



HALF YEAR FINANCIAL REPORT

31 DECEMBER 2020

ABN 65 084 918 481

Jupiter Energy Limited
Corporate directory
31 December 2020

Directors	Geoffrey Gander (Executive Chairman/Chief Executive Officer) Baltabek Kuandykov (Non-Executive Director) Alexey Kruzhkov (Non-Executive Director) Alexander Kuzev (Non-Executive Director) Mark Ewing (Non-Executive Director)
Company secretary	James Barrie
Registered office	Suite 2 Level 13 350 Collins Street Melbourne VIC 3000
Principal place of business	Suite 2 Level 13 350 Collins Street Melbourne VIC 3000
Share register	Computershare Investor Services Pty Ltd Level 2, 45 St George's Terrace Perth WA 6000
Auditor	Ernst & Young 11 Mounts Bay Road Perth WA 6000
Solicitors	Steinepreis Paganin Level 4, 16 Milligan Street Perth WA 6000
Bankers	National Australia Bank Ltd UB13.03, 100 St Georges Terrace Perth WA 6000
Stock exchange listing	Jupiter Energy Limited shares are listed on the Australian Securities Exchange (ASX code: JPR)
Website	www.jupiterenergy.com

Jupiter Energy Limited
Directors' report
31 December 2020

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Jupiter Energy Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2020.

Directors

The following persons were directors of Jupiter Energy Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Geoffrey Gander (Executive Chairman/Chief Executive Officer)
Baltabek Kuandykov (Non-Executive Director)
Alexey Kruzhkov (Non-Executive Director)
Alexander Kuzev (Non-Executive Director)
Mark Ewing (Non-Executive Director - appointed 24 November 2020)
Phil Warren (Non-Executive Director - resigned 24 November 2020)

Principal activities

During the financial half-year the principal continuing activities of the consolidated entity consisted of:

- Exploration for oil and gas in Kazakhstan: and
- Appraisal, development and production of oil and gas properties in Kazakhstan.

Board and Management Changes and Change of Registered Office

During the Review Period, Grange Consulting Group Pty Ltd advised that due to personnel changes they would not be able to continue to supply Finance and Company Secretarial services to the Company from December 2020 onwards. This resulted in a number of changes in personnel during November 2020 including the resignation of Phil Warren as a Non-Executive Director, Emma Wates as Company Secretary and Melissa Brady as Finance Manager.

Mark Ewing joined the Board as a Non-Executive Director, James Barrie as Company Secretary and Greg Hammond as Chief Financial Officer and the Company's Registered Office was relocated to Melbourne from Perth.

Review of operations

The profit for the consolidated entity after providing for income tax amounted to \$5,609,029 (31 December 2019: loss of \$35,386,388).

The profit for the financial year includes an unrealised foreign exchange gain of \$9,755,982 on the consolidated entity's promissory notes.

Refer to the detailed review of operations that follows this directors' report.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

Matters subsequent to the end of the financial half-year

No matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 8.

Jupiter Energy Limited
Directors' report
31 December 2020

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Geoffrey Gander
Director

12 March 2021

Jupiter Energy Limited
Review of operations
31 December 2020

The six-month period to 31 December 2020 ("the Review Period") saw the Company continue to produce oil from wells on the Akkar North (East Block) and West Zhetybai oilfields under their respective Trial Production Licences with reduced production from the Akkar East field, under the field's new Commercial Production Licence.

Production on the Akkar North (East Block) oilfield was from well J-50, production from the West Zhetybai oilfield was from well J-58.

Oil produced from the Akkar East field was shut in from 1 July 2020 to 15 September 2020 as the Company awaiting the requisite approvals to transition to production under its Commercial Licence. These approvals were granted on 11 September 2020 and production resumed on 15 September from wells J-51, J-52 and 19. Production from these wells was constrained due to various restrictions that are detailed later below.

All oil produced by the Company was sold into the Kazakh domestic market.

Oil Production and Revenues:

There were approximately 89,200 barrels of oil (2019: 134,000 barrels) produced during the Review Period.

