JUPITER ENERGY LIMITED

ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

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

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PO Box 1282
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Email	info@jupiterenergy.com
Website	www.jupiterenergy.com

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

Auditors
Ernst & Young
11 Mounts Bay Road
Perth WA 6000

Bankers
National Australia Bank Ltd
UB13.03, 100 St Georges Terrace
Perth WA 6000

Nomad
FinnCap Ltd
60 New Broad St
London, EC2M 1JJ
United Kingdom

Share Registry
Computershare Investor Services Pty Ltd
Level 2, 45 St George's Terrace
Perth WA 6000

Telephone	1300 557 010 (only 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, on the AIM Market under the code JPRL and on the Kazakh Stock Exchange (KASE) under the code AU_JPRL.

Contents of Financial Report

CHAIRMAN'S LETTER

Dear Shareholder,

I am pleased to present the 2013 Annual Report for Jupiter Energy Limited (Jupiter Energy or the Company).

Over the past twelve months, the Company has continued to focus on the development of the Block 31 licence area with the drilling of three exploration wells in the southern extension of the permit (known locally as West Zhetybai) and with ongoing trial production from three wells in the northern area of the permit. More detail on this activity is contained in the Operations Review section of this report.

The prospectivity of our 100% owned licence area continues to improve and on 11 September 2013 the Company announced the results from three independent reserve reports; the outstanding, post period end highlight was that the independent reserve reports for the Akkar East and West Zhetybai fields, prepared as part of the Kazakh State Reserves process, estimated that the combined C1+C2 reserves of these two fields now stands at approximately 102.5 million barrels of recoverable oil, an almost threefold increase from the 2012 State approved C1+C2 figure of 37 million barrels.

The Competent Persons Report prepared by McDaniel and Associates estimated reserves from the mid Triassic as follows:

- Proved Reserves: 1P 9.7 mmbbls
- Proved plus Probable Reserves: 2P 19.2 mmbbls
- Proved plus Probable plus Possible: 3P 28.7 mmbbls

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

Also during September 2013, the Company gained all the necessary approvals to complete its listing on the Kazakh Stock Exchange (KASE), meaning the Company's shares will shortly be able to be traded on KASE. With Jupiter Energy's shares already listed on London's AIM Market (AIM) and the Australian Stock Exchange (ASX), the Company now has access to investment communities in most of the key jurisdictions that have an interest in Central Asia.

Our two major shareholders, the Waterford Group and Soyuzneftegas Capital Limited, continue to show great support for the Company, participating in both the August 2012 Rights Issue and May 2013 issue of $US9m of Series A Convertible Notes. Waterford Group also participated in the September 2013 Series B Convertible Notes. Their holdings remain at 29.5% and 19.8% respectively and the total number of shares on issue as of the date of this report totals 153,377,693.

I believe that the Company has a pivotal 12 months ahead of it with a need to focus on both exploration and appraisal drilling as well as to start the building of the requisite infrastructure to allow the Akkar East oilfield to move into Full Field Development phase – a key step in the Company achieving its first sale of export oil.

The Board remains confident of the prospectivity of the licence area and that the two oilfields that have already been discovered on Block 31 can be both developed into significant producers.

Finally, I would like to take this opportunity to thank all our employees and shareholders for their continued support over the past twelve months.

Sincerely

Geoff Gander
Chairman/CEO

DIRECTORS' REPORT

Your Directors submit their report for the year ended 30 June 2013.

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 (50)
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
None

Alastair Beardsall (59)

Non-Executive Director
Appointed 5 October 2010

Mr Beardsall has been involved in the oil industry for more than 30 years starting in 1980 with Schlumberger, the oil-field services company. From 1992 he began working for independent oil companies, with increasing responsibility for specific exploration, development and production ventures. Between 2003 and 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
None.

Baltabek Kuandykov (65)

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). He was also seconded by the Kazakh Government to work with Chevron Overseas Petroleum on CIS projects. 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
None

DIRECTORS' REPORT (continued)

Scott Adrian Mison (37)

B.Bus, CA, ACSA
Executive Director
Appointed 31 January 2011

Company Secretary
Appointed 29 May 2007

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 CFO/Company Secretary of IDM International Limited and is a board member of Wheelchair Sports WA Inc.

Other Current Directorships of Listed Companies:
Intermet Resources Ltd.

Former Directorships of Listed Companies in last three years:
None.

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
G Gander	3,147,224	2,166,667
A Beardsall	1,250,000	2,166,667
B Kuandykov	-	2,166,667
S Mison	391,234	500,000

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, AIM and KASE announcement within 5 working days of that change. Any changes in Directors' shareholdings are also confirmed at each Board meeting.

DIRECTORS' REPORT (continued)

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.

PRINCIPLE 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 50 employees as at 30 June 2013 (2012: 39 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 $4,885,829 (2012: $4,295,102).

Review of Financial Condition

At the end of the 2013 financial year, cash resources were $4,131,731 (2012: $395,445). Assets increased to $72,091,204 (2012: $44,297,607) and equity increased to $54,573,145 (2012: $38,468,617).

