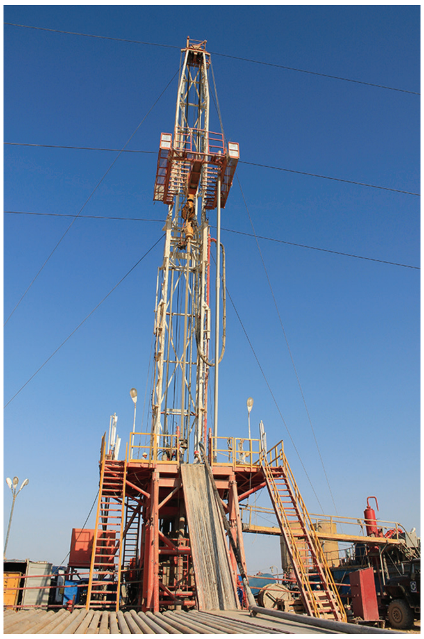
JUPITER
ENERGY LIMITED



ANNUAL REPORT 2012

ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2012

CORPORATE INFORMATION

Jupiter Energy Limited
ABN 65 084 918 481

Directors
Geoffrey Gander (Executive Chairman/Chief Executive Officer)
Alastair Beardsall (Non-Executive Director)
Baltabek Kuandykov (Non-Executive Director)
Scott Mison (Executive Director)

Company Secretary
Scott Mison

Registered Office & Principal Place of Business
Level 2, 28 Kings Park Road
West Perth WA 6005
PO Box 1282
Western Australia 6872

Telephone	+61 8 9322 8222
Facsimile	+61 8 9322 8244
Email	info@jupiterenergy.com
Website	www.jupiterenergy.com

Solicitors
Steinepreis Paganin
Level 4,
16 Milligan Street
Perth WA 6000

Auditors
Ernst & Young
11 Mount Bay Road
Perth WA 6000

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 WA 6000

Telephone	1300 557 010 (within Australia)
	+61 8 9323 2000
Facsimile	+61 8 9323 2033
Website	www.computershare.com

Stock Exchange Listing

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.

Contents of Financial Report

CHAIRMAN'S LETTER

Dear Shareholder,

I am pleased to present the 2012 Annual Report for Jupiter Energy Limited (JPR).

The past 12 months have seen JPR continue to progress with its transformation from an explorer to an oil producer. The key operational events for the year were the drilling, completion and production testing of JPR's third and fourth wells (J-51 and J-53) on its Block 31 permit as well as gaining Trial Production Licences for the J-50 and J-52 wells. Details on all these wells that now delineate the Akkar East oilfield discovery are contained in the Operations Review.

The prospectivity of our 100% owned Block 31 continues to improve and the drilling of two exploration wells during the 2nd half of the 2012 calendar year should continue to provide a good indication of the potential of the 59 km^2 southern extension area that was granted to the Company in 2011.

The Company listed on London's Alternative Investment Market (AIM) in November 2011 and the dual listing has given the Company increased exposure into the UK and European investment community where there is a developed understanding of the opportunities and investment upside available in Kazakhstan.

Our two major shareholders, the Waterford Group and Soyuzneftegas Capital Limited (SNG) continue to show great support for the Company and the 1 for 4 Rights Issue announced in late June 2012 was jointly underwritten by them.

The Rights Issue was completed subsequent to the financial period end in August 2012 and raised $A11.25m (after deducting costs). Following completion of the Rights Issue Waterford Group now hold 29.5% of the issued capital of the Company and SNG, after also converting their $US3.45m Convertible Notes in August 2012, hold 19.8%. The number of shares on issue as of the date of this report now totals 153,377,693.

I believe that the Company has a very exciting 12 months ahead of it and continued drilling success will lay the foundation for Jupiter Energy Limited to grow into a significant oil producer in what is one of the most prospective oil producing countries in the world today.

I thank shareholders for their continued support and look forward to meeting as many of you as possible in person at the Annual General Meeting scheduled to be held in Perth, Western Australia on 09 November 2012.

Sincerely

Geoff Gander
Chairman/CEO

Some Background on Kazakhstan

Despite being the ninth largest country in the world by area, Kazakhstan remains, for many people, an unknown quantity. Its territory is over 2.7 million km^2 which equates to an area equivalent to that of Western Australia or approximately one third the total land mass of Europe. The population of the country is estimated at around 16 million people who are predominantly ethnic Kazakhs. Interestingly, however, there are around 130 nationalities representing 46 religious denominations also living in Kazakhstan.

The modern capital of Kazakhstan, Astana, is one of the youngest and quickest growing capitals of the world. The city was established in 1997 and the President of Kazakhstan, Nursultan Nazarbaev, has set an ambitious goal for Astana to become one of the world's top-30 most beautiful, competitive and business-favourable cities by 2030.

Kazakhstan is strategically located in Central Asia between Russia and China, and its status as one of the most politically stable and economically developed states in the Central Asian region means that it is well situated to develop its rich natural resources as well as to sell these resources into the growing Chinese market.

Kazakhstan has one of the most successfully developing economies in the world. It has enjoyed a steady growth in its Gross Domestic Product for the last five years, increasing 7% year on year in 2011 (www.cia.gov). This is principally due to the systematic reforms (including privatisation of state assets and liberalisation of trade and prices), foreign investment, and the increases in both agricultural production and commodities prices over the past few years.

Since 1993, Kazakhstan has attracted more than $US118 billion of foreign direct investment into its economy with significant investors including Shell, Exxon Mobil, Chevron and BG Group as well as a range of large Russian and Chinese corporations. By way of example, China currently owns assets that produce 20% of Kazakhstan's oil production. Kazakhstan produced 80.4 million tonnes of crude exports to China in 2011, which is predicted to increase to 132.1 million tonnes by 2020 (www.reuters.com).

Kazakhstan has the 6th largest reserves of natural resources in the world; oil and gas reserves produced 1.608 million barrels per day (boe/d) in 2011 (www.cia.gov). Continued development of its giant Tengiz, Karachaganak, and Kashagan fields is expected to at least double its current production by 2019 (www.eia.gov). Kazakhstan's Caspian Basin holds an additional 184 billion barrels of recoverable oil. This level of proven reserves would nearly equal the amount now held by Saudi Arabia and could come to about 15% of total world reserves (CRS Congress report).

The oil and gas sector of the country accounts for 58 percent of all foreign investments and the industry provides more than 30 percent of all tax proceeds and over 40 percent of the available funds of the country. According to the estimates of international experts, the resource potential of Kazakhstan equates to $US9 trillion with $US500 billion of investment still required to unlock this potential.

Industry analysts believe that planned expansion of oil production, together with the development of new fields, will enable the country to produce as much as 10 million barrels per annum by 2015 making the country one of the world's top 10 oil producers (www.government.kz).

More information about Kazakhstan is available from the website www.government.kz, the official website of the Government of Kazakhstan.

DIRECTORS' REPORT

Your Directors submit their report for the year ended 30 June 2012.

DIRECTORS

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Names, qualifications experience and special responsibilities

Geoffrey Anthony Gander (49)

B.COM
Executive Chairman/CEO
Appointed 27 January 2005

Mr Gander graduated from the University of Western Australia in 1984 where he completed a Bachelor of Commerce Degree.

Mr Gander is responsible for Group Corporate Development, Group Investor Relations and the overall Operational Leadership of the Company.

Other Current Directorships of Listed Companies

None

Former Directorships of Listed Companies in last three years

Equatorial Resources Ltd, Vector Resources Limited and Queensland Bauxite Limited (all ASX).

Alastair Beardsall (58)

Non-Executive Director
Appointed 5 October 2010

Mr Beardsall has been involved in the oil industry for more than 30 years. In 1980 he started work with Schlumberger, the oil-field services company. From 1992 he began working for a series of independent oil companies, with increasing responsibility for specific exploration, development and production ventures. Between September 2003 and October 2009, he was Executive Chairman of Emerald Energy plc; Emerald grew, from a market capitalisation of less than £8 million, until in October 2009 Emerald was acquired by Sinochem Resources UK Limited, in a transaction that valued Emerald at £532 million.

Other Current Directorships of Listed Companies
Sterling Energy Plc – (AIM)

Former Directorships of Listed Companies in last three years
Emerald Energy Plc – (LSE)

Baltabek Kuandykov (64)

Non-Executive Director
Appointed 5 October 2010

Mr Kuandykov has considerable experience in the oil and gas industry in the region, having served as President of Kazakhoil (predecessor of the Kazakh State oil company KazMunaiGas) and is a well respected consultant to Chevron Overseas Petroleum on CIS projects. He also worked in a senior capacity for Kazneftegazrazvedka and was president of Kazakhstancaspishelf. Mr Kuandykov also has extensive government experience in Kazakhstan, having served as Deputy Minister of Geology, Head of the Oil and Gas Directorate at the Ministry of Geology, and was Deputy Minister of Energy and Fuel Resources

Other Current Directorships of Listed Companies
Chagala Group Limited (LSE)

Former Directorships of Listed Companies in last three years
Nelson Resources Limited (TSX)
Kazakhoil (predecessor of KazMunaiGas)
Kazakhstancaspishelf

Scott Adrian Mison (36)
B.Bus, CA, ACSA

Executive Director
Company Secretary

Appointed 31 January 2011

Mr Mison holds a Bachelor of Business degree majoring in Accounting and Business Law, is a Member of the Institute of Chartered Accountants in Australia and Chartered Secretaries Australia.

Mr Mison is also Company Secretary of IDM International Limited.

Other Current Directorships of Listed Companies

None.

Former Directorships of Listed Companies in last three years

Equatorial Resources Limited (ASX)

Interests in the shares and options of the company and related bodies corporate

At the date of this report, the interest of the Directors in the shares and options of Jupiter Energy Limited were:

Director	**Number of ordinary shares**	**Performance Rights**	**Number of unlisted options**
G Gander	3,147,224	666,667	-
A Beardsall	1,250,000	666,667	-
B Kuandykov	-	666,667	-
S Mison	391,234	133,334	66,667

Corporate Structure

Jupiter Energy Limited is a company limited by shares that is incorporated and domiciled in Australia. Jupiter Energy Limited has prepared a consolidated financial report incorporating the entities that it controlled during the financial year, which are outlined in note 28 of the financial statements.

Principal Activities

The principal activities of the consolidated entity during the course of the financial year included:

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

Employees

The consolidated entity employed 39 employees as at 30 June 2012 (2011: 29 employees).

DIVIDENDS

No dividends in respect of the current or previous financial year have been paid, declared or recommended for payment.

FINANCIAL REVIEW

Operating Results
The consolidated loss for the year after income tax was $4,295,102 (2011: $4,889,671).

Review of Financial Condition
At the end of the 2012 financial year, cash resources were $395,445 (2011: $13,968,248). Assets increased to $44,297,607 (2011: $41,747,462) and equity decreased to $38,468,617 (2011: $40,920,376).

CAPITAL RAISING / CAPITAL STRUCTURE

During the year the following capital raisings occurred:

- A 1 for 4 non renounceable Rights Issue was announced in June 2012. This offer was priced at $0.40 per share and raised approximately $11,613,016 (before costs). The issue was fully underwritten by Waterford Petroleum Limited and Soyuzneftegas Capital Limited.
- In August Soyuzneftegas Capital Limited converted its $US3.45m Convertible Notes in exchange for 8,215,000 shares.

Post the issue of shares from the June 2012 Rights Issue, the Company had 145,162,693 listed shares on issue. Post the August 2012 conversion of the Convertible Notes, and as at the date of this report, shares on issue numbered 153,377,693.

Summary of share and share options on issue

At the date of this report, the unissued ordinary shares of Jupiter Energy Limited under Option and Performance Rights are as follows:

Date of Expiry	Exercise Price $	Number under Option
31 Dec 2012	2.775	200,001
31 Dec 2012	1.50	400,000
31 Dec 2012	2.25	266,668
		866,669

Date of Vesting	Vesting Conditions	Number under Performance Rights
31 December 2013	Share Price Performance from a base level of $0.735	2,133,335

Summary of Conditions relating to the vesting of the Performance Rights:

Subject to a minimum increase of 25%, the Performance Rights for each holder shall vest in proportion to the % increase in the Share price of the Company above $0.735 (Vesting Condition), i.e. Performance Rights will start vesting at $0.919. 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 % 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.

OPERATING REVIEW

This section provides details on the operations of the past 12 months. The key operational events for the year were the drilling, completion and production testing of JPR's third and fourth operated wells (J-51 and J-53) on Block 31 as well as bringing the J-50 and J-52 wells onto Trial Production. Details on all these wells are also outlined below as are details on other work carried out over the course of the year.

Well Operations

J-50 and J-52 Trial Production

The Company announced on 24 April 2012 that Trial Production had commenced on the J-50 and J-52 wells. The Trial Production Licences are issued for maximum three year duration to allow the Company to concurrently produce oil from the J-50 and J-52 wells while completing the planning and implementation of the necessary surface infrastructure required to develop the discoveries for long term production.

J-51 Drilling and Production Testing

The J-51 well was the Company's 2011 Commitment Well and the 3rd well drilled since 2009. The surface location for J-51 was 2 km southwest from J-50 and 1.7 km northwest from J-52 and this location was selected to evaluate the prospectivity of the primary Triassic and secondary Jurassic targets within the structure now known as Akkar East.