Revenues from oil sales in this Review Period amounted to \$A1,943,894 (\$US,1,342,453). Sales in the previous period were \$A4,835,623 (\$US3,381,970)

Production Report:

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

The J-50 well is located on the Akkar North (East Block) accumulation. During the Review Period, approximately 18,900 barrels of oil were produced from the J-50 well.

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

During the Review Period, approximately 16,600 barrels of oil (2019: 76,800) were produced from wells J-51, J-52 and well 19. There was no production from these wells in July, August and the first half of September 2020 with production recommencing on 15 September 2020, after the Company had received all the requisite approvals to commence production under the Company's Commercial Production Licence. These three wells are located on the northern section of the permit and are part of the East Akkar oilfield.

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

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

During the Review Period, approximately 53,700 barrels of oil (2019: 39,700) were produced from the J-58 well. No oil was produced from the J-59 well. These two wells are located on the southern section of the permit and are part of the West Zhetybai oilfield.

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

Status of Licences:

The Company continues to face a range of operational issues in Kazakhstan.

The Trial Production Licences (TPL) that enable wells on the Akkar North (East Block) and West Zhetybai oilfields to operate, were current during the Review Period. The Akkar North (East Block) TPL expired on 29 December 2020 and the well was shut in just before this date. During the Review Period the Company was successful in having the Final Reserve

Jupiter Energy Limited
Review of operations
31 December 2020

Report for the Akkar North (East Block) field approved by the Kazakh Committee of Geology. This report is an important milestone in making the transition from a Trial Production Licence to a Commercial Production Licence.

The Company is now in the process of getting the other requisite approvals to transition the field to its Commercial Production Licence and it is expected that this process will take several more months.

The West Zhetybai oilfield remains able to produce under its Trial Production Licence until the beginning of September 2021 when it will also be shut in and the Company will begin the process of seeking the requisite approvals to transition this field to operating under its Commercial Production Licence.

During the 2nd quarter of 2021, the Company will be submitting the Final Reserve Report for the West Zhetybai field to the relevant Kazakh authorities for approval. As with the Akkar East and Akkar North (East Block) fields, a Final Reserve Report is required to progress any transition of an oilfield to a Commercial Production Licence.

With regards the Akkar East oilfield, this oilfield was shut in until mid September 2020 whilst the Company was awaiting the requisite approvals to enable it to produce under its Commercial Licence. These approvals were all finally granted on 11 September 2020 and the field recommenced production on 15 September 2020.

Under the Kazakh Sub Surface Code, there is a provision for a field to transition from its Exploration phase (Trial Production Licence) to Commercial Production under the so called "Preparatory Period", during which time the operator may produce oil whilst not having the requisite infrastructure in place to achieve 100% gas utilisation.

The Company does not currently have such infrastructure in place and therefore the Akkar East field is only able to produce under its Commercial Production under these "Preparatory Period" restrictions. In summary, the level of gas emissions that have been approved for the Akkar East field mean that production is constrained. The J-51, 52 and 19 wells would normally produce a cumulative total of ~60 tonnes (450 barrels) per day but during the Preparatory Period, this cumulative total has been reduced to ~20 tonnes (150 barrels) per day. This reduced production level ensures that all gas produced during production can be used on the field for power, heating and the like.

Staffing in Aktau (particularly in the field) is adjusted to reflect how many wells are in operation at any one particular time.

Oil Sales:

The Company is in frequent dialogue with various local oil marketing groups and is currently selling its oil into the Kazakhstan domestic market through one trader. The trader is based in Aktau and pays for Jupiter's oil on a prepaid basis and is responsible for collection of the oil from the well head.

Drilling Report:

There was no drilling activity during the Review period.

2020 Annual General Meeting:

The 2020 Annual General Meeting was held via Zoom on Tuesday 24 November 2020 and all Resolutions were passed on a poll.

Update on Strategic Review:

The Company advised shareholders on 21 July 2020 that the Company had decided to undergo a Strategic Review to analyse all of its options regarding the future development of its acreage in the Mangistau Basin, Kazakhstan.