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.
- In December 2012, the Group raised US$3m via promissory notes repayable on 31 December 2013 (December 2013 Promissory Notes). These notes were converted to Convertible Notes on 30 May 2013.
- In March 2013, the Group raised US$3m via promissory notes repayable on 31 March 2014 (March 2014 Promissory Notes).
- In May 2013, the Group raised US$9m through the issue of Convertible Notes with a coupon of 12% and an exercise price of $1.25 and expiring 31 May 2016. The net cash raised was US$6m before costs, as the December 2013 Promissory Notes were converted to Convertible Notes.

Post year end the following capital raising occurred:

In September 2013, the Group raised US$6.5m through the issue of Series B Convertible Notes with a coupon of 12% and an exercise price of $1.25 and expiring 31 September 2016. The net cash raised was US$3.5m before costs, as the March 2014 Promissory Notes were converted to Convertible Notes.

DIRECTORS' REPORT (continued)

Summary of share and share options on issue

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

Date of Vesting	Vesting Conditions	Number under Performance Rights
31 December 2013	Share Price Performance from a base level of $0.919	7,000,001

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

The Performance Rights for each holder shall vest in proportion to the % increase in the Share price of the Company above $0.735 subject to a minimum increase of 25%, 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 (Vesting Conditions). In respect of the Vesting Conditions, 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 Jupiter Energy's fifth, sixth and seventh operated wells (J-55, J-58 and J-59) on the southern extension area of Block 31 and the ongoing trial production from the J-50, J-51 and J-52 wells. Details on all these wells are outlined below as are details on other work carried out over the course of the year.

Well Operations

J-50, J-51 and J-52 Trial Production

The J-50, J-51 and J-52 wells all have their trial production licences in place and during year the Company received cash of $US7.549m from the sale of approximately 194,300 barrels of oil at an average price of $US38.85 per barrel.

All oil sales were made into the domestic market, as is required under Trial Production, and made through predominantly two local traders. All sales were made on a pre-paid basis, with oil collected by the traders from the well head.

The Company announced during April 2013 that the J-50 well had been shut in and an application made for a new gas emissions permit. The improved production from J-50 after the installation of an Electric Submersible Pump in October 2012 meant that the gas emission limit originally approved for 2013 was exceeded earlier than expected.

The J-50 well is currently forecasted to return to production in January 2014. In the meantime the J-51 and J-52 wells continue to produce at a cumulative rate of approximately 650 barrels of oil per day (bopd).

J-53

The J-53 well is located 2.8 km southeast of the J-52 well. The well has been shut in awaiting remedial work to address a water influx that has reduced the overall commercial performance.

The work will be carried out a soon as is feasible and it is hoped to bring the well onto Trial Production during 2014.

DIRECTORS' REPORT (continued)

The Trial Production Licences for the J-50, J-51, J-52 and J-53 wells have a term of three years and the next step post Trial Production will be the implementation of the necessary surface infrastructure required to develop the discoveries for long term production.

J-55 (Southern Extension)

The J-55 well was the Company's fifth exploration well and the second of its two 2012 commitment wells on Block 31. The well is located 5.7 km southeast of the J-53 well and is the first well that the Company has drilled on the southern area extension. This area was granted to the Company in 2011 and is located to the south of the already discovered Akkar East oil accumulation.

The J-55 well took a total of 55 days to drill and reached a total depth of 3,400m on 29 September 2012. Hydrocarbon shows while drilling, including a core in the reservoir zone, and subsequent open hole wireline logs all indicated hydrocarbons in the Triassic reservoir. The open hole logs indicated good levels of oil saturation and porosity.

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

Initial testing of the J-55 well produced oil with a high water cut post perforation and stimulation of both the T2B and T2A horizons; the origins of the water still needs to be determined with further remedial work.

An application for a Trial Production licence will be submitted for the J-55 well as soon as the State Reserves Report for the Southern Extension area has been approved by the relevant authorities. This is expected to occur during the 1st quarter of 2014. An application for further testing work on the well may also be submitted prior to the Trial Production Licence being received.

J-58 (Southern Extension)

The J-58 well was the Company's sixth exploration well and is located 3.8km southeast of the J-55 discovery well and is the second well that the Company drilled on the southern area extension. The well took a total of 37 days to drill and reached a total depth of 3,320m on 28 November 2012; the performance of the drilling operation was better than anticipated with the well reaching final depth ahead of schedule.

Hydrocarbon shows while drilling, including a core in the reservoir zone, and subsequent open hole wireline logs all indicated hydrocarbons in the Triassic reservoir. The open hole logs indicated good levels of oil saturation and porosity.

Analysis by independent consulting firm RES confirmed some 152.8m of gross reservoir and approximately 75.6m of net pay at the Middle Triassic T2B carbonate reservoir unit, the primary reservoir objective in the well. In addition RES analysis also confirmed an additional 120.1m of gross reservoir and approximately 52m of net pay at the Middle Triassic T2A carbonate reservoir unit. Cut offs of 3.8% porosity and 50% oil saturation were used in the analysis, with a correction for mud filtrate displacement.

Initial production testing of the J-58 well from a 5.5m unstimulated zone in the lower T2B Triassic over a 7 day period with a 9mm choke size, resulted in a flow rate of approximately 1,300 bopd. Testing of the T2A horizon was then carried out and results indicated that no additional inflow from this horizon was achieved. The well was brought back onto production from the T2B horizon for a short period and then shut in on the day that the approved Production Testing period expired.