On 1 August 2011 the Company announced the spudding of the J-51 exploration well and on 22 September 2011 confirmed that target depth had been reached and open hole logging completed. Analysis of these open hole logs, carried out by independent consulting firm Reservoir Evaluation Services LLC (RES), confirmed that the thickness of the mid Triassic primary objective was 123m of gross and 83m of net oil pay. The net/gross analysis was based on cut-offs of 3.8% for porosity and 50% for oil saturation. These results were consistent with the Company's well prognosis.

After completion, the J-51 well produced on a 9mm choke at a stabilised rate of over 600 bopd from the Mid Triassic (B) horizon. In June 2012 an application to carry out a completion and testing of the Mid Triassic (A) horizon was approved by the Kazakh authorities. The production testing period ended on 12 September 2012 and ~25,700 barrels of oil was produced from the well during this time.

An application is being prepared for submission to the relevant regulatory authorities for the well to be granted a Trial Production Licence. This application will be lodged at the same time as the Trial Production application for the J-53 exploration well and it is expected that J-51 will be on Trial Production before the end of calendar 2012.

J-53 Drilling and Production Testing

The J-53 well was the Company's fourth exploration well and the first of its two 2012 commitment wells on Block 31. The well is located 2.8 km southeast of the J-52 well and increases the known areal extent of the Akkar East field.

The J-53 well took a total of 58 days to drill and reached a total depth of 3,113 m on 21 January 2012. Open hole logs were run and production casing and cement completed. Operational progress and geological results were consistent with the Company's expectations.

Analysis by independent consulting firm RES confirmed approximately 87m of gross and 56m of net pay at the Middle Triassic carbonate reservoir unit, the primary reservoir objective in the well.

During the well's 3 month testing period, J-53 was fracture stimulated and exhibited a flow regime with only periods of intermittent production, recovering oil and water. Analysis of the chemical composition of the recovered water and pressure transient data indicated that during the frac and acid stimulation work carried out on the well during its completion, the zone from 2,996m - 2,999m propagated a fracture down to penetrate the oil water contact.

The resultant water influx from this 3m zone has impacted the overall performance of the well and the composition and quantity of the liquids produced. Selective water shutoff using a permeability modifier was then determined as the most effective way to isolate the water within this zone such that the flow of hydrocarbons is able to take place uninhibited and not reduce the overall productivity of the mid Triassic formation.

The workover of J-53 will be carried out during the 4th quarter 2012 and an extension to the initial 3 month production testing period will be required as part of the workover process. Assuming success with the workover, an application to bring the J-53 well onto Trial Production will be lodged at the same time as the Trial Production application for the J-51 exploration well. It is expected that J-53 will be on Trial Production before the end of calendar 2012.

Reserve Upgrade

As part of the Trial Production application process for the J-51 and J-53 wells, an estimation of reserves associated with the two wells was prepared under the accepted Kazakh standards and submitted to the Kazakh authorities for approval. In June 2012, the Company announced that the State Reserves Committee had approved reserves for the areas associated with the J-50, 51, 52 and 53 wells.

The State Reserves Committee approved C1+C2 reserves equivalent to ~37 million barrels (mmbbl) of oil recoverable under the Russian GOST classification system; while similar, the Board cautioned against extrapolation of this figure directly into the 1P (proved) or 2P (proved plus probable) classification of the Petroleum Resource Management System ("PRMS") used by international oil and gas companies.

The most recent estimation of reserves under PRMS is 24 mmbbl 2P recoverable reserves, the details are in the May 2011 Competent Persons Report prepared by Synergy Limited. This report was based on reserves only within the Triassic horizon after the drilling of J-50 and J-52.

The Company expects to appoint an independent reserves engineer to undertake a comprehensive reserves study using the standards set out within the PRMS document in early 2013, following the drilling of the next two exploration wells to be drilled on the new southern extension scheduled for 2nd half of calendar 2012 (J-55 and J-58). The 2013 reserves study will be based on the results from the J-50, J-51, J-52, J-53, J-55 and J-58 wells.

Forward Plan for Drilling Activity

Following the 2011 southern extension of Block 31, the permit size increased from ~63km^2 to ~123km^2 and this new acreage has provided the Company with a range of potential new exploration leads. The Company acquired 3D seismic over this new acreage before the end of 2011 and the new data was processed and interpreted and several new prospects were identified.

The 1st well to be drilled on this new area (J-55) will be the final commitment well under the current 6 year exploration licence and this well spudded in early August 2012. A 2nd exploration well is planned with the spud date expected during 4th quarter 2012.

Both these wells are fully funded after the closing of the August 2012 Rights Issue.

Prolongation of Exploration Licence

In March 2012 the Company applied for a 2 year extension to the Block 31 Exploration Licence. The Exploration Licence has an initial 6 year term (ending December 2012) with two 2 year extensions. The first of these extensions has now been approved by the Kazakh authorities, thus enabling the Company to continue exploring on Block 31 until at least December 2014. It is expected that the second 2 year extension will be applied for during 2014.

The Block 31 contract also has the right to a 27 year Production Licence and it is the Company's intention to continue exploring on the southern section of Block 31 whilst also applying, during 2013, for a Production Licence for the already discovered Akkar East field in the northern section of Block 31. The initial 25 year Production Licence was increased by two years to 27 years as a result of the two year increase to the Exploration Licence.

Prospectivity

The Company believes the prospectivity of Jupiter's Block 31 continues to improve and the Board are confident that further additions to the reserves are achievable. As outline in the Forward Plan for Drilling Activity section of this report, the drilling of J-55 and J-58 during the 2nd half of calendar 2012 has the potential, assuming success, for an independent upgrade of Block 31 reserves as well as increased production.

Further exploration wells are planned for 2013.

Production

The J-50 and J-52 wells are already in Trial Production and it is expected that J-51 and J-53 will be in Trial Production by the end of calendar 2012.

Oil produced during the Trial Production period is sold into the domestic market and the initial oil sales contract for J-50 and J-52 oil was concluded in April 2012 and was for 6,000 tonnes (~42,000 barrels). Oil was transported from the field to a nearby processing and storage facility and achieved a price of $US400/tonne FOB the facility. Oil was purchased on a pre-paid basis.

Total barrels sold during the 2011/12 financial year totalled 27,806 for revenues of $1,063,086.

Future oil sales contracts will be negotiated for the 2nd half of calendar 2012 and it is also the intention to negotiate these to be on a pre-paid basis.

Board and Staffing

The Board of Directors continues to be hands on with the relocation of Chairman/CEO Geoff Gander to the United Kingdom ensuring that he is regularly in Kazakhstan working with the Aktau based workforce.

An integrated operating team that has proven in country experience as well as the capacity to operate major assets is a critical component to success in Kazakhstan. The continued building of such a team has been a major priority over the course of several years and the past 12 months has been no exception.

The Board is confident that Jupiter is well prepared for continued growth over the coming years.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Except as otherwise set out in this report, the Directors are unaware of any significant changes in the state of affairs or principal activities of the consolidated entity that occurred during the period under review.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

- On 16 July 2012 the Company advised that the J-51 well had received approval to be tested at the Mid Triassic (A) horizon and after the workover was completed the co-mingled flow rate from the Mid Triassic (A) and (B) was between 600 and 650 bopd. This rate was confirmed on 30 July 2012 as having stabilized at 600 bopd on a 9mm choke. The well was shut in on 12 September 2012 after production of ~25,700 barrels of oil.

- On 25 July 2012 the Company announced the closure of its 1 for 4 Rights Issue, raising $11,613,016 (before costs). There was a shortfall of 35% meaning that the joint underwriters took up additional shares.

- On 01 August 2012, SNG elected to convert its $US3.45m Convertible Notes into equity. Under the terms of the Convertible Notes, the conversion price was the same price as the Rights Issue ($0.40). A total of 8,215,000 shares were issued to SNG in full satisfaction of all outstanding Convertible Notes.

- On 03 August 2012, change in substantial holding notices were lodged reflecting the impact of the shortfall of the Rights Issue and the conversion of the Convertible Notes. At this date, Waterford held 29.5% of the issued shares of the Company and SNG held 19.8%.

- On 06 August 2012 the Company announced that the J-55 well had spud.

- On 21 August 2012 the Company announced details of further oil sales for the August/September period based on a volumes of 2000 tonnes at a price of $US365/tonne ($US52/barrel)

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Directors will continue to pursue oil and gas exploration and production opportunities in the Republic of Kazakhstan.

Further information on likely developments in the operations of the consolidated entity has not been included in this report because at this stage the Directors believe it would be likely to result in unreasonable prejudice to the consolidated entity. As Jupiter Energy Limited is listed on the Australian Stock Exchange and London's Alternative Investment Market (AIM), it is subject to the continuous disclosure requirements of the ASX and AIM Listing Rules which require immediate disclosure to the market of information that is likely to have a material effect on the price or value of Jupiter Energy Limited's securities.

ENVIRONMENTAL REGULATION

The consolidated entity is committed to achieving the highest standards of environmental performance. Standards set by the Government of Kazakhstan are comprehensive and highly regulated. The consolidated entity strives to comply not only with all Kazakh government regulations, but also maintain industry standards.

To maintain these high standards the Company is committed to a locally developed environmental monitoring programme. This monitoring programme will continue to expand as and when new regulations are implemented and adopted in Kazakhstan.

HEALTH & SAFETY

The Company has developed a comprehensive Health and Safety policy for its operations in Kazakhstan and has the appropriate personnel in place to monitor the performance of the Company with compliance under this policy. The Company outsources many of its key drilling functions and as part of any contract entered into with 3rd parties, a commitment to Health & Safety and a demonstrated track record of success in this area is a key performance indicator in terms of deciding on which companies will be contracted.

MEETINGS OF DIRECTORS

The number of meetings of the Directors held during the year and the number of meetings attended by each Director was as follows:

	Board of Directors	
	Number attended	Number eligible to attend
Current Directors		
G A Gander	10	10
A Beardsall	10	10
B Kuandyukov	10	10
S Mison	10	10

Committee membership

Due to the small number and geographical spread of the Directors, it was determined that the Board would undertake all of the duties of properly constituted Audit & Compliance and Remuneration Committees.

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. Keith Martens has no material interest in the Company.

Independent Reserves (PRMS)

Certain 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 interest in the Company.

Certain 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 interest in the Company.

Kazakh State Approved Reserves

The information in this report which relates to the Kazakh state approved oil reserves (C1, C2) is based on Jurassic and Triassic oil reserves approved by the Kazakh State Reserves Committee. Information presented to the State Reserves Committee was compiled by Reservoir Evaluation Services LLP (RES), a Kazakh based oil & gas consulting company that is an approved body by the Kazakh authorities to prepare such reserve estimations. RES has sufficient experience which is relevant to oil & gas reserve estimation under the Russian GOST classification system. RES has no interest in the Company.

REMUNERATION REPORT (Audited)

This remuneration report outlines the Director and executive remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report, key management personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any Director (whether executive or otherwise) of the parent company, and includes the three executives in the Company and the Group.

For the purposes of this report, the term 'executive' encompasses the chief executive, senior executives, general managers and secretaries of the Company and the Group.

Details of key management personnel (including the three highest executives of the Company and the Group)

(i) Directors

Geoff Gander	Chairman / CEO (Executive)
Alastair Beardsall	Director (Non-Executive)
Baltabek Kuandykov	Director (Non-Executive)
Scott Mison	Director / CFO / Company Secretary (Executive)

(ii) Executives

Keith Martens	Technical Consultant
Henry Wolski	Technical Director (Kazakhstan) (resigned 30 November 2011)
Gamal Kulumbetov	Managing Director (Kazakhstan)(appointed 8 August 2011 and resigned 4 June 2012)

There were no other changes after reporting date and before the date the financial report was authorised for issue.

Remuneration Philosophy

The remuneration policy of the Group has been designed to align Directors and executives objectives with shareholder and business objectives by providing a fixed remuneration component and offering long term incentives based on key performance areas affecting the economic entity's financial result. The Board of the Group believes the remuneration policy to be appropriate in its ability to attract and retain the best executives and Directors to run and manage the economic entity, as well as create goal congruence between Directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for Board members and senior executives of the economic entity is as follows:

* The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the Board after a review of similar listed and unlisted companies with activities in overseas jurisdictions and taking into account the experience and skill set required to successfully develop operations in these jurisdictions from early stage development. The Company does not have a remuneration committee. The Board is of the opinion that due to the nature and size of the Company, the functions performed by a Remuneration Committee can be adequately handled by the full Board.
* All executives receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits, options and performance incentives.
* The Board reviews executive packages annually by reference to the company's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

Executives are entitled to participate in the Company’s long term performance rights plan.

The executive Directors and executives receive a superannuation guarantee contribution required by the government which is currently 9%, and do not receive any other retirement benefits.

The remuneration paid to Directors and executives is valued at the cost to the Company and expensed. Shares given to Directors and executives are valued as the difference between the market price of those shares and the amount paid by the Director or executive. Options are valued using the Black & Scholes methodology. Performance Rights are valued using a hybrid employee share option model. The hybrid model incorporates a trinomial option valuation and a Monte Carlo simulation.

Remuneration Structure

Non-Executive Director Remuneration

Objective
The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure
The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the non-executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Total remuneration for all Non-Executive Directors, is not to exceed $350,000 per annum as approved by shareholders at the Annual General Meeting held on 15 November 2010. Fees for non-executive directors are not linked to performance of the company. However, to align directors' interests with shareholder interests, the non-executive directors have been issued Performance Rights which have vesting conditions that are specifically linked to share price performance. Non-executive Directors are also encouraged to hold shares in the company.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers the fees paid to non-executive directors of comparable companies and the potential value provided via the allocation of Performance Rights when undertaking the annual review process.

