum Ltd. The Loan was for $US5 million via a Promissory Note. The Loan was repayable on 30 June 2015 or at such time that the Company raised additional funding of a minimum of $20 million via debt, equity or other funding. Interest shall accrue on the Principal Sum at 12% p.a. (twelve per cent per annum) and shall be added to the Outstanding Amount.

On 30 April 2015 the Company signed a Framework Agreement with a substantial shareholder, Waterford Petroleum Limited (Waterford), which will provide the Company with up to $US5m in additional working capital via the issuance of promissory notes. The Company continues to seek a longer term funding package that will enable the commencement of the 2015/16 drilling program. Under Australian Accounting Standards, Waterford is seen to have “significant influence” as a result of their shareholding of 29.5%

The Framework Agreement has certain terms and conditions, the key ones being:

- The issuance of new promissory notes repayable on 1 July 2016.
- The October 2014 $US5.0m Promissory Note (October 2014 Note) held by Waterford was rolled into a Series B Promissory Note along with the accrued interest outstanding on the October 2014 Note as at 30 April 2015 of $US0.347m
- The issuance of further Series B Promissory Notes will provide up to $US5.0m for working capital purposes which can be drawn down as required following agreement on the use of funds by Waterford.
- The Series B Promissory Note has a coupon rate of 15% per annum, and the interest will accrue and be payable at the time that the Series B Promissory Note is repaid.
- Waterford may elect to offset the value of the Series B Promissory Note and any accrued interest against participation in any future capital raising carried out by the Company prior to 30 June 2016.
- Waterford may elect to roll the value of the Series B Promissory Note and any accrued interest into any other debt funding facility that the Company may establish prior to 1 July 2016.

As at 31 December 2015, US$8.7m has been drawn from the US$10.0m facility.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

US$15.5m Convertible Notes (Series B):

The key terms of the Convertible Notes are as follows:

- Term: 3 years, due for repayment on 20 September 2016
- Conversion Price: $US1.25 per share or the price that the next equity raising is completed at (whichever is the lower)
- Coupon Rate: 12% per annum, payable quarterly in arrears
- The issue of the Convertible Notes was carried out under Jupiter's 15% capacity in accordance with ASX Listing Rule 7.1

Valuation Techniques of Convertible Notes

The 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 a foreign currency which is different to the company's functional currency. The convertible call option is classified as a derivative liability and measured at fair value through profit or loss in the statement of comprehensive income.

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 2015 $	30 June 2015 $
15% increase in volatility	242	313,077
15% decrease in volatility	(242)	(231,405)

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)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 2015, the Group held the following classes of financial instruments measured at fair value:

	Level 3 $	31 December 2015 $	Level 3 $	30 June 2015 $
Derivative financial liabilities				
Embedded derivative	1,612	1,612	1,612	1,612

There were no transfers between Level 1, Level 2 or Level 3 fair value measurements during the half year ended 31 December 2015.

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

	31 Dec 2015 $	30 June 2015 $
Opening balance	(1,612)	(229,400)
Fair Value at inception	-	-
Net unrealised gain recognised in income statement during the period	-	227,788
Closing balance	(1,612)	(1,612)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. CONTRIBUTED EQUITY

	31 Dec 2015 $A	30 June 2015 $A
Issued Capital		
Ordinary shares (a)	85,339,737	85,339,737
Options (b)	294,198	294,198
	85,633,935	85,633,935

(a) Movements in ordinary share capital

	No.	$A
Balance 30 June 2014	153,377,693	85,339,737
Movement during the period	-	-
Balance 31 December 2014	153,377,693	85,339,737
Balance 30 June 2015	153,377,693	85,339,737
Movement during the period	-	-
Balance 31 December 2015	153,377,693	85,339,737

(b) Movements in options

	No.	$A
Balance 30 June 2014	-	294,198
Movement during the period	-	-
Balance 31 December 2014	-	294,198
Balance 30 June 2015	-	294,198
Movement during the period	-	-
Balance 31 December 2015	-	294,198

10. SHARE BASED PAYMENTS

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

11. CONTINGENT LIABILITIES

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

12. EVENTS SUBSEQUENT TO REPORTING DATE

On 28 January 2016, the Company received a further $US200,000 from Waterford under the existing funding facility and these funds will be put towards meeting working capital commitments.

On 22 February 2016, the Company received a further $US130,000 from Waterford under the existing funding facility and these funds have also been put towards meeting working capital commitments.

The Board believes the remaining funding available from the Waterford Promissory Notes will be sufficient to provide the Company with working capital for the 1st half of 2016 based on the current Care & Maintenance budget.

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