An application for a Trial Production Licence will be submitted for the J-58 well as soon as the State Reserves Report for the Southern Extension area has been approved by the relevant authorities. This is expected to occur during the 1st quarter of 2014. An application for further testing work on the well may also be submitted prior to the Trial Production Licence being received.

DIRECTORS' REPORT (continued)

J-59 (Southern Extension)

The J-59 well was the Company's seventh exploration well and is located 3.8km southeast of the J-58 discovery well and is the third well that the Company has drilled on the southern area extension, alongside the J-55 and J-58 wells.

The well took a total of 52 days to drill and reached a total depth of 3,191m on 20 February 2013; the performance of the drilling operation was in line with expectations. Hydrocarbon shows while drilling, including a core in the reservoir zone, and subsequent open hole wireline logs all indicated hydrocarbons in the Triassic reservoir. The open hole logs indicated good levels of oil saturation and porosity.

Analysis by independent consulting firm RES confirmed some 102.8m of gross reservoir and approximately 42.8m of net pay at the Middle Triassic T2B carbonate reservoir unit, the primary reservoir objective in the well. In addition RES analysis also confirmed an additional 64.6m of gross reservoir and approximately 40.4m of net pay at the Middle Triassic T2A carbonate reservoir unit. Cut offs of 3.8% porosity and 50% oil saturation were used in the analysis, with a correction for mud filtrate displacement.

The permit for testing of the T2B horizon of the J-59 well was issued prior to the completion of the extended testing program on the J-58 well, this overlap of 90 day testing permits resulted in less of the approved 90 day testing period for J-59 being used effectively. The completion and testing of J-59 was commenced in June 2013 and in the limited time available the key focus was to establish the parameters required to provide the required information to enable the completion of the State Reserves Report for the Southern Extension area.

During testing oil was recovered to surface and bottom hole samples taken before the 90 day production period expired.

An application for a Trial Production Licence will be submitted for the J-59 well as soon as the State Reserves Report for the Southern Extension area has been approved by the relevant authorities. This is expected to occur during the 1st half of 2014. An application for further testing work on the well may also be submitted prior to the Trial Production Licence being received.

Independent Reserve Reports

The Company is required to complete a Final Reserves Report for the Akkar East oilfield as part of the process of applying for a Full Field Development licence. This report must be prepared by an approved, independent, Kazakh institute and submitted to the relevant authorities for approval.

In addition, as part of the Trial Production application process for the J-55, J-58 and J-59 wells, a Preliminary Reserves Report needs to be completed for the Southern Extension area. This report must also be prepared by an approved, independent, Kazakh institute and submitted to the relevant authorities for approval.

Both these reports are prepared using the Kazakh classification system of reserves which has been developed from the Russian reserves system which is based on the analysis of geological attributes.

In December 2012, the Company also appointed an independent reserves engineering company to undertake an audit of the producing Mid Triassic T2B horizon using the Petroleum Resource Management System ("PRMS") classification system. Under this classification system, reserves are defined as those quantities of oil which are estimated to be commercially recovered from a known accumulation from a given date forward.

The results of these three reports were released to shareholders on 11 September 2013 and are detailed in the "Significant Events after the Balance Sheet Date" section below.

DIRECTORS' REPORT (continued)

Forward Plan for Drilling Activity

The Company is currently reviewing the funding plan for the coming twelve months. Assuming the funding is in place, it is expected that there will be a combination of exploration, appraisal and early development wells drilled.

The next exploration well (J-54) is a large structural closure mapped using 3D seismic to the north of the producing East Akkar field. The prospect is believed to be a separate accumulation and the prognosis is that it is structurally up dip of Akkar East. The Company estimates a potential resource of over 20 million barrels of oil associated with this prospect.

The Company considers that the main risk associated with the proposed J-54 well is an adequate top seal to trap oil. Assuming success, it is believed that the reservoir quality and flow rates should be similar to that found in the Akkar East field. The current plan is to drill the J-54 well during the 1st quarter of 2014.

Details on the Exploration and Production Licences

The Company expects to submit an application for a further two year extension to the Block 31 Exploration Licence in 2014. The Exploration Licence had an initial 6 year term (ending December 2012) and already has had its 1st two year extension approved to December 2014. This further extension, should it be approved, will take the exploration period through to December 2016.

The Block 31 contract also has the right to a 25 year Production Licence and it is the Company's intention to continue exploring on the southern section of Block 31 whilst also applying, during 2015, for a Production Licence for the already discovered Akkar East field in the northern section of Block 31.

Prospectivity

As outlined in the Forward Plan for Drilling Activity section of this report, the drilling of J-54 during the 1st quarter of calendar 2014 has the potential, assuming success, for an a further upgrade of Block 31 reserves. The Company believes the prospectivity of Jupiter Energy's Block 31 continues to improve and the Board are confident that further additions to the reserves are achievable.

Production

As outlined above, the J-50, J-51, J-52 and J-53 wells already have their respective Trial Production Licences approved and it is expected that wells J-55, J-58 and J-59 will have their application for Trial Production licences approved during 2014.

Total barrels sold under Trial Production during the 2012/13 financial year totalled 194,300 for revenues of A$5,778,057 This represents a 443% increase in revenues achieved in the 2011/12 financial year ($1,063,086).