Each director receives a fee for being a Director of the Company. Directors who are called upon to perform extra services beyond the director's ordinary duties may be paid additional fees for those services.

Executive Remuneration

Objective

The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group so as to:
- reward executives for Company, business unit and individual performance;
- align the interests of executives with those of shareholders;
- link reward with the strategic goals and performance of the Company; and
- ensure total remuneration is competitive by market standards.

Structure

In determining the level and make-up of executive remuneration, the Board reviews remuneration packages provided by similar listed and unlisted companies with activities in overseas jurisdictions and taking into account the experience and skill set required to successfully develop operations in these jurisdictions from early stage development as well as the salary levels of local workers in that jurisdiction. It is the Board's policy that employment contracts are entered into with the Chief Executive Officer and all key management personnel.

Fixed Remuneration

The fixed remuneration of executives is comprised of a base salary and superannuation. The fixed remuneration of executives is reviewed annually.

Variable remuneration – Short Term Incentives (STI)

The Group operates a STI program that is available to executives and awards a cash bonus subject to the attainment of clearly defined Group and individual measures.

Actual STI payments awarded to each executive depended on the extent to which specific targets are met. The targets consist of a number of key performance indicators (KPIs) covering financial and non-financial, corporate and individual measures of performance.

Variable Remuneration – Long Term Incentives (LTI)

Objective

The objectives of long term incentives are to:
- align executives remuneration with the creation of shareholder wealth;
- recognise the ability and efforts of the directors, employees and consultants of the Company who have contributed to the success of the Company and to provide them with rewards where deemed appropriate;
- provide an incentive to the directors, employees and consultants to achieve the long term objectives of the Company and improve the performance of the Company; and
- attract persons of experience and ability to employment with the Company and foster and promote loyalty between the Company and its directors, employees and consultants.

Structure

Long term incentives granted to senior executives are delivered in the form of Performance Rights, issued under the Performance Rights Plan.

In compliance with Corporations Law, none of the directors' shareholdings in the Company is subject to hedging. Each director must disclose any changes via formal ASX and AIM announcement within 5 working days of that change. Any changes in directors' shareholdings are also confirmed at each Board meeting.

Company Performance

Due to the current embryonic stage of the company's growth it is not appropriate at this time to evaluate the Company's financial performance using generally accepted measures such as EBITDA and profitability; this assessment will be developed over the next few years.

The following information provides a summary of the Company's financial performance for the last five years:

	2012	**2011**	**2010**	**2009**	**2008**
	$	***$***	***$***	***$***	***$***
Loss before income tax	(4,295,102)	(4,889,671)	(5,512,070)	(2,610,253)	(2,533,868)
Earnings per share (cents)*	(3.70)	(5.25)	(8.25)	(10.80)	(11.40)
Last share price at Balance Date*	0.415	0.72	0.51	0.36	1.22
Market capitalisation	48.2m	83.4m	30.1m	8.7m	27.6m

- The earnings per share and last share price have been adjusted for all periods to reflect the 15:1 share consolidation approved on 12 August 2011.

Relationship of Reward and Performance

The value of performance rights will represent a significant portion of an executive's salary package. The ultimate value to the executives of the performance rights and options depends on the share price of Jupiter Energy Ltd. The share price is the key performance criteria for the long term incentive as the realised value arising from performance rights and options issued is dependent upon an increase in the share price to above the exercise price of the options and minimum vesting price for the rights.

Below is a summary of performance conditions for performance rights:

The number of performance rights vest in proportion to the percentage increase in share price above $0.735 at vesting date. If the share price is less than $0.919 (minimum vesting price) no performance rights vest. 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 % 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 Expiry Date (31 December 2013). No performance rights vest if the calculated share price is less than the minimum vesting price at vesting date. The minimum vesting price was set based on 25% premium to the Company's share price at the original grant date.

Details of remuneration (Audited)

Remuneration of Directors and Executives

Table 1: Remuneration for the year ended 30 June 2012

	Short-term benefits			Post-employment benefits	Share-based payment			
Name	Cash salary and Consulting fees $	Cash bonus $	Other $	Super-annuation $	Options / Performance rights / shares $	Total $	Remuneration consisting of performance rights %	Performance related %
Non-executive director								
A Beardsall	40,000	-	-	-	164,462	204,462	80.44	80.44
B Kuandykov	40,000	49,135 (a)	-	-	164,462	253,597	64.85	84.23
Total non-executive directors	**80,000**	**49,135**	**-**	**-**	**328,924**	**458,059**		
Executive directors								
G Gander	261,987	-	119,203 (b)	48,000	188,021	617,211	30.46	30.46
S Mison	131,667 (c)	-	-	-	32,891	164,558	19.99	19.99
Other key management personnel								
K Martens	107,875	-	-	-	-	107,875	-	-
H Wolski (resigned 30 November 2011)	146,936	-	-	-	-	146,936	-	-
G Kulumbetov (appointed 8 August 2011; resigned 4 June 2012)	169,863	-	-	-	-	169,863	-	-
Total executives	**818,328**	**-**	**119,203**	**48,000**	**220,912**	**1,206,443**		
Totals	**898,328**	**49,135**	**119,203**	**48,000**	**549,836**	**1,664,502**		

(a): Relates to a one off cash bonus for work completed outside his duties as a non executive director.
(b): Other relates to living expenses covering cost of apartment/office in London as per service agreement.
(c): Fees relate to CFO, Company Secretary and Director Fees.

Table 2: Remuneration for the year ended 30 June 2011

	Short-term benefits			Post-employment benefits	Share-based payment			
Name	Cash salary and Consulting fees $	Cash bonus $	Termination $	Super-annuation $	Options / Performance rights / shares $	Total $	Remuneration consisting of options %	Performance related %
Non-executive director								
A Childs (resigned 5 October 2010)	15,000	-	-	1,350	88,125	104,475	84.35%	84.35%
A Beardsall (appointed 5 October 2010)	30,000	-	-	-	-	30,000	-	-
B Kuandykov (appointed 5 October 2010)	30,000	-	-	-	-	30,000	-	-
Total non-executive directors	**75,000**	**-**	**-**	**1,350**	**88,125**	**164,475**		
Executive directors								
G Gander	307,159	-	-	22,095	135,764	465,018	-	29.20%
D Thorpe 2 (resigned 31 January 2011)	224,000	-	96,000	-	54,960	374,960	-	14.66%
E Svanbayev 3 (resigned 5 October 2010)	202,919	-	-	-	194,109	397,028	22.19%	48.89%
S Mison 1 (appointed 31 January 2011)	152,850	-	-	-	-	152,850	-	-
Other key management personnel								
K Martens	123,600	-	-	-	-	123,600	-	-
H Wolski	213,647	-	-	-	-	213,647	-	-
Total executives	**1,224,175**	**-**	**96,000**	**22,095**	**384,833**	**1,727,103**		
Totals	**1,299,175**	**-**	**96,000**	**23,445**	**472,958**	**1,891,578**		

1: Fees relate to CFO / Company Secretary for the period 1 July 2010 to 30 June 2011 and director fees from 31 January 2011.
2: Included in fees was a break fee of $96,000. As a result of David's resignation his performance rights were cancelled. Therefore as per AASB 2, previous expense of unvested rights were reversed. The fair value of the performance rights lapsed was nil.
3: As a result of Erkin's resignation his performance rights were cancelled. Therefore as per AASB 2, previous expense of unvested rights were reversed. The fair value of the performance rights lapsed was nil. As part of his resignation, subject to share-holder approval and obtaining the extension to Block 31, Erkin has received US $200,000 in Jupiter shares through the issue of 266,667 shares at a deemed value of $US0.75 per share. As the terms and conditions were agreed at resignation, this has been accounted for and included in the remuneration report as a share-based payment as at 30 June 2011.

Details of remuneration (Audited)
Remuneration of Directors and Executives

Compensation Options: Granted and vested during the year ended 30 June 2011

During the 2012 year, there were no options granted. No options lapsed or were exercised during the year.

During the 2011, there were no options granted, however 666,666 options vested and able to be exercised.

Share issued on Exercise of Compensation Options

There were no shares issued on the exercise of compensation options during the financial years ended 30 June 2012 or 30 June 2011.

Performance Rights

On 12 August 2011, 2,133,335 performance rights were approved by shareholders to directors. The number of performance rights vest in proportion to the percentage increase in share price at vesting date $0.919 (minimum vesting price). For 100% of the performance rights to vest, the share price of the Company needs to reach $1.47. In respect of the Vesting Condition, the % 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 (25th August 2012). No performance rights vest if the calculated share price is less than the minimum vesting price at vesting date. The minimum vesting price was set based on 25% premium to the Company's share price at the original grant date.

On 14 May 2012, shareholders approved the extension of the expiry date on the same terms and conditions to the 31 December 2013.

The fair value of performance rights granted to directors is estimated as at the grant date using a hybrid model incorporates a trinomial option valuation and a Monte Carol simulation option pricing model taking into account the terms and conditions upon which the instruments were granted. Two valuations were performed during the year:

1. As at 26 August 2011 with an expiry date of 25th August 2012
2. Modification as at 14 May 2012 with an expiry date of 31 December 2013.

The following table lists the inputs to the models for the period ended 30 June 2012:

	Performance Rights	Performance Rights
Grant / Modification date	26 August 2011	14 May 2012
Number of performance rights	2,133,335	2,133,335
Share price	60 cents	50 cents
Exercise price	0 cents	0 cents
Dividend Yield	0.0%	0.0%
Expected volatility	80.0%	80.0%
Risk-free interest rate	4.80%	2.67%
Expected life	1 year	1.63 year
Weighted average fair value	27.0 cents	19.5 cents

During the year 10,000,000 (pre consolidation) performance rights were cancelled. $23,559 has been expensed in relation to these rights.

Details of remuneration (Audited)
Remuneration of Directors and Executives

Table 3: Compensation Performance Rights: Granted and vested during the year ended 30 June 2012

	Granted		Terms & Conditions for each Grant				Vested	
	Number	*Grant / Modification Date*	*Fair Value per right at grant date $*	*Exercise price per right $*	*Expiry Date*	*First Exercise Date*	*Number*	*%*
Original Grant Directors								
A Beardsall	666,667	26 August 2011	$0.27	$0.00	21 August 2012	21 August 2012	-	-
B Kuandykov	666,667	26 August 2011	$0.27	$0.00	21 August 2012	21 August 2012	-	-
G Gander	666,667	26 August 2011	$0.27	$0.00	21 August 2012	21 August 2012	-	-
S Mison	133,334	26 August 2011	$0.27	$0.00	21 August 2012	21 August 2012	-	-
Total	**2,133,335**						**-**	
Modification *								
A Beardsall	-	14 May 2012	$0.19(i)	$0.00	31 Dec 2013	31 Dec 2013	-	-
B Kuandykov	-	14 May 2012	$0.19(i)	$0.00	31 Dec 2013	31 Dec 2013	-	-
G Gander	-	14 May 2012	$0.19(i)	$0.00	31 Dec 2013	31 Dec 2013	-	-
S Mison	-	14 May 2012	$0.19(i)	$0.00	31 Dec 2013	31 Dec 2013	-	-
Total	**-**						**-**	

*The only modification was the expiry vesting date was extended from 21 August 2012 to 31 December 2013. All other terms and conditions remained the same.
(i) Represents the incremental fair value, between the original and modified awards at modification date.

Service agreements

Remuneration and other terms of employment for the Executive Chairman/CEO, and all other key management positions held in Kazakhstan have been formalised in service agreements. The main provisions of the agreements in relation to Directors holding management roles are set out below.

Geoff Gander, Executive Chairman (Effective – 1 July 2011)

Base Terms

- This agreement was effective from 1 July 2011 and was for a term of 1 year.
- Base Salary of GBP200,000 including Director Fees and the current Superannuation Levy of 9%.
- Living expenses of GBP 75,000 per year, covering the cost of an apartment/office in London.
- Mr Gander has been issued, after shareholder approval in August 2011, 666,667 Performance Rights. The terms and conditions are outlined on page 17 of this report.
- At a General Meeting on 14 May 2012, shareholders approved an extension of the expiry date of the Performance Rights from 21 August 2012 to 31 December 2013.
- Mr Gander had his Service Agreement renewed in June 2012 and is effective from 1 July 2012. The term of the agreement runs to 31 December 2013 and the base terms remain the same. An additional allocation of 1.5m Performance Rights and their associated vesting terms will be put to shareholders for approval at the November 2012 Annual General Meeting.

Details of remuneration (Audited)
Remuneration of Directors and Executives

The termination provisions are as follows:

	Notice period	Payment in lieu of notice	Treatment of Performance Rights
Employer - initiated termination with reason	1 or 3 months	1 or 3 months	Unvested rights forfeited
Employer - initiated termination without reason	3 months	3 months	Unvested rights forfeited
Termination for serious misconduct	None	None	Unvested rights forfeited
Employee – initiated termination	1 or 3 month	None	Unvested rights forfeited

Scott Mison, CFO / Company Secretary / Executive Director (Effective – 1 July 2011)

Base Terms

- This agreement was effective from 1 July 2011 and was for a term of 1 year.
- Base Salary of A$90,000.
- Director fees of A$40,000.
- Mr Mison has been issued, after shareholder approval in August 2011, 133,334 Performance Rights. The terms and conditions are outlined on page 17 of this report.
- At a General Meeting on 14 May 2012, shareholders approved an extension of the expiry date of the Performance Rights from 21 August 2012 to 31 December 2013.
- Mr Mison had his Service Agreement renewed in June 2012 and is effective from 1 July 2012. The agreement runs until 31 December 2013. The base terms remain the same. An additional allocation of 366,666 Performance Rights and their associated vesting terms will be put to shareholders for approval at the November 2012 Annual General Meeting.