As part of this process, the Jupiter Board resolved to engage JSC VTB Capital as financial advisor to the Company to assist with this review. JSC VTB Capital is part of the VTB Group, a Russian financial conglomerate, made up of more than 20 credit and financial companies operating in all segments of financial markets including capital market transactions, M&A advisory, financing and the like.

Jupiter Energy Limited
Review of operations
31 December 2020

On 22 December 2020, the Company advised that the Strategic Review process was ongoing and that a number of parties have opened discussions with the Company since July and that there are a number of different options being considered in terms of how to best continue the future development of Jupiter Energy's licence area in Kazakhstan.

Engaging with some of the parties took more time than was originally anticipated and it is therefore unlikely that there will be a conclusion to the Strategic Review process before the end of the 1st Quarter of the 2021 calendar year.

The Board is confident that several options will proceed to the next stage of discussions and it is now the expectation that a preferred path, that is focused on maximising future value for both Jupiter Energy's shareholders and bondholders, will be available for consideration by the Board in the coming months.

The Company will keep shareholders updated on progress with the Strategic Review.

Funding and Capital Management:

As at 31 December 2020, the Company had 153,377,693 listed shares trading under the ASX ticker "JPR".

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

As at 31 December 2020, total Company debt outstanding (principal + accrued interest) stood at approximately \$US63,190,000 through the following funding agreements:

	US\$
2017 Funding Agreement (max \$US5m + an additional commitment of up to \$US11m)	5,620,000
2016 Funding Agreement (max \$US5m+overrun)	5,640,000
Refinanced Series B Promissory Note	16,730,000
Refinanced convertible notes	35,200,000
	63,190,000

The repayment dates for the outstanding Convertible Notes is 1 July 2022.

In terms of available short-term funding: As at 31 December 2020, the Company had drawn down \$US5,620,000 (including accrued interest) under the 2017 Funding Agreement. Based on a total of \$US16,000,000 being available under this Agreement, \$US10,380,000 is still available.

As at 31 December 2020, the 2016 Funding Agreement had been fully drawn and had an overrun of \$US640,000. This overrun will be funded by the 2017 Funding Agreement, meaning that the total additional funding amount available to the Company, as at 31 December 2020, is a net \$US9,740,000.

Operations Budget:

The Company continues to operate under an approved Operations Budget using the combined net revenues from prepaid oil sales and the remaining debt facility available (and committed) through the 2017 Funding Agreement.

The Company expects to remain funded at an operational level based on current and forecasted oil production, under differing well production scenarios well into 2022.

Future drilling work will require access to additional working capital which has now been committed by Waterford Finance & Investment Limited as well as securing deferred payment terms with a local Kazakh turnkey drilling operator and/or prepayment of additional oil sales by the local trader.

Once the appropriate funding has been secured, the further development of the Akkar North (East Block), 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.

Jupiter Energy Limited
Review of operations
31 December 2020

Based on current management forecasts, the Company has sufficient working capital, including its access to the remaining additional funding under the 2017 Funding Agreement, for the foreseeable future.

Summary:

The Company had a productive 6-month period from 1 July to 31 December 2020, notwithstanding the frustration with the delays in transitioning the Akkar East oilfield from Trial to Commercial Production.

Robust Kazakh domestic oil prices allowed for production of approximately 89,200 barrels of oil, deriving revenues of \$A1,943,894 (\$US,1,342,453).

Since acquiring an exploration permit in 2008, independent reserve reports continue to confirm that that Jupiter has now discovered three sizeable oilfields with significant reserves and resources. 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 the remainder of 2021.

Competent Persons Statement:

General

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

Kazakh State Approved Reserves

The information in this report 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 Group 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 report. RES has no financial interest in the Group.

Auditor's independence declaration to the directors of Jupiter Energy Limited

As lead auditor for the review of the half-year financial report of Jupiter Energy Limited for the half-year ended 31 December 2020, 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



Mark Cunningham
Partner
12 March 2021

Jupiter Energy Limited

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31 December 2020

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General information

The financial statements cover Jupiter Energy Limited as a consolidated entity consisting of Jupiter Energy Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Jupiter Energy Limited's functional and presentation currency.