Board and Staffing

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 the Company is well prepared for continued growth over the coming years.

DIRECTORS' REPORT (continued)

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

Independent Reserve Reports

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

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

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

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

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

Estimated reserves from the $T3^1$, $T3^2$ (both formerly known as the Z Sand), T2A and T2B horizons were used in these calculations. The Akkar East Reserves Report has now been submitted to the relevant authorities; the approval process is expected to take three months.

The West Zhetybai accumulation covers the area delineated by the J-55, J-58 and J-59 wells and reserves have been evaluated for the $T3^1$, $T3^2$, T2A and T2B horizons. The OIP for this area has been estimated at ~232 mmbbls (from all four horizons) with recoverable reserves estimated at ~61.2 mmbbls. The C1 reserves have been estimated at ~2.3 mmbbls and C2 reserves at ~58.9 mmbbls; the recoverable reserves are based on a recovery factor of 27.2%.

The higher proportion of C2 to C1 reserves indicates the need for (i) further testing of the J-55 and J-59 wells and (ii) general appraisal of the area which may include the drilling of additional wells.

RES has submitted the West Zhetybai Preliminary Reserves Report to the relevant authorities; approval is expected to take three months.

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

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

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

DIRECTORS' REPORT (continued)

The results, by reserve category, were:

- Proved Reserves: 1P 9.7 mmbbls
- Proved plus Probable Reserves: 2P 19.2 mmbbls
- Proved plus Probable plus Possible: 3P 28.7 mmbbls

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

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

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

Capital Raising

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

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

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

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

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

The net cash proceeds of the fundraising will be used for the following purposes:

- Remedial work on J-53: ~$US150,000;
- Further testing of the J-59 well: ~$US350,000 and
- General working capital: ~$US2.805m.

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

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

DIRECTORS' REPORT (continued)

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.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

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

As Jupiter Energy Limited is listed on the Australian Stock Exchange and London's AIM Market (AIM), it is subject to the continuous disclosure requirements of the ASX Listing Rules and the AIM Rules for Companies 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. The requirement for continuous disclosure is also required for the KASE.

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 worldwide 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 third 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.

DIRECTORS' REPORT (continued)

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 Gander	7	7
A Beardsall	7	7
B Kuandyukov	7	7
S Mison	7	7

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)

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

Kazakh State Approved Reserves

The information in this report which relates to the C1 and C2 Block 31 reserve estimations is based on information compiled by Reservoir Evaluation Services LLP ("RES"), a Kazakh based oil & gas consulting company that specialises in oil & gas reserve estimations. RES has used the Kazakh Reserve classification system in determining their estimations. RES has sufficient experience which is relevant to oil & gas reserve estimation and to the specific permit in Kazakhstan to qualify as competent to verify the information pertaining to the C1 and C2 reserve estimations. RES has given and not withdrawn its written consent to the inclusion of the C1 and C2 reserve estimations in the form and context in which they appear in this report. RES has no financial 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
John Kroshus	Technical Consultant *(appointed August 2012, resigned July 2013)*

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 interests with the shareholder and business objectives by providing a fixed remuneration component and offering long term incentives based on a key performance area – the material improvement in share price performance. The Board of the Group believes the remuneration policy to be appropriate to attract and retain the best executives and Directors to run and manage the Company, 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 Company 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 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 eligible to participate in the Company’s long term performance rights plan.

REMUNERATION REPORT (Audited) (continued)

The executive Directors and executives receive a superannuation guarantee contribution as required by the government which is currently 9.25%, 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.

REMUNERATION REPORT (Audited) (continued)

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 for its Kazakh based employees, which is based on a cash bonus subject to the attainment of clearly defined Branch and individual measures.

Actual STI payments awarded to each employee depends 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 Branch and individual measures of performance.

Directors are not eligible for participation in the STI program.

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 Directors and senior executives are delivered in the form of Performance Rights, issued under the Performance Rights Plan.

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.

REMUNERATION REPORT (Audited) (continued)

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

	2013	2012	2011	2010	2009
	$	$	$	$	$
Loss before income tax	(4,885,829)	(4,295,102)	(4,889,671)	(5,512,070)	(2,610,253)
Earnings per share (cents)*	(3.25)	(3.70)	(5.25)	(8.25)	(10.80)
Last share price at Balance Date*	0.55	0.415	0.72	0.51	0.36
Market capitalisation	82.7m	48.2m	83.4m	30.1m	8.7m

*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 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 issued is dependent upon an increase in the share price to above the minimum vesting price for the Performance 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.

REMUNERATION REPORT (Audited) (continued)

Details of remuneration (Audited)

Remuneration of Directors and Executives

Table 1: Remuneration for the year ended 30 June 2013

	Short-term benefits			Post-employment benefits	Share-based payment			
Name	Cash salary and Consulting fees $	Cash bonus $	Other $	Super-annuation $	Performance Rights $	Total $	Remuneration consisting of Performance Rights %	Performance related %
Non-executive director								
A Beardsall	40,000	-	-	-	236,611	276,611	85.54%	85.54%
B Kuandykov	40,415	-	-	-	236,611	277,026	85.41%	85.41%
Total non-executive directors	80,415	-	-	-	473,222	553,637		
Executive directors								
G Gander (a)	296,990	-	120,429	16,000	236,611	670,030	35.31%	35.31%
S Mison (b)	130,000	-	-	-	52,054	182,054	28.59%	28.59%
Other key management personnel								
K Martens	157,200	-	-	-	-	157,200	-	-
J Kroshus	290,190	-	38,567	-	14,194	342,951	4.14%	4.14%
Total executives	874,380	-	158,996	16,000	302,859	1,352,235		
Totals	954,795	-	158,996	16,000	776,081	1,905,872		

(a): Other relates to living expenses covering cost of apartment/office in London as per service agreement.
(b): Fees relate to CFO, Company Secretary and Director Fees.