The termination provisions are as follows:

	Notice period	Payment in lieu of notice	Treatment of Performance Rights
Employer - initiated termination with reason	1 or 3 months	1 or 3 months	Unvested rights forfeited
Employer - initiated termination without reason	3 months	3 months	Unvested rights forfeited
Termination for serious misconduct	None	None	Unvested rights forfeited
Employee – initiated termination	1 or 3 month	None	Unvested rights forfeited

Details of remuneration (Audited)
Remuneration of Directors and Executives

Keith Martens, Technical Consultant (Effective – 1 July 2011)

Base Terms

- This agreement is effective from 1 July 2011. The term is on a rolling month basis.
- Fee is $2,000 (excluding GST) per full working day.

The termination provisions are as follows:

	Notice period	**Payment in lieu of notice**
Employer - initiated termination with reason	1 month	1 month
Employer - initiated termination without reason	1 month	1 month
Termination for serious misconduct	None	None
Employee – initiated termination	1 month	None

End of Remuneration Report (Audited)

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has entered into Deeds of Indemnity with the Directors, indemnifying them against certain liabilities and costs to the extent permitted by law.

The Company has also agreed to pay a premium in respect of a contract insuring the Directors and Officers of the Company against certain liabilities and costs to the extent permitted by law. Full details of the cover and premium are not disclosed as the insurance policy prohibits the disclosure.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Jupiter Energy Limited adhere to strict principles of corporate governance. The Company's corporate governance statement is included on page 22 of this annual report.

AUDITOR INDEPENDENCE

The directors received the declaration included on page 28 of this annual report from the auditor of Jupiter Energy Limited.

NON-AUDIT SERVICES

The following non-audit services were provided by the entity's auditors, Ernst & Young. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that the auditor independence was not compromised.

Ernst & Young received or are due to receive the following amounts for the provisions of non-audit services:

	$
Tax compliance services	14,725
Reporting accountant services – AIM listing	121,025
	135,750

This report has been made in accordance with a resolution of the Directors.

G A Gander
Director
Perth, Western Australia
25 September 2012

CORPORATE GOVERNANCE STATEMENT

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Jupiter adhere to strict principles of corporate governance.

The Board of Directors of Jupiter Energy Limited is responsible for the overall corporate governance of the consolidated entity, guiding and monitoring the business and affairs of Jupiter on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Company's corporate governance principles and policies are structured with reference to the Corporate Governance Councils best practice recommendations, which are as follows:

Principle 1. Lay solid foundations for management and oversight

Principle 2. Structure the Board to add value

Principle 3. Promote ethical and responsible decision making

Principle 4. Safeguard integrity in financial reporting

Principle 5. Make timely and balanced disclosure

Principle 6. Respect the rights of shareholders

Principle 7. Recognise and manage risk

Principle 8. Remunerate fairly and responsibly

The Board's Corporate Governance Charter includes procedures for compliance with the ASX Listing Rule continuous disclosure requirements, trading in the Company's securities, the management of risk, and a Code of Conduct. Jupiter's corporate governance practices were in place throughout the year ended 30 June 2012.

BOARD OF DIRECTORS

Role of the Board

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company.

Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following:

- To set the strategic direction for the Company and monitor progress of those strategies;
- Establish policies appropriate for the Company;
- Monitor the performance of the Company, the Board and management;
- Approve the business plan and work programmes and budgets;
- Authorise and monitor investment and strategic commitments;
- Review and ratify systems for health, safety and environmental management; risk and internal control; codes of conduct and regulatory compliance;
- Report to shareholders, including but not limited to, the Financial Statements of the Company; and
- Take responsibility for corporate governance.

Composition of the Board

To add value to the Company the Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties given its current size and scale of operations.

The names of Directors of the Company in office at the date of this statement are set out in the Directors' Report. Information regarding Directors' experience and responsibilities are included in the Directors' Report section of this Annual Report.

The number of Directors is specified in the Constitution of the Company as a minimum of three up to a maximum of ten.

The preferred skills and experiences for a Director of the Company include:

- Exploration for oil and gas accumulations;
- Development and production operations of hydrocarbon accumulations;
- Financing of operations
- Business Development; and
- Public Company financial reporting and administration.

Chairman of the Board

The Chairman of the Board should be a Non-Executive Director and the Chairman will be elected by the Directors. Mr Geoff Gander, however is an Executive Chairman and is not independent. Given his skills, experience and knowledge of the Company, the Board considers that it is appropriate for him to be Chairman.

Independent Directors

The Board considers that a Director is independent if that Director complies with the following criteria:

- Apart from Director's fees and shareholding, independent Directors should not have any business dealings which could materially affect their independent judgment;
- Must not have been in an Executive capacity in the Company in the last 3 years;
- Must not have been in an advisory capacity to the Company in the last 3 years;
- Must not be a significant customer or supplier for the Company;
- Must not be appointed through a special relationship with a Board member;
- Must not owe allegiance to a particular group of shareholders which gives rise to a potential conflict of interest;
- Must not hold conflicting cross Directorships; and
- Must not be a substantial shareholder or a nominee of a substantial shareholder (as defined under section 9 of the Corporations Act).

Using the ASX Best Practice Recommendations on the assessment of the independence of Directors. The Board considers that of a total of four Directors there are none considered independent.

Mr Geoff Gander is an Executive Chairman of the Company and is not considered to be independent. However, his experience and knowledge of the Company makes his contribution to the Board such that it is appropriate for him to remain on the Board.

Mr Baltabek Kuandykov is a Non-Executive Director of the Company and is not considered to be independent as he was a nominee Director by The Waterford Group, a substantial shareholder. However, his experience, especially within Kazakhstan makes his contribution to the Board such that it is appropriate for him to remain on the Board.

Mr Alastair Beardsall is a Non-Executive Director of the Company and is not considered to be independent as he was a nominee Director by The Waterford Group, a substantial shareholder. However, his experience and knowledge of the Company makes his contribution to the Board such that it is appropriate for him to remain on the Board.

Mr Scott Mison is CFO / Company Secretary of the Company and is not considered to be independent. However, his experience and knowledge of the Company makes his contribution to the Board such that it is appropriate for him to remain on the Board.

Retirement and Rotation of Directors

Retirement and rotation of Directors are governed by the Corporations Act 2001 and the Constitution of the Company. Each year one third Directors must retire and offer themselves for re-election. Any casual vacancy filled will be subject to shareholder vote at the next Annual General Meeting of the Company.

Independent Professional Advice

Each Director has the right to seek independent professional advice at the Company's expense after consultation with the Chairman. Once received the advice is to be made immediately available to all Board members.

Access to Employees

Directors have the right of access to any employee. Any employee shall report any breach of corporate governance principles or Company policies to the Executive Director and/or Company Secretary/CFO who shall remedy the breach. If the breach is not rectified to the satisfaction of the employee, they shall have the right to report any breach to an independent Director without further reference to senior managers of the Company.

Insurance

The Directors review the requirements for insurance cover for the associated risks for its field operations, including drilling, production and storage of hydrocarbons and other activities and procures insurance cover at levels and costs they feel are appropriate.

Directors and officers insurance for Directors will be arranged by the Company at Company expense.

Share Ownership

Directors are encouraged to own Company shares.

Board Meetings

The following points identify the frequency of Board Meetings and the extent of reporting from management at the meetings:

- A minimum of four meetings are to be held per year;
- Other meetings will be held as required, meetings can be held by telephone link; and
- Information provided to the Board includes all material information on: operations, budgets, cash flows, funding requirements, shareholder movements, broker activity in the Company's securities, assets and liabilities, disposals, financial accounts, external audits, internal controls, risk assessment, new venture proposals, and health, safety and environmental reports.

The number of Directors' meetings and the number of meetings attended by each of the Directors of the Company during the financial year are set out in the Directors' Report.

Board Performance Review

The Board intends to commence an evaluation of its performance annually.

There was no evaluation conducted during the financial year.

Other Areas for Board Review

- Reporting to shareholders and the market to ensure trade in the Company's securities takes place in an efficient, competitive and informed market; and
- Insurance, both corporate and joint venture related insurances.

Board Committees

Audit Committee

The Company does not have an audit committee. The Board is of the opinion that due to the nature and size of the Company, the functions performed by an audit committee can be adequately handled by the full Board.

The CEO (or equivalent) and the CFO (or equivalent) declare in writing to the Board that the Company's financial statements for the year ended 30 June 2012 present a true and fair view, in all material aspects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards. This representation is made by the CEO (or equivalent) and the CFO (or equivalent) prior to the Director's approval of the release of the annual and six monthly accounts. This representation is made after enquiry of, and representation by, appropriate levels of management.

A non-executive Director meets with the Auditors without Executives present to go through the financial statements prior to sign off on the accounts.

Jupiter Energy Limited has requested the external auditors to attend the annual general meeting to be available to answer shareholders questions regarding the audit.

Nomination Committee

The Board of Directors of the Company does not have a nomination committee. The Board is of the opinion that due to the nature and size of the Company, the functions performed by a nomination committee can be adequately handled by the full Board.

Remuneration Committee

The Company does not have a remuneration committee. The Board is of the opinion that due to the nature and size of the Company, the functions performed by a remuneration committee can be adequately handled by the full Board.

Remuneration levels for Directors, Secretaries, Senior Executives of the Company, and relevant group Executives of the consolidated entity ("the Directors and Senior Executives") are competitively set to attract and retain appropriately qualified and experienced Directors and Senior Executives.

The remuneration structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. The remuneration structures take into account:

- the capability and experience of the directors and senior executives
- the Directors and Senior Executives ability to control the relevant segment/s' performance
- the consolidated entity's performance including:
    - the consolidated entity's earnings
    - the growth in share price and returns on shareholder wealth
- the amount of incentives within each Directors and Senior Executives remuneration

For details of remuneration paid to Directors and officers for the financial year please refer to the Directors' Report on page 16.

Risk Management

The risks involved in oil and gas exploration Company and the specific uncertainties for the Company continue to be regularly monitored and the full Board of the Company meets on an annual basis to formally review such risks. All proposals reviewed by the Board include a consideration of the issues and risks of the proposal.

The potential exposures, including financial, reputation, and HSE, with running the Company have been managed by the Board and senior management in Kazakhstan who together have significant broad-ranging industry experience.

Additionally, it is the responsibility of the Board to assess the adequacy of the Company's internal control systems and that its financial affairs comply with applicable laws and regulations and professional practices. The CEO (or equivalent) and the CFO (or equivalent) declare in writing to the Board that the financial reporting risk management and associated compliance controls have been assessed and found to be operating efficiently and effectively. This representation is made by the CEO (or equivalent) and CFO (or equivalent) prior to the Director's approval of the release of the annual and six monthly accounts. This representation is made after enquiry of, and representation by, appropriate levels of management.

PROMOTION OF ETHICAL AND RESPONSIBLE DECISION-MAKING

Code of Conduct

The goal of establishing the Company as a significant Australian-based petroleum exploration and production Company is underpinned by its core values of honesty, integrity, common sense and respect for people. The Company desires to remain a good corporate citizen and appropriately balance, protect and preserve all stakeholders' interests.

The Board has adopted a Code of Conduct for Directors and employees of the Company. The Company's goal of achieving above average wealth creation for our shareholders should be enhanced by complying with this Code of Conduct which provides principles to which Directors and employees should be familiar and to which they are expected to adhere and advocate.

It is the responsibility of the Board to ensure the Company performs under this Code and for its regular review.

Diversity

The Board has not adopted a separate diversity policy, however is committed to workplace diversity and recognizes the benefits arising from recruitment, development and retention of talented, diverse and motivated workforce. The Company is not of a sufficient size to justify measurable objectives at this stage. As at 30 June 2012, there were eleven women in the Groups workforce, two of which held key executive positions.

Trading in Company Securities by Directors, officers and employees

Trading of shares is covered by, amongst other things, the Corporations Act, the ASX Listing Rules and the AIM Listing Rules. The Board has established a Securities Trading Policy that establishes strict guidelines as to when a Director, officer or an employee can deal in Company shares. The policy prohibits trading in the Company's securities whilst the Directors, officer or employee is in the possession of price sensitive information.

For details of shares held by Directors and officers please refer to the Directors' Report on page 3.

SHAREHOLDER COMMUNICATION

The Board aims to ensure that shareholders and the general investing community have equal access to the Company's information.

The Company has policies and procedures that are designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance. This disclosure policy includes processes for the identification of matters that may have material effect on the price of the Company's securities, notifying them to the ASX and posting them on the Company's website.

The Company also has a strategy to promote effective communication with shareholders and encourage effective participation at general meetings through a policy of open disclosure to shareholders, regulatory authorities and the broader community of all material information with respect to the Company's affairs including, but not limited to:

- Company's activities
- Conflicts of interest and related party transactions;
- Executive remuneration;
- The grant of options and details of Share Option and Performance Rights Plans;
- The process for performance evaluation of the Board, its committees, individual Directors and key managers;
- The link between remuneration paid to Directors and Executives and corporate performance; and
- The use of clear and concise text in all communications.