Jupiter Energy Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 2
Level 13 350 Collins Street
Melbourne VIC 3000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 12 March 2021.

Jupiter Energy Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2020

		Consolidated	
	Note	31 Dec 2020	31 Dec 2019
		\$	\$
Revenue			
Sales	3	1,943,894	4,835,623
Less cost of goods sold		<u>(1,138,091)</u>	<u>(1,853,202)</u>
		805,803	2,982,421
Other income	4	9,983,142	62,819
Interest revenue calculated using the effective interest method		11,295	11,284
Expenses			
General and administrative costs		(1,182,100)	(1,781,642)
Impairment of assets		-	(32,592,342)
Finance costs		<u>(4,009,111)</u>	<u>(4,068,928)</u>
Profit/(loss) before income tax expense		5,609,029	(35,386,388)
Income tax expense		<u>-</u>	<u>-</u>
Profit/(loss) after income tax expense for the half-year attributable to the owners of Jupiter Energy Limited		5,609,029	(35,386,388)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		<u>(2,693,184)</u>	<u>(134,117)</u>
Other comprehensive income for the half-year, net of tax		<u>(2,693,184)</u>	<u>(134,117)</u>
Total comprehensive income for the half-year attributable to the owners of Jupiter Energy Limited		<u><u>2,915,845</u></u>	<u><u>(35,520,505)</u></u>
		Cents	Cents
Basic earnings per share		3.66	(23.07)
Diluted earnings per share		3.66	(23.07)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Jupiter Energy Limited
Statement of financial position
As at 31 December 2020

Assets

Current assets

	31 Dec 2020	30 Jun 2020
	\$	\$
Cash and cash equivalents	299,488	138,980
Trade and other receivables	115,176	65,579
Inventories	24,608	25,080
Other	22,678	101,365
Total current assets	461,950	331,004

Non-current assets

Other financial assets	560,579	489,460
Property, plant and equipment	649,944	903,552
Right-of-use assets	-	72,452
Exploration and evaluation	872,548	485,567
Oil and gas properties	16,839,697	19,549,250
Total non-current assets	18,922,768	21,500,281

Total assets

19,384,718 21,831,285

Liabilities

Current liabilities

Trade and other payables	1,850,212	1,723,257
Contract liabilities	-	538,223
Lease liabilities	-	83,071
Other financial liabilities	-	22,030,391
Total current liabilities	1,850,212	24,374,942

Non-current liabilities

Provisions	321,730	358,816
Other financial liabilities	82,043,720	64,844,316
Total non-current liabilities	82,365,450	65,203,132

Total liabilities

84,215,662 89,578,074

Net liabilities

(64,830,944) (67,746,789)

Equity

Issued capital	85,633,935	85,633,935
Reserves	(25,310,351)	(22,617,167)
Accumulated losses	(125,154,528)	(130,763,557)

Total deficiency in equity

(64,830,944) (67,746,789)

The above statement of financial position should be read in conjunction with the accompanying notes

Jupiter Energy Limited
Statement of changes in equity
For the half-year ended 31 December 2020

Consolidated	Issued capital	Share based payment reserve	Foreign currency translation reserve	Accumulated losses	Total deficiency in equity
	\$	\$	\$	\$	\$
Balance at 1 July 2019	85,633,935	5,764,014	(27,700,327)	(88,411,409)	(24,713,787)
Loss after income tax expense for the half-year	-	-	-	(35,386,388)	(35,386,388)
Other comprehensive income for the half-year, net of tax	-	-	(134,117)	-	(134,117)
Total comprehensive income for the half-year	-	-	(134,117)	(35,386,388)	(35,520,505)
Balance at 31 December 2019	<u>85,633,935</u>	<u>5,764,014</u>	<u>(27,834,444)</u>	<u>(123,797,797)</u>	<u>(60,234,292)</u>
Consolidated	Issued capital	Share based payment reserve	Foreign currency translation reserve	Accumulated losses profits	Total deficiency in equity
	\$	\$	\$	\$	\$
Balance at 1 July 2020	85,633,935	5,764,014	(28,381,181)	(130,763,557)	(67,746,789)
Profit after income tax expense for the half-year	-	-	-	5,609,029	5,609,029
Other comprehensive income for the half-year, net of tax	-	-	(2,693,184)	-	(2,693,184)
Total comprehensive income for the half-year	-	-	(2,693,184)	5,609,029	2,915,845
Balance at 31 December 2020	<u>85,633,935</u>	<u>5,764,014</u>	<u>(31,074,365)</u>	<u>(125,154,528)</u>	<u>(64,830,944)</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Jupiter Energy Limited
Statement of cash flows
For the half-year ended 31 December 2020