Table 2: 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 $	Performance Rights $	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

REMUNERATION REPORT (Audited) (continued)
Details of remuneration (Audited)
Remuneration of Directors and Executives (continued)

Compensation Options: Granted and vested during the year ended 30 June 2013

During the 2013 and 2012 year, there were no options granted. 866,669 unlisted options lapsed on 31 December 2012. No options, listed or unlisted, were exercised during the year.

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 2013 or 30 June 2012.

Performance Rights

On 9 November 2012, 5,066,666 Performance Rights were approved by shareholders to Directors and executives. The number of Performance Rights vest in proportion to the percentage increase in share price at vesting date \$0.919 (minimum vesting price). For 100% of the Performance Rights to vest, the share price of the Company needs to reach \$1.47. In respect of the Vesting Condition, the percentage increase in the Share price of the Company will be calculated by reference to the volume weighted average price of Shares in the 20 consecutive trading days immediately prior to the Vesting Date (31st December 2013). No Performance Rights vest if the calculated share price is less than the minimum vesting price at vesting date.

The fair value of Performance Rights granted to Directors is estimated as at the grant date using a Monte Carlo simulation option pricing model taking into account the terms and conditions upon which the instruments were granted.

The following table lists the inputs to the models for the period ended 30 June 2013:

	Performance Rights
Grant date	9 November 2012
Number of Performance Rights	5,066,666
Share price	51 cents
Exercise price	0 cents
Dividend Yield	0.0%
Expected volatility	75.0%
Risk-free interest rate	2.72%
Expected life	1.14 year
Weighted average fair value	11.04 cents
Total amount	\$559,360
Expensed to 30 June 2013	\$359,589

During the current year, no Performance Rights vested.

REMUNERATION REPORT (Audited) (continued)

Details of remuneration (Audited)

Remuneration of Directors and Executives (continued)

Table 3: Compensation Performance Rights: Granted and vested during the year ended 30 June 2013

	Granted		Terms & Conditions for each Grant				Vested	
	Number	*Grant Date*	*Fair Value per right at grant date $*	*Exercise price per right $*	*Expiry Date*	*First Exercise Date*	*Number*	*%*
Original Grant Directors								
A Beardsall	1,500,000	9 Nov 2012	$0.51	$0.00	31 Dec 2013	31 Dec 2013	-	-
B Kuandykov	1,500,000	9 Nov 2012	$0.51	$0.00	31 Dec 2013	31 Dec 2013	-	-
G Gander	1,500,000	9 Nov 2012	$0.51	$0.00	31 Dec 2013	31 Dec 2013	-	-
S Mison	366,666	9 Nov 2012	$0.51	$0.00	31 Dec 2013	31 Dec 2013	-	-
Total	4,866,666						-	

Table 4: 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.

REMUNERATION REPORT (Audited) (continued)
Details of remuneration (Audited)
Remuneration of Directors and Executives (continued)

Service agreements

Remuneration and other terms of employment for the Executive Chairman/CEO, Company Sec/CFO, 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 2012)

Base Terms

- This agreement was effective from 1 July 2012 and was for a term of 1.5 years (to December 31 2013).
- 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.
- 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.
- An additional allocation of 1.5m Performance Rights was approved by shareholders at the 2012 AGM.

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 months	None	Unvested rights forfeited

Scott Mison, CFO / Company Secretary / Executive Director (Effective – 1 July 2012)

Base Terms

- This agreement was effective from 1 July 2012 and was for a term of 1. 5 years (to 31 December 2013).
- 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.
- 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.
- An additional allocation of 366,666 Performance Rights was approved by shareholders at the 2012 AGM.

REMUNERATION REPORT (Audited) (continued)
Details of remuneration (Audited)
Remuneration of Directors and Executives (continued)

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 months	None	Unvested rights forfeited

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 23 of this annual report.

AUDITOR INDEPENDENCE

The Directors received the declaration included on page 29 of this annual report from the auditor of Jupiter Energy Limited.

NON-AUDIT SERVICES

There were no non-audit services provided by the entity's auditors, Ernst & Young during the year.

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

G A Gander
Director
Perth, Western Australia
27 September 2013

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 Rules 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 2013.

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.

CORPORATE GOVERNANCE STATEMENT (continued)

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, only one is 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 an independent Non-Executive Director of the Company. His oil industry experience, especially within Kazakhstan, makes his contribution to the Board important and significant.

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.

CORPORATE GOVERNANCE STATEMENT (continued)

Mr Scott Mison is an executive director / 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 a 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 (HSE) 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

There was no evaluation conducted during the financial year.