The following information is communicated to shareholders and available on the Company web site (www.jupiterenergy.com):

- The Annual Report and notices of meetings of shareholders;
- Quarterly reports reviewing the operations, activities and financial position of the Company;
- All documents that are released to the ASX are made available on the Company's website; and
- All other information on the Company's website is updated on an ongoing basis.

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

In relation to our audit of the financial report of Jupiter Energy Limited for the financial year ended 30 June 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.

Ernst & Young

Ernst & Young

R J Curtin
Partner
25 September 2012

Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012

	Note	Consolidated 2012 $	Consolidated 2011 $
Revenue		1,063,086	-
Cost of sales		(898,654)	-
Gross profit		**164,432**	**-**
Other income		131,418	-
Gain / (loss) on derivative financial instrument		761,813	(59,455)
General and administrative costs	4	(4,659,544)	(4,894,945)
Operating loss		**(3,601,881)**	**(4,954,400)**
Finance income		24,475	64,729
Finance costs		(717,696)	-
Loss before tax		**(4,295,102)**	**(4,889,671)**
Income tax expense	5	-	-
Loss after income tax		**(4,295,102)**	**(4,889,671)**
Other comprehensive income net of tax			
Foreign currency translation		1,337,981	(4,943,666)
Total comprehensive loss for the period		**(2,957,121)**	**(9,833,337)**
Earnings per share for loss attributable to the ordinary equity holders of the Company:			
Basic loss per share (cents)	24	(3.70)	(5.25)
Diluted loss per share (cents)	24	(3.70)	(5.25)

The consolidated statement of comprehensive income is to be read in conjunction with the notes of the financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012

	Note	Consolidated	
		2012	2011
		$	$
ASSETS			
Current Assets			
Cash and cash equivalents	6	395,445	13,968,248
Trade and other receivables	7	527,566	1,410,979
Other current assets	8	460,496	521,174
Inventories	9	53,320	-
Total Current Assets		1,436,827	15,900,401
Non Current Assets			
Trade and other receivables	7	2,401,889	-
Oil and gas properties	10	14,225,282	-
Plant and equipment	11	926,336	398,851
Exploration and evaluation expenditure	12	25,014,521	25,319,806
Other financial assets	13	292,752	128,404
Total Non Current Assets		42,860,780	25,847,061
Total Assets		44,297,607	41,747,462
Current Liabilities			
Payables	14	1,124,623	534,616
Deferred revenue	15	1,192,039	-
Provisions	16	90,957	61,918
Total Current Liabilities		2,407,619	596,534
Non-current Liabilities			
Provisions	16	356,594	230,552
Other financial liabilities	17	2,789,897	-
Derivative liability	17	274,880	-
Total Non-Current Liabilities		3,421,371	230,552
Total Liabilities		5,828,990	827,086
Net Assets		38,468,617	40,920,376
Equity			
Contributed equity	18	71,236,136	71,280,610
Share based payment reserve	19	4,472,289	3,922,453
Foreign currency translation reserve	19	(4,746,987)	(6,084,968)
Accumulated losses		(32,492,821)	(28,197,719)
Total Equity		38,468,617	40,920,376

The consolidated statement of financial position is to be read in conjunction with the notes of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012

	Note	Consolidated 2012 $	Consolidated 2011 $
Cash flow from operating activities			
Receipts from customers		3,244,141	1,578,406
Payments to suppliers and employees		(5,996,508)	(6,092,821)
Interest received		24,476	64,729
Net cash flows (used in) operating activities	26	(2,727,891)	(4,449,686)
Cash flows from investing activities			
Payment for oil field extension		-	(766,964)
Payments for exploration and development expenditure		(13,255,794)	(8,298,650)
Payments for plant and equipment		(752,218)	(348,876)
Net Cash flows (used in) investing activities		(14,008,012)	(9,414,490)
Cash flows from financing activities			
Proceeds from issues of shares		-	27,770,973
Proceeds from convertible notes		3,487,987	
Transactions cost from issue of shares		(44,473)	(1,181,608)
Interest paid		(379,093)	
Proceeds from option issue		-	10,000
Net cash flows from financing activities		3,064,421	26,599,365
Net increase / (decrease) in cash held		(13,671,482)	12,735,189
Effects of exchange rate changes		98,679	(94,747)
Cash at beginning of the year		13,968,248	1,327,806
Cash at end of the year	6	395,445	13,968,248

The statement of cash flows is to be read in conjunction with the notes of the financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012

	Issued capital	*Share Based Payment Reserve*	*Foreign Currency Translation Reserve*	*Accumulated Losses*	*Total*
	$	*$*	*$*	*$*	*$*
CONSOLIDATED					
At 1 July 2010	44,681,247	3,164,908	(1,141,302)	(23,308,048)	23,396,805
Loss for the period	-	-	-	(4,889,671)	(4,889,671)
Other comprehensive income	-	-	(4,943,666)	-	(4,943,666)
Total comprehensive income	-	-	(4,943,666)	(4,889,671)	(9,833,337)
Transactions by owners recorded directly in equity:					
Share based payments	-	757,545	-	-	757,545
Shares issued					
- Ordinary shares	27,780,971	-	-	-	27,780,971
- Costs of issue	(1,181,608)	-	-	-	(1,181,608)
At 30 June 2011	71,280,610	3,922,453	(6,084,968)	(28,197,719)	40,920,376
As at 1 July 2011	71,280,610	3,922,453	(6,084,968)	(28,197,719)	40,920,376
Loss for the period	-	-	-	(4,295,102)	(4,295,102)
Other comprehensive income	-	-	1,337,981	-	1,337,981
Total comprehensive income	-	-	1,337,981	(4,295,102)	(2,957,121)
Transactions by owners recorded directly in equity:					
Share based payments	-	549,836	-	-	549,836
Shares issued					
- Costs of issue	(44,474)	-	-	-	(44,474)
At 30 June 2012	71,236,136	4,472,289	(4,746,987)	(32,492,821)	38,468,617

The statements of changes in equity are to be read in conjunction with the notes of the financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

1 CORPORATE INFORMATION

The financial report of Jupiter Energy Limited for the year ended 30 June 2012 was authorised for issue in accordance with a resolution of the directors on 25 September 2012.

Jupiter Energy Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange and on London's Alternative Investment Market (as CDI's). Jupiter Energy Limited is a for profit entity.

The nature of the operations and principal activities of the Group are described in the Directors Report on pages 5 to 10 of this report.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis except for certain financial instruments measured at fair value. The financial report is presented in Australian dollars.

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.

Subsequent to 30 June 2012, the Company raised $11,613,016 (before costs) from an entitlement offer to fund ongoing development of Block 31 and working capital. The Directors recognise that the Company will need to secure Trial Production Licenses for the J-51 and J-53 wells to allow for oil production from these wells. The Company is also reliant on planned production forecasts to fund ongoing exploration, drilling and development activities for Block 31. The Directors are confident that these matters will be achieved.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

From 1 July 2011, the Group has adopted the following Standards and Interpretations, mandatory for annual periods beginning on 1 July 2011. Adoption of these standards and interpretations did not have any significant effect on the financial position or performance of the Group

AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]

AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions [AASB 2]

AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132]

AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 3, AASB 7, AASB 121, AASB 128, AASB 131, AASB 132 & AASB 139]

Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ending 30 June 2012. These are outlined in the following table.

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
2010-8	Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112]	These amendments address the determination of deferred tax on investment property measured at fair value and introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that the carrying amount will be recoverable through sale. The amendments also incorporate SIC-21 Income Taxes – Recovery of Revalued Non-Depreciable Assets into AASB 112.	1 Jan 2012	The group has not yet determined the financial impact of the change.	1 July 2012
AASB 2011-9	Amendments to Australian Accounting Standards – Presentation of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]	This Standard requires entities to group items presented in other comprehensive income on the basis of whether they might be reclassified subsequently to profit or loss and those that will not.	1 July 2012	The group has not yet determined the financial impact of the change.	1 July 2012
AASB 10	Consolidated Financial Statements	AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 Consolidated and Separate Financial Statements dealing with the accounting for consolidated financial statements and UIG-112 Consolidation – Special Purpose Entities. The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. Consequential amendments were also made to other standards via AASB 2011-7.	1 January 2013	The group has not yet determined the financial impact of the change.	1 July 2013

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 11	Joint Arrangements	AASB 11 replaces AASB 131 Interests in Joint Ventures and UIG-113 Jointly- controlled Entities – Non-monetary Contributions by Ventures. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method. Consequential amendments were also made to other standards via AASB 2011-7 and amendments to AASB 128.	1 January 2013	The group has not yet determined the financial impact of the change.	1 July 2013
AASB 12	Disclosure of Interests in Other Entities	AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.	1 January 2013	The group has not yet determined the financial impact of the change.	1 July 2013
AASB 13	Fair Value Measurement	AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets. AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. Consequential amendments were also made to other standards via AASB 2011-8.	1 January 2013	The group has not yet determined the financial impact of the change.	1 July 2013

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 119	Employee Benefits	The main change introduced by this standard is to revise the accounting for defined benefit plans. The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans is recognized in full with actuarial gains and losses being recognized in other comprehensive income. It also revised the method of calculating the return on plan assets. The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date. Consequential amendments were also made to other standards via AASB 2011-10.	1 January 2013	The group has not yet determined the financial impact of the change.	1 July 2013
AASB 2012-5	Annual Improvements to 2009–2011 Cycle	This standard sets out amendments to International Financial Reporting Standards (IFRSs) and the related bases for conclusions and guidance made during the International Accounting Standards Board's Annual Improvements process. These amendments have not yet been adopted by the AASB. The following items are addressed by this standard: AASB 1 First-time Adoption of International Financial Reporting Standards • Repeated application of IFRS 1 • Borrowing costs AASB 1 Presentation of Financial Statements • Clarification of the requirements for comparative information AASB 16 Property, Plant and Equipment • Classification of servicing equipment AASB 32 Financial Instruments: Presentation • Tax effect of distribution to holders of equity instruments AASB 34 Interim Financial Reporting • Interim financial reporting and segment information for total assets and liabilities	1 January 2013	The group has not yet determined the financial impact of the change.	1 July 2013
AASB 2011-4	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]	This Amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies.	1 July 2013	The group has not yet determined the financial impact of the change.	1 July 2013

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 1053	Application of Tiers of Australian Accounting Standards	This Standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements: (a) Tier 1: Australian Accounting Standards (b) Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements. The following entities apply Tier 1 requirements in preparing general purpose financial statements: (a) For-profit entities in the private sector that have public accountability (as defined in this Standard) (b) The Australian Government and State, Territory and Local Governments The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements: (a) For-profit private sector entities that do not have public accountability (b) All not-for-profit private sector entities (c) Public sector entities other than the Australian Government and State, Territory and Local Governments. Consequential amendments to other standards to implement the regime were introduced by AASB 2010-2, 2011-2, 2011-6, 2011-11 and 2012-1.	1 July 2013	The group has not yet determined the financial impact of the change.	1 July 2013
AASB 2012-2	Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities	AASB 2012-2 principally amends AASB 7 Financial Instruments: Disclosures to require disclosure of information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.	1 January 2013	The group has not yet determined the financial impact of the change.	1 July 2013
AASB 2012-5	Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle; and	AASB 2012-5 makes amendments resulting from the 2009-2011 Annual Improvements Cycle. The Standard addresses a range of improvements, including the following: • repeat application of AASB 1 is permitted (AASB 1); and • clarification of the comparative information requirements when an entity provides a third balance sheet (AASB 101 Presentation of Financial Statements).	1 January 2013	The group has not yet determined the financial impact of the change.	1 July 2013

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2012-3	Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities;	AASB 2012-3 adds application guidance to AASB 132 Financial Instruments: Presentation to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.	1 January 2014	The group has not yet determined the financial impact of the change.	1 July 2015
AASB 9	Financial Instruments	AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below. (a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. (b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. (c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. (d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: ► The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ► The remaining change is presented in profit or loss If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10.	1 January 2015	The group has not yet determined the financial impact of the change.	1 July 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Jupiter Energy Limited and its subsidiaries as at 30 June each year ('the Group').

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Subsidiaries and special purpose entities are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Adjustments are made to bring into line any dissimilar accounting policies that may exist. All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which Jupiter Energy Limited has control.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquisition. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

(d) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black and Scholes model, trinomial and Monte Carlo using the assumptions detailed in note 21.

Exploration and evaluation

The Group's accounting policy for exploration and evaluation is set out in note 2(f). The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances, in particular the assessment of whether economic quantities of reserves may be found. Any such, estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under the Group's policy, management concludes that the Group is unlikely to recover the expenditure by future exploitation or sale, then the relevant capitalised amount will be written off to the income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Provision for restoration

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

Units of production depreciation of oil and gas properties

Oil and gas properties are depreciated using the units of production (UOP) method over total proved developed hydrocarbon reserves. This results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining production from the field.

Each items' life, which is assessed annually, has regard to both its physical life limitations and to present assessments of economically recoverable reserves of the field at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves. The calculation of the UOP rate of depreciation could be impacted to the extent that actual production in the future is different from current forecast production based on total proved reserves. Changes to proved reserves could arise due to changes in the factors or assumptions used in estimating reserves, including:

- The effect on proved reserves of differences between actual commodity prices and commodity price assumptions

Or

- Unforeseen operational issues

Changes are accounted for prospectively.