	Consolidated	
	31 Dec 2020	31 Dec 2019
	\$	\$
Cash flows from operating activities		
Receipts from customers	1,570,757	5,040,187
Payments to suppliers and employees	(1,675,583)	(3,475,193)
Interest received	(104,826)	1,564,994
	11,295	11,284
Net cash from/(used in) operating activities	(93,531)	1,576,278
Cash flows from investing activities		
Payments for property, plant and equipment	-	(101,809)
Payments for exploration and evaluation	(485,838)	(2,844,638)
Payments for oil and gas properties	(88,641)	-
Net cash used in investing activities	(574,479)	(2,946,447)
Cash flows from financing activities		
Proceeds from borrowings	915,884	1,615,018
Repayment of lease liabilities	(83,071)	(92,773)
Net cash from financing activities	832,813	1,522,245
Net increase in cash and cash equivalents	164,803	152,076
Cash and cash equivalents at the beginning of the financial half-year	138,980	534,690
Effects of exchange rate changes on cash and cash equivalents	(4,295)	(229)
Cash and cash equivalents at the end of the financial half-year	<u>299,488</u>	<u>686,537</u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated. The consolidated entity's financial assets and liabilities are carried at amortised cost, with the carrying value approximating the fair value.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of the new and amended standards and interpretations, did not result in any significant changes to the consolidated entity's accounting policies.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

The consolidated financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The consolidated entity had net cash outflows from operating activities of \$93,531 during the half year ended 31 December 2020 and at 31 December 2020 has a net current liability position of \$1,388,262. Included in the net current liability position balance, are accrued director fees of \$735,042 for which settlement has been deferred.

During the half year the consolidated entity extended the repayment terms of existing promissory and convertible note facilities to July 2022 and secured an additional US\$6,000,000 (AU\$7,790,184) from existing promissory and convertible note holders. At 31 December 2020 the consolidated entity has total undrawn facilities of US\$9,740,000 (AU\$12,646,065) and subsequent to 31 December 2020 have drawn down an additional US\$145,000 (AU\$186,905) from these available facilities.

For the consolidated entity to continue to carry out intended activities and to have sufficient working capital the consolidated entity requires:

- ongoing financial support from its promissory and convertible notes holders, including being able to drawn-down on the available facilities;
- obtain the necessary approvals to transition the Akkar North and West Zhetybai oilfields from exploration to commercial production; and
- obtain approval to continue to flare gas in the transition period from exploration to production and search for a viable option to utilise 100% of gas subsequent to the transition period.

The Directors are confident that the promissory and convertible note holders will continue to provide ongoing financial support and after consultation with the Kazakhstan ministry of oil and gas, obtain approvals to transition the Akkar North and West Zhetybai oilfields from exploration to commercial production.

Should the consolidated entity not achieve all the matters set out above, there is significant uncertainty as to whether the consolidated entity 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 consolidated entity not be able to continue as a going concern.

Note 2. Operating segments

Identification of reportable operating segments

The consolidated entity has identified its operating segments based on the internal reports that are used by the chief operating decision makers in assessing performance and determining the allocation of resources.

The consolidated entity has identified that it has one operating segment being related to the activities in Kazakhstan, on the basis that the operations in Australia relate to running the Corporate Head Office only.

All significant Oil and Gas and Exploration and evaluation expenditure are domiciled in Kazakhstan. All oil sales are with one customer in Kazakhstan.