CORPORATE GOVERNANCE STATEMENT (continued)

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 and the CFO declare in writing to the Board that the Company's financial statements for the year ended 30 June 2013 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 and the CFO 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 17.

CORPORATE GOVERNANCE STATEMENT (continued)

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 and the CFO 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 and CFO 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 2013, there were sixteen 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, the AIM Listing Rules and the KASE 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.

CORPORATE GOVERNANCE STATEMENT (continued)

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, AIM and KASE Listing Rules 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, AIM and KASE 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 2013, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

R J Curtin
Partner
Perth
27 September 2013

RC:DR:JUPITER:048

Financial Statements

FOR THE YEAR ENDED 30 JUNE 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2013

	Note	Consolidated 2013 A$	Consolidated 2012 A$
Revenue		5,778,057	1,063,086
Cost of sales		(4,869,004)	(898,654)
Gross profit		909,053	164,432
Other income		(694,342)	131,418
(Loss) / gain on derivative financial instrument		(161,442)	761,813
General and administrative costs	4	(4,499,291)	(4,659,544)
Operating loss		(4,446,022)	(3,601,881)
Finance income		34,779	24,475
Finance costs		(474,586)	(717,696)
Loss before tax		(4,885,829)	(4,295,102)
Income tax expense	5	-	-
Loss after income tax		(4,885,829)	(4,295,102)
Other comprehensive income net of tax			
Foreign currency translation		5,816,477	1,337,981
Total comprehensive profit / (loss) for the period		930,648	(2,957,121)
Earnings per share for loss attributable to the ordinary equity holders of the Company:			
Basic loss per share (cents)	24	(3.25)	(3.70)
Diluted loss per share (cents)	24	(3.25)	(3.70)

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 2013

	Note	Consolidated 2013 A$	Consolidated 2012 A$
ASSETS			
Current Assets			
Cash and cash equivalents	6	4,131,731	395,445
Trade and other receivables	7	1,119,496	527,566
Other current assets	8	264,717	460,496
Inventories	9	59,087	53,320
Total Current Assets		5,575,031	1,436,827
Non-Current Assets			
Trade and other receivables	7	3,818,391	2,401,889
Oil and gas properties	10	25,908,977	14,225,282
Plant and equipment	11	1,617,097	926,336
Exploration and evaluation expenditure	12	34,710,757	25,014,521
Other financial assets	13	460,951	292,752
Total Non-Current Assets		66,516,173	42,860,780
Total Assets		72,091,204	44,297,607
Current Liabilities			
Trade and other payables	14	2,678,639	1,124,623
Deferred revenue	15	1,642,837	1,192,039
Other financial liabilities	17	3,280,160	-
Derivative liability	17	763,177	-
Provisions	16	86,574	90,957
Total Current Liabilities		8,451,387	2,407,619
Non-current Liabilities			
Provisions	16	452,942	356,594
Other financial liabilities	17	8,613,730	2,789,897
Derivative liability	17	-	274,880
Total Non-Current Liabilities		9,066,672	3,421,371
Total Liabilities		17,518,059	5,828,990
Net Assets		54,573,145	38,468,617
Equity			
Contributed equity	18	85,633,935	71,236,136
Share based payment reserve	19	5,248,370	4,472,289
Foreign currency translation reserve	19	1,069,490	(4,746,987)
Accumulated losses		(37,378,650)	(32,492,821)
Total Equity		54,573,145	38,468,617

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 2013

	Note	Consolidated 2013 A$	Consolidated 2012 A$
Cash flow from operating activities			
Receipts from customers		9,250,333	3,244,141
Payments to suppliers and employees		(11,257,385)	(5,996,508)
Interest received		34,779	24,476
Net cash flows (used in) operating activities	26	(1,972,273)	(2,727,891)
Cash flows from investing activities			
Payments for exploration and evaluation expenditure		(16,634,046)	(13,255,794)
Payments for plant and equipment		(843,706)	(752,218)
Net Cash flows (used in) investing activities		(17, 477,752)	(14,008,012)
Cash flows from financing activities			
Proceeds from issues of shares		11,613,015	-
Proceeds from unsecured loan		5,760,840	-
Proceeds from convertible notes		6,189,480	3,487,987
Fee on issue of convertible note		(281,988)	-
Transactions cost from issue of shares and convertible notes		(501,217)	(44,475)
Interest paid		(148,378)	(379,091)
Net cash flows from financing activities		22,631,752	3,064,421
Net increase / (decrease) in cash held		3,181,727	(13,671,482)
Effects of exchange rate changes		554,559	98,679
Cash at beginning of the year		395,445	13,968,248
Cash at end of the year	6	4,131,731	395,445

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 2013

	Issued capital *A$*	*Share Based Payment Reserve* *A$*	*Foreign Currency Translation Reserve* *A$*	*Accumulated Losses* *A$*	*Total* *A$*
CONSOLIDATED					
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
As at 1 July 2012	71,236,136	4,472,289	(4,746,987)	(32,492,821)	38,468,617
Loss for the period	-	-	-	(4,885,829)	(4,885,829)
Other comprehensive income	-	-	5,816,477	-	5,816,478
Total comprehensive income	-	-	5,816,477	(4,885,829)	930,649
Transactions by owners recorded directly in equity:					
Share based payments	-	776,081	-	-	776,081
Shares issued	14,899,015	-	-	-	14,899,015
- Costs of issue	(501,217)	-	-	-	(501,217)
At 30 June 2013	85,633,934	5,248,370	1,069,490	(37,378,650)	54,573,145

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

1 CORPORATE INFORMATION

The financial report of Jupiter Energy Limited for the year ended 30 June 2013 was authorised for issue in accordance with a resolution of the directors on 27 September 2013

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 AIM 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 2 to 12 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.