Recoverability of oil and gas properties

The Group assesses each asset or cash generating unit (CGU) (excluding goodwill, which is assessed annually regardless of indicators) every reporting period to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long-term oil prices (considering current and historical prices, price trends and related factors), discount rates, operating costs, future capital requirements, decommissioning costs, exploration potential, reserves operating performance (which includes production and sales volumes). These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of assets and/or CGUs.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Fair value for oil and gas assets is generally determined as the present value of estimated future cash flows arising from the continued use of the assets, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Management has assessed its CGUs as being an individual field, which is the lowest level for which cash inflows are largely independent of those of other assets.

(e) Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the part is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Plant and equipment – over 3 to 10 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Disposal
An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected to be derived from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(f) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of evaluation, seismic and unsuccessful exploration in the area of interest are expensed as incurred even if activities in this area of interest are continuing. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When a discovered oil or gas field enters the development phase the accumulated exploration and evaluation expenditure is transferred to oil and gas assets – assets in development.

(g) Oil and Gas Properties

Oil and gas properties are usually single oil or gas fields being developed for future production or which are in the production phase. Where several individual oil fields are to be produced through common facilities, the individual oil field and the associated production facilities are managed and reported as a single oil and gas asset.

Assets in development
When the technical and commercial feasibility of an undeveloped oil or gas field has been demonstrated, the field enters its development phase. The costs of oil and gas assets in the development phase are separately accounted for as tangible assets and include past exploration and evaluation costs, development drilling and plant and equipment and any associated land and buildings. When commercial operation commences the accumulated costs are transferred to oil and gas assets – producing assets.

Producing assets
The costs of oil and gas assets in production are separately accounted for as tangible assets and include past exploration and evaluation costs, pre-production development costs and the ongoing costs of continuing to develop reserves for production and to expand or replace plant and equipment and any associated land and buildings. Producing assets are depreciated over proved reserves on a unit of production basis.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(h) Impairment of assets

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

(i) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

(j) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less any estimated selling costs.

Cost includes those costs incurred in bringing each component of inventory to its present location and condition.

(l) Trade and other payables

Trade payables and other payables are carried at amortised costs and due to their short-term nature are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(m) Financial liabilities

Financial liabilities within the scope of AASB 139 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings and derivative financial instruments.

Derivative Financial Instruments

Derivatives are fair valued using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation techniques.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(n) Share-based payment transactions

Share-based compensation benefits are provided to directors and executives.

Options

The fair value of options granted to directors and executives is recognised as an employee benefit expense with a corresponding increase in contributed equity. The fair value is measured at grant date and recognised over the vesting period during which the directors and/or executives becomes entitled to the options.

The fair value at grant date is determined using an option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected divided yield and the risk-free interest rate for the term of the option.

Performance Rights

The cost of performance rights are measured by reference to the fair value at the date at which they are granted. The fair value is determined using a Monte Carlo methodology, which considers the incorporation of market based hurdles. Non market conditions are not factored into the fair value of the performance rights at grant. Probability factors are assigned to the vesting expense as to whether non market conditions will be met.

(o) Revenue recognition

Sales revenue

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Incidental revenue generated during the development stage of an asset, is offset against the carrying value of the asset, rather than recognised in the statement of comprehensive income.

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

(p) Convertible Note

The Convertible Note is split into two components: a debt component and a component representing the embedded derivatives in the Convertible Note. The debt component represents the Group's liability for future interest coupon payments and the redemption amount. The embedded derivatives represent the value of the option that note holders have to convert into ordinary shares in the Company.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(q) Income tax

The consolidated entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit adjusted for any non-assessable or disallowed items.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(r) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(s) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(t) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(u) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Employee leave benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in provisions in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Restoration

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(v) Foreign Currency Transactions and Balances

(i) Functional and presentation currency
Both the functional and presentation currency of Jupiter Energy Limited and its Australian subsidiaries are Australian dollars ($). The Singapore subsidiaries' functional currency is United States Dollars which is translated to the presentation currency. The functional currency of the Branch of the Singapore subsidiary is Tenge. (see below for consolidated reporting).

(ii) Transactions and balances
Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(iii) Translation of Group Companies' functional currency to presentation currency
The results of the Singapore subsidiaries are translated into Australian Dollars (presentation currency) as at the date of each transaction. Assets and liabilities are translated at exchange rates prevailing at reporting date.

Exchange variations resulting from the translation are recognised in the foreign currency translation reserve in equity

On consolidation, exchange differences arising from the translation of the net investment in the Singapore subsidiaries and it's Branch are taken to the foreign currency translation reserve. If a Singapore subsidiary was sold, the proportionate share of exchange differences would be transferred out of equity and recognised in the statement of comprehensive income.

(w) Segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenue and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the Board of Directors (the chief operating decision makers) to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the executive management team.

Operating segments are identified based on the information provided to the chief operating decision makers, being the Board of Directors. Currently the Group has only one operating segment, being the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(x) Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Where funds are borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where surplus funds are available for a short term out of money borrowed specifically to finance a project, the income generated from the temporary investment of amounts is also capitalised and deducted from the total capitalised borrowing cost. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the Group during the period.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Even though exploration and evaluation assets can be qualifying assets, they generally do not meet the ―probable economic benefits test and also are rarely debt funded. Any related borrowing costs are therefore generally recognised in profit or loss in the period they are incurred.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise receivables, borrowings, payables, cash and short-term deposits.

Risk Exposures and Responses

The main purpose of these financial instruments is to provide finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The main risks arising from the Group's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk and credit risk.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews the risks identified below, including the setting of limits for trading in derivatives, hedging cover of foreign currency and interest rate risk, credit allowances, and future cash flow forecast projections.

Interest rate risk

The Group's exposure to market risk for changes in interest rates is only on short term deposits and cash and cash equivalents.

At balance date, the Group had the following mix of financial assets and liabilities exposed to interest rate risk:

	Consolidated	
	2012	2011
	$	$
Financial Assets		
Cash and cash equivalents	395,445	13,968,248
Net exposure	395,445	13,968,248

The following table summarises the sensitivity of the fair value of the financial instruments held at balance date, if interest rates had moved, with all other variables held constant, post tax profit would have been affected as follows:

	Consolidated	
Post – tax gain / (loss)	2012	2011
	$	$
+ 1%	3,954	139,682
-1%	(3,954)	(139,682)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont.)

Foreign currency risk
The Group has transactional currency exposures. Such exposure arises from sales or purchases by an operating entity in currencies other than the functional currency.

At balance date, the Group had the following exposure to United States Dollars (USD), Kazakhstan Tenge (KZT), Great Britain Pound (GBP) and Singapore Dollars (SGD) foreign currency that is not designated in cash flow hedges:

	Consolidated	
	2012	**2011**
	$	**$**
Financial Assets		
Cash and cash equivalents		
- USD	341,630	11,948,540
- KZT	-	-
- SGD	-	-
- GBP	4,200	8,511
Liquidation Fund	244,151	128,404
Trade and other receivables	-	7,426
Other debtors	-	-
	589,981	12,092,881
Financial Liabilities		
Trade and other payables	-	-
Other financial liabilities	(2,789,897)	-
Derivative	(274,880)	-
	(3,064,777)	-
Net exposure	(2,474,796)	12,092,881

The following table summarises the sensitivity of financial instruments held at balance date to movement in the exchange rate of the Australian dollar to the United States dollar and Kazakhstan Tenge, with all other variables held constant. The 5% sensitivity is based on reasonably possible changes, over a financial year, using the observed range of actual historical rates for the preceding 5 periods.

	Consolidated	
Post – tax gain / (loss)	**2012**	**2011**
	$	**$**
+5%	(123,740)	604,644
-5%	123,740	(604,644)

Credit risk
Credit risk represents the loss that would be recognised if counterparties fail to perform as contracted.

Part of the Group's receivables balances are represented by GST input tax credits, which are received on a quarterly basis, and deposits held in trust in respect of leases for office premises.

With respect to credit risk arising from the financial assets of the Group, which comprise cash and cash equivalents and trade receivables, the Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

There are no significant concentrations of credit risk within the Group.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont.)

Liquidity Risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through use of bank overdrafts, bank loans, finance leases and hire purchase contracts.

The contractual maturities of the Group's financial liabilities are shown in the table below. Undiscounted cash flows for the respective years are presented.

	Consolidated	
	2012	2011
	$	$
Financial Assets		
Within one year	527,566	-
After one year but not more than five years	2,401,889	-
More than five years	292,752	128,404
	3,222,207	128,404
Financial Liabilities		
Within one year	(2,316,661)	(534,616)
After one year to two years	(3,064,777)	-
More than two years	-	-
	(5,381,438)	(534,616)
Net Exposure	(2,159,231)	(406,212)

Management and the Board monitor the Group's liquidity on the basis of expected cash flow. The information that is prepared by senior management and reviewed by the Board includes monthly and annual cash flow budgets.

Fair value

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:
Level 1 – the fair value is calculated using quoted prices in active markets.
Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

All of the Group's other financial liabilities are carried at amortised cost, where the carrying value approximates the fair value. The fair value of the derivative was determined using the level 2 method.

NOTE 4. EXPENSES

	Consolidated	
	2012	2011
	$	$
Administration and compliance expenses	2,846,275	2,183,445
Consulting fees	252,673	481,258
Depreciation and amortisation expenses	241,723	43,156
Directors fees	321,147	564,911
Legal fees	112,022	133,512
Occupancy expenses	335,868	262,092
Share based payments	549,836	343,266
Foreign currency loss	-	883,305
Total expenses	4,659,544	4,894,945

During the year, employee benefits were $1,052,621. This is included in administration and compliance expenses.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 5. TAXATION

Prima facie income tax on operating (loss) is reconciled to the income tax benefit provided in the financial statements as follows:

	Consolidated 2012 $	Consolidated 2011 $
Prima facie income tax benefit on operating (loss) at the Australian tax rate of 30% (2011: 30%)	(1,288,531)	(1,466,901)
Non deductible expenditure:		
- Effect of tax rates in foreign jurisdictions	523,042	165,642
- Share Based payments	164,951	94,880
- Administration expenses	6,619	57,812
Temporary differences and tax losses not bought to account as a deferred tax asset	593,919	1,148,567
Income tax expense	-	-

Deferred Income Tax
Deferred income tax at 30 June relates to the following:

	2012 $	2011 $
Consolidated		
Deferred tax liabilities	-	-
Deferred tax assets		
Unrealised FX (gain) / loss	32,989	264,991
Unrealised derivative gain	228,544	-
Share issue costs	52,136	27,164
Revenue tax losses – Australia	6,572,464	5,438,370
Deferred tax assets not recognised	(6,886,133)	(5,730,525)
Deferred tax (income)/expense	-	-
Net deferred tax recognised in Balance Sheet	-	-

The Consolidated Group has tax losses of $6,886,133 (2011: $5,730,525) that are available indefinitely for offset against future taxable profits of the companies in which the losses arose.

The potential deferred tax asset will only be realised if:

(a) The relevant Company derives future assessable income of a nature and an amount sufficient to enable the asset to be realised, or the asset can be utilised by another Company in the consolidated entity in accordance with Division 170 of the Income Tax Assessment Act 1997;

(b) The relevant Company and/or consolidated entity continues to comply with the conditions for deductibility imposed by the Law; and

(c) No changes in tax legislation adversely affect the relevant Company and/or consolidated entity in realising the asset.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	Consolidated 2012 $	2011 $
NOTE 6. CASH ASSETS		
Cash at bank and in hand	395,445	13,968,248
	395,445	13,968,248

The bank accounts are at call and pay interest at a weighted average interest rate of 0.30% at 30 June 2012 (2011: 0.84%)

	2012 $	2011 $
NOTE 7. RECEIVABLES		
Current		
Trade receivables	23,911	7,426
Other debtors	503,655	1,403,553
	527,566	1,410,979
Non current		
Other debtors	2,401,889	-

The Group's exposure to credit and currency risks is disclosed in Note 3. The majority of the non-current other debtor balance is VAT receivable which will be offset against future taxes payable on oil revenue.

At 30 June, the aging analysis of receivables is as follows:

	Total	0 – 30 Days	31 – 60 days	61 - 90 days	90+ days
2012	2,929,455	23,911	150,926	11,336	2,743,282
2011	1,410,979	55,425	16,919	34,702	1,303,933

There are no receivables as at 30 June 2012 that are impaired.

	2012 $	2011 $
NOTE 8. OTHER CURRENT ASSETS		
Prepayment	336,995	460,969
Other	123,501	60,205
	460,496	521,174

	2012 $	2011 $
NOTE 9. INVENTORIES		
Raw Material	58,113	-
Crude oil	11,265	-
Provision of obsolete items	(16,058)	-
	53,320	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 10. OIL AND GAS PROPERTIES

	Consolidated $
Cost as at 1 July 2011	
Additions	-
Transferred from exploration and evaluation assets	14,241,140
Disposals	-
Net exchange differences	82,137
Cost as at 30 June 2012	**14,323,277**
Depletion and impairment as at 1 July 2011	
Charge for the year	(97,995)
Provision for impairment	-
Disposals	-
Depletion and impairment as at 30 June 2012	**(97,995)**
Net book value as at 30 June 2012	**14,225,282**

During the year, costs associated with J50 and J52 were transferred to oil and gas properties as during the year these wells were granted a trial production licence and are producing.