Note 3. Revenue

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	31 Dec 2020	31 Dec 2019
	\$	\$
<i>Major product lines</i>		
Sale of oil	<u>1,943,894</u>	<u>4,853,623</u>

Revenue pertains solely to the sale of oil in Kazakhstan. Revenue from the sale of oil is recognised at a point in time when the control of the product is transferred to the customer, which occurs at the well head.

Note 4. Other income

	Consolidated	
	31 Dec 2020	31 Dec 2019
	\$	\$
Net foreign exchange gain	9,768,459	62,819
Other	<u>214,683</u>	<u>-</u>
Other income	<u>9,983,142</u>	<u>62,819</u>

Net foreign exchange gains includes \$9,755,982 in relation to promissory notes. Refer to note 7.

Note 5. Non-current assets - oil and gas properties

	Consolidated	
	31 Dec 2020	30 Jun 2020
	\$	\$
Oil and gas properties - at cost	18,637,921	22,152,915
Less: Accumulated amortisation	<u>(1,798,224)</u>	<u>(2,603,665)</u>
	<u>16,839,697</u>	<u>19,549,250</u>

Jupiter Energy Limited
Notes to the financial statements
31 December 2020

Note 5. Non-current assets - oil and gas properties (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Oil and gas properties \$
Consolidated	
Balance at 1 July 2020	19,549,250
Additions	88,641
Exchange differences	(2,626,863)
Amortisation expense	(171,331)
	<u>16,839,697</u>
Balance at 31 December 2020	

Note 6. Current liabilities - other financial liabilities

	Consolidated
	31 Dec 2020 30 Jun 2020
	\$ \$
Promissory notes	<u>- 22,030,391</u>

In September 2020, all promissory notes had their repayment dates extended to 1 July 2022, as a result at 31 December 2020 are classified as non-current. Refer to note 7.

Note 7. Non-current liabilities - other financial liabilities

	Consolidated
	31 Dec 2020 30 Jun 2020
	\$ \$
Promissory notes	<u>82,043,720 64,844,316</u>

In September 2020, all promissory notes had their repayment dates extended to 1 July 2022, with all outstanding promissory note balances classified as non-current at 31 December 2020. All other terms remain unchanged since 30 June 2020.

Reconciliation of the carrying values at the beginning and end of the current and previous financial half-year are set out below:

Opening balance	64,844,316
Transfer from current liability (note 6)	22,030,391
Interest accrued	4,009,111
Foreign exchange differences	(9,755,982)
New borrowings	<u>915,884</u>
	<u>82,043,720</u>

Note 8. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 9. Commitments

The consolidated entity has entered into a subsoil utilisation rights for petroleum exploration and extraction in Areas 1 and 2 in Mangistau Oblast in accordance with Contract No. 2275 dated 29 December 2006 with the Ministry of Energy and Mineral Resources of the Republic of Kazakhstan.

Consolidated	
31 Dec 2020	30 Jun 2020
\$	\$

Exploration work program commitments

Committed at the reporting date but not recognised as liabilities, payable:

Within one year	<u>3,151,417</u>	<u>3,965,380</u>
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The amount included within the work program commitments relate to the commitment to drill one well, for which the consolidated entity has written to the Ministry of Energy and Mineral Resources of the Republic of Kazakhstan requesting an extension. This extension has been granted by Author's Supervision report, drilling of the well has been transferred to 2021.

Note 10. Events after the reporting period

No matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Jupiter Energy Limited
Directors' declaration
31 December 2020

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the financial half-year ended on that date; and
- subject to the matters described in note 1 above, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Geoffrey Gander
Director

12 March 2021

Independent auditor's review report to the members of Jupiter Energy Limited

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Jupiter Energy Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated 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.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial 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 – material uncertainty related to going concern

We draw attention to Note 1 Going concern basis in the financial report. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

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 control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

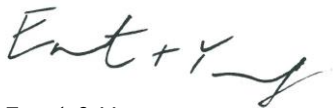
Auditor's responsibility

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, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2020 and its consolidated financial 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 the Group, 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*.



Ernst & Young



Mark Cunningham
Partner
Perth
12 March 2021