The amounts contained within this report have been rounded to nearest $1 (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/100.

Going Concern

At 30 June 2013, the Group has a net working capital deficiency of $2.8 million, which includes Promissory Notes of $3.28 million repayable on 31 December 2013. Subsequent to year end, the Group raised US$6.5m through the issue of Series B Convertible Notes with a coupon of 12% and an exercise price of $1.25 and expiring 31 September 2016. The net cash raised was US$3.5m before costs, as the Promissory Notes were converted to Convertible Notes.

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.

(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 2012, the Group has adopted the following Standards and Interpretations, mandatory for annual periods beginning on 1 July 2012. Adoption of these standards and interpretations did not have any significant effect on the financial position or performance of the Group

AASB 2013-2 Amendments to AASB 1038 – Regulatory Capital

AASB 2010-8 Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets [AASB 112]

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]

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

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 2013. These are outlined in the following table.

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
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 this and other standards via AASB 2011-7 and AASB 2012-10.	1 Jan 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 structured 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, 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
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 recognised in full with actuarial gains and losses being recognised 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

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
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 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, when all the offsetting criteria of AASB 132 are not met.	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	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) ► 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
AASB 2012-9	Amendment to AASB 1048 arising from the withdrawal of Australian Interpretation 1039	AASB 2012-9 amends AASB 1048 *Interpretation of Standards* to evidence the withdrawal of Australian Interpretation 1039 *Substantive Enactment of Major Tax Bills in Australia.*	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. It also removes the individual KMP disclosure requirements for all disclosing entities in relation to equity holdings, loans and other related party transactions.	1 July 2013	The group has not yet determined the financial impact of the change.	1 July 2013
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, 2012-1, 2012-7 and 2012-11.	1 July 2013	The group has not yet determined the financial impact of the change.	1 July 2013
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 2014

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
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. Further amendments were made by AASB 2012-6 which amends the mandatory effective date to annual reporting periods beginning on or after 1 January 2015. AASB 2012-6 also modifies the relief from restating prior periods by amending AASB 7 to require additional disclosures on transition to AASB 9 in some circumstances. 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 Jan 2015	The group has not yet determined the financial impact of the change.	1 July 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 (continued)

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

Production start date

The group assesses each well to determine when the well moves into the production stage. This is when the well is substantially completed and ready for intended use. The group considers various criteria in determining the production start date, including but not limited to, results of well testing, the ability of the well to sustain ongoing production, installation of the relevant well infrastructure and receiving the relevant regulatory approvals.

When the well moves into the production stage the capitalisation of certain development costs ceases and costs incurred are expensed as a production cost. It also at this point when that the well commences depreciation. Any proceeds received from oil sales prior to the production start date as part of any well testing, are capitalised to the asset.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

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Performance Rights

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(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

A 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 its 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 (continued)

(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:

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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

	Consolidated	
	2013	2012
	$	$
Financial Assets		
Cash and cash equivalents	4,131,731	395,445
Net exposure	4,131,731	395,445

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)	2013	2012
	$	$
+ 1%	41,317	3,954
-1%	(41,317)	(3,954)

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	
	2013	2012
	$	$
Financial Assets		
Cash and cash equivalents		
- USD	3,029,199	341,630
- KZT	798,661	-
- SGD	1,859	-
- GBP	281,854	4,200
Liquidation Fund	418,349	244,151
Trade and other receivables	-	-
Other debtors	-	-
	4,529,922	589,981
Financial Liabilities		
Trade and other payables	-	-
Other financial liabilities	(11,893,890)	(2,789,897)
Derivative	(763,177)	(274,880)
	(12,657,067)	(3,064,777)
Net exposure	(8,127,145)	(2,474,796)

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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, Singapore 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)	2013 $	2012 $
+5%	(406,357)	(123,740)
-5%	406,357	123,740

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.

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	
	2013 $	2012 $
Financial Assets		
Within one year	-	527,566
After one year but not more than five years	-	2,401,889
More than five years	418,349	292,752
	418,349	3,222,207
Financial Liabilities		
Within one year	(3,280,160)	(2,316,661)
After one year to two years	(9,376,907)	(3,064,777)
More than two years		-
	(12,657,067)	(5,381,438)
Net Exposure	(12,238,718)	(2,159,231)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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.

Equity Price Risk

The Group has exposure in equity risk through the convertible notes, which is susceptible to market price risk arising from uncertainties about future values of the Company's share price.

At the reporting date, the exposure to market price risk at fair value was $763,177. A decrease in the company's share price by 10% could have an impact of approximately $76,318 on profit and loss or equity attributable to the Group, depending on whether the decline is significant or prolonged. An increase in the company's share price by 10% could have an impact of approximately $76,318 on profit and loss or equity attributable to the Group, depending on whether the decline is significant or prolonged.