NOTE 11. PLANT AND EQUIPMENT

	$
Year ended 30 June 2012	
At 1 July 2011 net of accumulated depreciation	398,851
Additions	752,218
Depreciation charge for the year	(241,723)
Disposals	-
Reclassifications	-
Net exchange differences	16,990
At 30 June 2012 net of accumulated depreciation	**926,336**
At 30 June 2012	
Cost	1,254,140
Accumulated depreciation	(327,804)
Net carrying amount	**926,336**
Year ended 30 June 2011	
At 1 July 2010 net of accumulated depreciation	144,140
Additions	349,102
Depreciation charge for the year	(43,156)
Disposals	-
Reclassifications	-
Net exchange differences	(51,235)
At 30 June 2011 net of accumulated depreciation	398,851
At 30 June 2011	
Cost	564,301
Accumulated depreciation	(165,450)
Net carrying amount	**398,851**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	Consolidated	
	2012	2011
	$	$

NOTE 12. EXPLORATION & EVALUATION EXPENDITURE

	2012 $	2011 $
Exploration expenditure carried forward in respect of areas of interest in:		
Exploration and evaluation expenditure at cost	25,014,521	25,319,806

	2012 $	2011 $
Movements during the year		
Balance at beginning of year	25,319,806	22,282,954
Expenditure incurred during the year	12,856,785	7,189,909
Reclassification to oil and gas properties	(14,241,140)	-
Foreign exchange translation	1,079,070	(4,153,057)
Balance at end of year	25,014,521	25,319,806

NOTE 13. OTHER FINANCIAL ASSETS

	2012 $	2011 $
Liquidation fund	244,151	128,404
Other	48,601	-
	292,752	128,404

The Group has a deposit for the purpose of a Liquidation fund in the amount of $244,151. The deposit is to be used for land restoration when required. Under the laws of Kazakhstan, the deposit must be replenished in the amount of 1% of the annual investments.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	Consolidated 2012 $	2011 $
NOTE 14. PAYABLES		
Trade creditors	675,335	298,307
Accrued expenses	36,889	47,401
Other payables	412,399	188,908
	1,124,623	534,616
NOTE 15. DEFERRED REVENUE		
As at July	-	-
Deferred during the year	2,358,621	-
Released during the year	(1,166,582)	-
At 30 June	1,192,039	-

The deferred revenue refers to an amount received in advance for oil sales. As at 30 June 2012, there is 2,904 tonnes of oil to be delivered under the contract.

NOTE 16. PROVISIONS		
Current		
Annual leave	90,957	61,918
	90,957	61,918
Non - current		
Provision for rehabilitation	356,594	230,552
	356,594	230,552

The Group accrues provisions for the forthcoming costs of rehabilitation of the territory. On the basis of forecasts the cost of rehabilitation of the oilfield would be $258,836

Movements in rehabilitation provision		
Carrying amount at beginning of the year	230,552	85,713
Unwinding of discount rate	13,362	10,553
Foreign exchange translation	8,641	(684)
Provision for the year	104,039	134,970
Carrying amount at the end of year	356,594	230,552

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	Consolidated	
	2012	2011
	$	$
NOTE 17. OTHER FINANCIAL LIABILITIES		
Convertible note	2,789,897	
Derivative liability	274,880	-
	3,064,777	-

On 29 September 2011, the Company agreed terms on its US$3.45m Convertible Notes with major shareholder Soyuzneftegas Capital Limited (SNG). On 2 August 2012, the convertible notes were converted into 8,125,000 Jupiter shares, being the share price of the Rights Issue that occurred in July 2012.

The key terms of the Convertible Notes are:

- Effective date: 29 September 2011
- Coupon Rate: 15% per annum
- Term: 24 months with interest payable quarterly in arrears
- Conversion price: US$0.75, SNG has right to convert earlier if there is a capital raising prior to conversion and the price of that capital raising is less than $0.75. In this instance, the conversion price will be reduced to be in line with the capital raising price.
- Number of shares to be issued if note converted at US$0.75: 4.6 million, representing approximately 4% of the issued share capital
- Arrangement Fee: 1%

Valuation of Convertible Notes

The Notes have an embedded derivative in the form of a call option for the holder to convert the Notes at US$0.75 into Jupiter ordinary shares.

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

The Derivative component of the Notes was valued using the Black Scholes option valuation methodology. The Black Scholes option valuation methodology calculates the expected benefit from acquiring the shares outright less the present value of paying the exercise price for the options at expected exercise date.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 18. CONTRIBUTED EQUITY

	Consolidated	
	2012	2011
	$	$
Shares issued and fully paid		
Ordinary shares (a)	70,941,938	70,986,412
Share options (b)	294,198	294,198
	71,236,136	71,280,610

	Number of Shares	$
(a) Movements in ordinary share capital:		
Balance as at 1 July 2010	886,220,391	44,397,049
Issue of shares – Placement	277,777,778	7,500,000
Issue of shares – Rights issue 1 for 3	339,717,817	9,172,380
Issue to Pursuit Capital	7,718,695	-
Cost of issue	-	(875,075)
Issue of shares - Placement	226,500,061	11,098,591
Cost of issue	-	(306,533)
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

* In respect of share based payments, refer to Note 20 and 21.

(b) Movements in options		
Balance as at 1 July 2011	13,000,000	294,198
1 for 15 reconstruction	(12,133,331)	
Balance 30 June 2012	866,669	294,198

Terms and conditions
Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

(c) Movement in performance rights

Balance as at 1 July 2011	10,000,000	-
Cancelled during year	(10,000,000)	-
Granted during the year	2,133,335	-
Balance as at 30 June 2012	2,133,335	-

NOTE 18. CONTRIBUTED EQUITY (continued)

Capital risk management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

In order to maintain or adjust the capital structure, the entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, enter into joint ventures or sell assets.

The entity does not have a defined share buy-back plan.

No dividends were paid in 2011 and nil are expected to be paid in 2012.

The Company is not subject to any externally imposed capital requirements.

NOTE 19. RESERVES

	CONSOLIDATED		
	Foreign currency translation reserve	***Share based payments reserve***	***Total***
	$	***$***	***$***
At 30 June 2011	(6,084, 968)	3,922,453	(2,162, 515)
Share based payment	-	549,836	549,836
Foreign currency translation	1,337,981	-	1,337,981
At 30 June 2012	(4,746,987)	4,472,289	(274,698)

Nature and purpose of reserves

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Share based payments reserve

The share based payments plan reserve is used to record the value of equity benefits provided to eligible employees as part of their remuneration. Refer to note 21 for further details of this plan.

During the period, Erkin Svanbayev (after shareholder approval) received 266,667 Jupiter Shares. This was included in the share based payment reserve at 30 June 2011.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 20. KEY MANAGEMENT PERSONNEL

This note is to be read in conjunction with the Remuneration Report, which is included in the Directors Report on pages 12 to 20.

(a) Key management personnel compensation

	Consolidated 2012 $	Consolidated 2011 $
Short-term employee benefits	947,463	1,299,175
Post-employment benefits	48,000	23,445
Other	119,203	-
Termination benefits	-	96,000
Share-based payments	549,836	472,958
	1,664,502	1,891,578

Shareholdings

The number of shares in the Company held during the financial year by each Key Management Personnel of Jupiter Energy Limited, including their personally-related entities, are set out below.

2012	*Balance 01-Jul-11*	*Granted as Remuneration*	*On Exercise of Options*	*Net Change Other**	*Balance 30-June-12*
Directors					
G A Gander	38,266,668	-	-	(35,715,555)	2,551,113
A Beardsall	10,000,000	-	-	(9,000,000)	1,000,000
B Kuandykov	-	-	-	-	-
S Mison	4,694,812	-	-	(4,381,825)	312,987
Executives					
K Martens	4,138,420	-	-	(4,138,420)	-
H Wolski	-	-	-	-	-

*Change relates to the consolidation of shares and options which occurred during the year.

2011	*Balance 01-Jul-10*	*Granted as Remuneration*	*On Exercise of Options*	*Net Change Other*	*Balance 30-June-11*
Directors					
G A Gander	28,700,000	-	-	9,566,668	38,266,668
A Beardsall	-	-	-	10,000,000	10,000,000
B Kuandykov	-	-	-	-	-
S Mison	3,692,220	-	-	1,002,592	4,694,812
A R Childs [1]	13,000,000	-	-	3,500,000	16,500,000
E Svanbayev [1]	11,000,000	-	-	-	11,000,000
D Thorpe [1]	5,300,000	-	-	1,767,667	7,067,667
Executives					
K Martens	4,138,420	-	-	-	4,138,420
H Wolski	-	-	-	-	-

[1] The director resigned during the year. This was the holding at time of resigning.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 20. KEY MANAGEMENT PERSONNEL (continued)

Option Holdings

The number of options in the Company held during the financial year by each Key Management Personnel of the consolidated entity, including their personally-related entities, is set out below.

2012	*Balance at beg of period 01-Jul-11*	*Granted as Remune-ration*	*Options Exercised*	*Net Change Other **	*Balance at end of period 30-Jun-12*	*Not Vested & Not Exercisable*	*Vested & Exercisable*
(i) Unlisted Options							
Directors							
G A Gander	-	-	-	-	-	-	-
A Beardsall	-	-	-	-	-	-	-
B Kuandykov	-	-	-	-	-	-	-
S Mison	1,000,000	-	-	(933,333)	66,667	-	66,667
Executives							
K Martens	2,000,000	-	-	(1,866,667)	133,333	-	133,333
H Wolski	-	-	-	-	-	-	-

*Change relates to the consolidation of shares and options which occurred during the year.

2011	*Balance at beg of period 01-Jul-10*	*Granted as Remune-ration*	*Options Exercised*	*Net Change Other*	*Balance at end of period 30-Jun-11*	*Not Vested & Not Exercisable*	*Vested & Exercisable*
(ii) Unlisted Options							
Directors							
G A Gander	-	-	-	-	-	-	-
A Beardsall	-	-	-	-	-	-	-
B Kuandykov	-	-	-	-	-	-	-
S Mison	1,000,000	-	-	-	1,000,000	-	1,000,000
A R Childs	5,000,000	-	-	-	5,000,000	-	5,000,000
E Svanbayev	5,000,000	-	-	-	5,000,000	-	5,000,000
D Thorpe	-	-	-	-	-	-	-
Executives							
K Martens	12,000,000	-	-	(10,000,000)[1]	2,000,000	-	2,000,000
S Sinistin	10,000,000	-	-	(10,000,000)[2]	-	-	-
H Wolski	-	-	-	-	-	-	-

[1] Relates to options cancelled unexercised
[2] Relates to options expired unexercised.
[3] Options held by Messer's Childs and Svanbayev were not cancelled upon them resigning.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 20. KEY MANAGEMENT PERSONNEL (continued)

Performance Rights Holdings

The number of Performance Rights in the Company held during the financial year by each Director of Jupiter Energy Limited and each of the specified Executives of the consolidated entity, including their personally-related entities, are set out below.

2012	*Balance at beg of period 01-Jul-11*	*Granted as Remune-ration*	*Rights Exercised*	*Net Change Other **	*Balance at end of period 30-Jun-12*	*Not Vested & Not Exercisable*	*Vested & Exercisable*
Directors							
G A Gander	10,000,000	666,667	-	(10,000,000)	666,667	666,667	-
A Beardsall	-	666,667	-	-	666,667	666,667	-
B Kuandykov	-	666,667	-	-	666,667	666,667	-
S Mison	-	133,334	-	-	133,334	133,334	-
Executives							
K Martens	-	-	-	-	-	-	-
H Wolski	-	-	-	-	-	-	-

* Relates to rights cancelled.

2011	*Balance at beg of period 01-Jul-10*	*Granted as Remune-ration*	*Rights Exercised*	*Net Change Other **	*Balance at end of period 30-Jun-11*	*Not Vested & Not Exercisable*	*Vested & Exercisable*
Directors							
G A Gander	15,000,000	-	-	(5,000,000)	10,000,000	10,000,000	-
A Beardsall	-	-	-	-	-	-	-
B Kuandykov	-	-	-	-	-	-	-
S Mison	-	-	-	-	-	-	-
A R Childs	-	-	-	-	-	-	-
E Svanbayev	15,000,000	-	-	(15,000,000)	-	-	
D Thorpe	15,000,000	-	-	(15,000,000)	-	-	
Executives							
K Martens	-	-	-	-	-	-	-
S Sinistin	-	-	-	-	-	-	-
H Wolski	-	-	-	-	-	-	-

* Relates to rights lapsed or forfeited.

Transactions between the Group and other related parties
(b) Other Transactions with Key Management Personnel and Related Parties

i. Consultancy fees

During the year, consulting fees of $136,649 (2011: Nil) were accrued and paid under normal terms and conditions to Meridian Petroleum LLP of which Mr Kuandykov is a director, for the provision of geological services at normal commercial rates.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 21. SHARE BASED PAYMENTS

Types of share based payment plans

Employee share option plan and Performance Rights Plan

Included under expenses in the income statement is $549,836 (2011: $343,266), and relates, in full, to equity-settled share-based payment transactions for employees.

Employee Share Option Plan

The Jupiter Energy Employee Share Option Plan was established whereby Jupiter Energy Limited may, at the discretion of the Jupiter Energy Limited Board, grant options over unissued shares of Jupiter Energy Limited to directors, executives, employees and consultants of the consolidated entity. The options are issued for nil consideration, will not be quoted on the ASX, cannot be transferred and are granted at the discretion of the Jupiter Energy Board. The options are issued for a term of five years. The options have a service period of 12 months attached to them before they vest.

The Employee Share Option Plan was approved by shareholders at the November 2007 Annual General Meeting.

Options

The fair value of the options is estimated at the date of grant using the Black -Scholes option pricing model.

No options were granted during the year ended 30 June 2012 (2011: Nil)

During the year ended 30 June 2012, no options were exercised over ordinary shares (2011: Nil).

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of share options issued under the ESOP.

	2012		2011	
	Number of Options	Weighted Average Exercise $	Number of Options	Weighted Average Exercise $
Outstanding at the beginning of the year	13,000,000	0.14	33,000,000	0.102
Reconstruction of options (1:15)	(12,133,331)			
Granted	-		-	
Cancelled / forfeited	-		(10,000,000)	0.08
Exercised	-		-	
Expired	-		(10,000,000)	0.08
Outstanding at year end	866,669	2.08	13,000,000	0.14
Exercisable at year end	866,669	2.08	13,000,000	0.14

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 21. SHARE BASED PAYMENTS (CONT.)
Performance Rights

The Jupiter Energy Performance Rights Plan was established whereby Jupiter Energy Limited may, at the discretion of the Jupiter Energy Limited Board, grant performance rights over unissued shares of Jupiter Energy Limited to directors, executives, employees and consultants of the consolidated entity. The rights are issued for nil consideration, will not be quoted on the ASX, cannot be transferred and are granted at the discretion of the Jupiter Energy Board.

The Performance Rights Plan was approved by shareholders at the November 2009 Annual General Meeting.

On 12 August 2011, 2,133,335 performance rights were approved by shareholders to directors. The number of performance rights vest in proportion to the percentage increase in share price at vesting date $0.919 (minimum vesting price). For 100% of the performance rights to vest, the share price of the Company needs to reach $1.47. In respect of the Vesting Condition, the % 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 (25th August 2012). No performance rights vest if the calculated share price is less than the minimum vesting price at vesting date. The minimum vesting price was set based on 25% premium to the Company's share price at the original grant date.

On 14 May 2012, shareholders approved the extension of the expiry date on the same terms and conditions to the 31 December 2013.

The fair value of performance rights granted to directors is estimated as at the grant date using a hybrid model incorporates a trinomial option valuation and a Monte Carlo simulation option pricing model taking into account the terms and conditions upon which the instruments were granted. Two valuations were performed during the year:
1. As at 26 August 2011 with an expiry date of 25th August 2012
2 Modification as at 14 May 2012 with an expiry date of 31 December 2013.

The following table lists the inputs to the models for the period ended 30 June 2012:

	Performance Rights	Performance Rights
Grant / Modification date	26 August 2011	14 May 2012
Number of performance rights	2,133,335	2,133,335
Share price	60 cents	50 cents
Exercise price	0 cents	0 cents
Dividend Yield	0.0%	0.0%
Expected volatility	80.0%	80.0%
Risk-free interest rate	4.80%	2.67%
Expected life	1 year	1.63 year
Weighted average fair value	27.0 cents	19.5 cents
Total amount	$576,000	$601,600
Expensed to 30 June 2012	$480,000	$46,277

During the year, no performance rights vested.

During the year 10,000,000 (pre consolidation) performance rights were cancelled. $23,559 has been expensed in relation to these rights.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 22. COMMITMENTS FOR EXPENDITURE

Exploration Work Program Commitments

The Group has entered into a subsoil utilisation rights for petroleum exploration and extraction in Areas 1 and 2 in Mangistauskaya Oblast in accordance with Contract No. 2272 dated 29th of December 2006 with the Ministry of Energy and Mineral Resources of the Republic of Kazakhstan.

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

- not later than one year	4,783,196	5,661,900
- later than one year but not later than five years	-	10,380,150
	4,783,196	16,042,050

NOTE 23. AUDITORS REMUNERATION

The auditor of Jupiter Energy Limited is Ernst & Young.

	2012	2011
	$	$
Amounts received or due and receivable by Ernst & Young (Australia) for:		
- auditing or reviewing the financial report	73,511	79,655
- reporting accountant services – AIM listing	121,025	-
	194,536	79,655
Amounts received or due and receivable by Ernst & Young (Kazakhstan) for:		
- auditing or reviewing the financial report	51,569	26,872
- tax compliance	14,725	-
	66,294	26,872
Amounts received or due and receivable by Ernst & Young (Singapore) for:		
- auditing or reviewing the financial report	6,966	7,156
- other services	-	-
	6,966	7,156
Total paid to Ernst & Young	267,796	113,683

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 24. EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share are calculated by dividing the profit / (loss) attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

The following reflects the income and data used in the basic and diluted earnings per share computations:

	Consolidated	
	2012	**2011**
Net loss attributable to ordinary equity holders of the Parent from continuing operations	(4,295,102)	(4,889,671)
	Number of shares	Number of shares
Weighted average number of ordinary shares for basic and diluted earnings per share	115,973,076	91,870,460*

*The weighted average number of ordinary shares for basic earnings per share has been adjusted to reflect the rights issue during the year ended 30 June 2011.

A share consolidation was completed on 30 August 2011. The weighted average number of ordinary shares for basic and diluted earnings per share has been adjusted retrospectively for both the 2012 and 2011 earnings per share.

NOTE 25. SEGMENT REPORTING

Identification of reportable segments

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

Accounting policies and inter-segment transactions

The accounting policies used by the Group in reporting segments internally are the same as those contained in Note 1 to the accounts.

Interest revenue is derived in Australia. Non-current assets relate to capitalised exploration and evaluation expenditure located in Kazakhstan.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 26. STATEMENT OF CASHFLOWS RECONCILIATION

(a) Reconciliation of operating (loss) after income tax to net cash (used in) operating activities

	Consolidated	
	2012	**2011**
	$	**$**
Operating (loss) after income tax:	(4,295,102)	(4,889,671)
Add/(less) non cash items:		
Depreciation	339,178	43,156
Share based payments	549,836	343,266
(Gain) / Loss on derivative	(761,813)	59,455
Finance costs	717,696	-
Effect of foreign exchange translation	(114,781)	883,305
Other	989,016	-
Changes in assets and liabilities:		
(Increase)/decrease in receivables	(1,518,476)	(437,437)
(Increase)/decrease in inventories	(53,320)	87,499
(Increase)/decrease in other current assets	(103,671)	(372,268)
Increase/ (decrease) in deferred revenue	1,192,039	
Increase/ (decrease) in payables	174,265	(333,786)
Increase/(decrease) in provisions	155,081	166,795
	(2,727,892)	(4,449,686)

For the purposes of the cash flow statement, cash includes cash on hand, at banks, and money market investments readily convertible to cash on hand, net of outstanding bank overdrafts.

(b) Non- cash financing and investing activities

	Consolidated	
	2012	**2011**
	$	**$**
Issue of shares to Pursuit Capital Pty Ltd (note 15)	-	239,279

NOTE 27. EVENTS OCCURING AFTER THE BALANCE SHEET DATE

- On 16 July 2012 the Company advised that the J-51 well had received approval to be tested at the Mid Triassic (A) horizon and after the workover was completed the co-mingled flow rate from the Mid Triassic (A) and (B) was between 600 and 650 bopd. This rate was confirmed on 30 July 2012 as having stabilized at 600 bopd on a 9mm choke. The well was shut in on 15 September 2012 after the 90 day production testing period expired.

- On 25 July 2012 the Company announced the closure of its 1 for 4 Rights Issue, raising $11,613,016 (before costs). There was a shortfall of ~35% meaning that the joint underwriters took up additional shares.

- On 01 August 2012, SNG elected to convert its $US3.45m Convertible Notes into equity. Under the terms of the Convertible Notes, the conversion price was the same price as the Rights Issue ($0.40). A total of 8,215,000 shares were issued to SNG in full satisfaction of all outstanding Convertible Notes.

- On 03 August 2012, change in substantial holding notices were lodged reflecting the impact of the shortfall of the Rights Issue and the conversion of the Convertible Notes. At this date, Waterford held 29.5% of the issued shares of the Company and SNG held 19.8%.

- On 06 August 2012 the Company announced that the J-55 well had spud.

- On 21 August 2012 the Company announced details of further oil sales for the August/September period based on a volumes of 2000 tonnes at a price of $US365/tonne ($US52/barrel)

NOTE 28. INFORMATION ON PARENT ENTITY

(a) Information relating to Jupiter Energy Ltd:	2012 $	2011 $
Current assets	570,756	13,416,085
Total assets	41,624,671	41,094,709
Current liabilities	(91,277)	(174,332)
Total liabilities	(3,156,054)	(174,332)
Issued capital	71,236,136	71,519,889
Retained earnings	(37,239,808)	(34,282,686)
Share based payment reserve	4,472,289	3,683,174
Total shareholders' equity	38,468,617	40,920,377
Profit or (loss) of the parent entity	(2,957,121)	(9,833,338)
Total comprehensive income / (loss) of the parent entity	(2,957,121)	(9,833,338)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	Country of incorporation	Equity Holding 2012 %	Equity Holding 2011 %
Name of Entity			
Jupiter Energy (Victoria) Pty Ltd	Australia	100	100
Jupiter Biofuels Pty Ltd	Australia	100	100
Jupiter Energy (Kazakhstan) Pty Ltd	Australia	100	100
Jupiter Energy Pte. Ltd	Singapore	100	100
Jupiter Energy (Services) Pte. Ltd	Singapore	100	100

(b) Details of any guarantees entered into by the parent entity in relation to the debts of its subsidiaries
There are no guarantees entered into by the parent entity.

(c) Details of any contingent liabilities of the parent entity
There are no contingent liabilities of the parent entity as at reporting date.

(d) Details of any contractual commitments by the parent entity
There are no contractual commitments by the parent entity

NOTE 29. CONTINGENT LIABILITIES

The Group has no contingent liabilities as at 30 June 2012. (30 June 2011: Nil)

Directors' Declaration

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

1 In the opinion of the directors:

(a) the financial statements and notes of Jupiter Energy Limited for the financial year ended 30 June 2012 are in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of its financial position as at 30 June 2012 and performance for the year ended on that date.

(ii) Complying with Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2011*

(b) The financial statements and notes also comply with International Financial Reporting Standards, as disclosed in note 2(a)

(c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

3 This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2012.

On behalf of the Board

Geoff Gander
Executive Chairman

Perth, 25 September 2012

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

Report on the financial report

We have audited the accompanying financial report of Jupiter Energy Limited, which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, 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 year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the 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 financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit 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.

Opinion

In our opinion:

a. the financial report of Jupiter Energy Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Jupiter Energy Limited for the year ended 30 June 2012, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

RJ Curtin
Partner
Perth
25 September 2012

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Ltd Listing Rules and not disclosed elsewhere in this report is as follows.

SHAREHOLDINGS (as at 24 September 2012)

Substantial shareholders

WATERFORD PETROLEUM LIMITED	45,246,108	29.50%
SOYUZNEFTEGAS CAPITAL LIMITED	30,373,941	19.80%

Voting Rights

Each shareholder is entitled to receive notice of and attend and vote at general meetings of the Company. At a general meeting, every shareholder present in person or by proxy, representative or attorney will have one vote on a show of hands and on a poll, one vote for each share held.

DISTRIBUTION OF EQUITY SECURITY HOLDINGS

Category	Ordinary Shares
1 – 1,000	232,796
1,001 – 5,000	2,311,097
5,001 – 10,000	3,407,725
10,001 – 100,000	18,060,081
100,001 and over	129,365,994
Total	**153,377,693**

The number of shareholders holding less than a marketable parcel of ordinary shares is 556.

On-market buy back

There is no current on-market buy back.

Securities on Issue

The number of shares and options issued by the Company are set out below:

Category	Number
Ordinary Shares	
Unlisted Options - $2.775 expire 31 December 2012	200,001
Unlisted Options - $1.50 expire 31 December 2012	400,000
Unlisted Options - $2.25 expire 31 December 2012	266,668
Performance Shares – expire 25 August 2012	2,133,335

TWENTY LARGEST SHAREHOLDERS

Name of Holder	No. of Ordinary Shares Held	% of Issued Capital
COMPUTERSHARE CLEARING PTY LTD <CCNL DI A/C>	88,262,905	57.55
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	12,320,809	8.03
JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	9,036,250	5.89
VITORIA PTY LTD	2,377,779	1.55
CITICORP NOMINEES PTY LIMITED	1,776,332	1.16
GLENNBROWN PTY LTD <G BROWN FAMILY ACCOUNT>	1,333,334	0.87
MR ERKIN SVANBAYEV	900,001	0.59
RACOVALIS SUPERANNUATION FUND PTY LTD <RACO SUPER FUND A/C>	680,000	0.44
MR GEOFFREY ANTHONY GANDER <THE GANDER SUPER A/C>	625,000	0.41
MR ATHOL GEOFFREY JAMES	608,148	0.40
NATIONAL NOMINEES LIMITED	531,781	0.35
MR STEPHEN JOHN KINMOND	490,714	0.32
GJ MARANO SUPER PTY LTD <GJ MARANO SUPER FUND A/C>	473,011	0.31
PALS INVESTMENTS PTY LTD	385,000	0.25
GAINSPELL PTY LTD	333,334	0.22
ASCENT CAPITAL HOLDINGS PTY LT	308,334	0.20
SILVERLIGHT HOLDINGS PTY LTD <CAIRNS INVESTMENT A/C>	306,450	0.20
MR DAMIAN RONALD GILLMAN + MRS LUCIA GILLMAN <DAMIAN & LUCIA GILLMAN A/C>	291,667	0.19
CONDALE PTY LTD <F B KANE SUPER FUND A/C>	283,334	0.18
MR WARREN GILMOUR + MRS CATHERINE GILMOUR <W + C GILMOUR SUPER A/C>	282,753	0.18
Total	**121,606,936**	**79.29%**

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Jupiter Energy Ltd
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