4. EXPENSES

	Consolidated	
	2013	2012
	$	$
Administration and compliance expenses	2,795,630	2,846,275
Consulting fees	210,989	252,673
Depreciation and amortisation expenses	142,201	241,723
Directors fees	239,450	321,147
Legal fees	108,405	112,022
Occupancy expenses	226,536	335,868
Share based payments	776,081	549,836
Foreign currency loss	-	-
Total expenses	4,499,291	4,659,544

During the year, employee benefits were $970,780. This is included in administration and compliance expenses.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

5. TAXATION

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

	Consolidated 2013 $	Consolidated 2012 $
Prima facie income tax benefit on operating (loss) at the Australian tax rate of 30% (2012: 30%)	(1,465,749)	(1,288,531)
Non deductible expenditure:		
- Effect of tax rates in foreign jurisdictions	203,065	523,042
- Share Based payments	232,825	164,951
- Administration expenses	-	6,619
Temporary differences and tax losses not bought to account as a deferred tax asset	1,029,859	593,919
Income tax expense	-	-

Deferred Income Tax

Deferred income tax at 30 June relates to the following:

	2013 $	2012 $
Consolidated		
Deferred tax liabilities	-	-
Deferred tax assets		
Unrealised FX (gain) / loss	213,444	32,989
Unrealised derivative (gain) / loss	48,433	228,544
Share issue costs	145,455	52,136
Revenue tax losses – Australia	6,580,747	5,910,644
Revenue tax losses – Kazakhstan	1,655,650	1,349,193
Deferred tax assets not recognised	(8,643,729)	(7,573,506)
Deferred tax (income)/expense	-	-
Net deferred tax recognised in Balance Sheet	-	-

The Consolidated Group has tax losses of $8,643,729 (2012: $7,573,506) 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.

6. CASH ASSETS

	Consolidated 2013 $	2012 $
Cash at bank and in hand	4,131,731	395,445
	4,131,731	395,445

The bank accounts are at call and pay interest at a weighted average interest rate of 1.54% at 30 June 2013 (2012: 0.30%)

7. RECEIVABLES

	Consolidated 2013 $	2012 $
Current		
Trade receivables	23,222	23,911
VAT receivable	1,084,938	492,319
Other debtors	11,336	11,336
	1,119,496	527,566
Non-current		
VAT receivable	3,818,391	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
2013	4,937,887	23,222	-	-	4,914,665
2012	2,929,455	23,911	150,926	11,336	2,743,282

There are no receivables as at 30 June 2013 that are impaired.

8. OTHER CURRENT ASSETS

	Consolidated 2013 $	2012 $
Prepayment	58,815	336,995
Other	205,902	123,501
	264,717	460,496

9. INVENTORIES

Raw Material	59,750	58,113
Crude oil	16,805	11,265
Provision of obsolete items	(17,468)	(16,058)
	59,087	53,320

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

10. OIL AND GAS PROPERTIES

	Consolidated $
Cost as at 1 July 2012	14,323,277
Additions	-
Transferred from exploration and evaluation assets	9,782,935
Disposals	-
Net exchange differences	2,493,525
Cost as at 30 June 2013	26,599,737
Depletion and impairment as at 1 July 2012	(97,995)
Charge for the year	(592,765)
Provision for impairment	-
Disposals	-
Depletion and impairment as at 30 June 2013	(690,760)
Net book value as at 30 June 2013	25,908,977

During the year, costs associated with J51 and J53 were transferred to oil and gas properties as during the year these wells were granted a trial production licence and are producing.

11. PLANT AND EQUIPMENT

	$
Year ended 30 June 2013	
At 1 July 2012 net of accumulated depreciation	926,336
Additions	843,706
Depreciation charge for the year	(142,201)
Disposals	-
Reclassifications	-
Net exchange differences	10,745
At 30 June 2013 net of accumulated depreciation	1,617,096
At 30 June 2013	
Cost	2,040,995
Accumulated depreciation	(423,899)
Net carrying amount	1,617,096
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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

12. EXPLORATION & EVALUATION EXPENDITURE

	Consolidated	
	2013	2012
	$	$
Exploration expenditure carried forward in respect of areas of interest in:		
Exploration and evaluation expenditure at cost	34,710,757	25,014,521
Movements during the year		
Balance at beginning of year	25,014,521	25,319,806
Expenditure incurred during the year	16,627,189	12,856,785
Reclassification to oil and gas properties	(9,782,935)	(14,241,140)
Foreign exchange translation	2,851,982	1,079,070
Balance at end of year	34,710,757	25,014,521

Oil sales revenue capitalised into exploration and evaluation expenditure for the year was $1,506,193 (2012: $355,535).

13. OTHER FINANCIAL ASSETS

Liquidation fund	418,349	244,151
Other	42,602	48,601
	460,951	292,752

The Group has a deposit for the purpose of a Liquidation fund in the amount of $418,349. 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 2013

14. PAYABLES

	Consolidated 2013 $	2012 $
Trade creditors	889,235	675,335
Accrued expenses	364,154	36,889
Other payables	1,425,250	412,399
	2,678,639	1,124,623

15. DEFERRED REVENUE

As at 1 July	1,192,039	-
Deferred during the year	9,424,424	2,358,621
Released during the year	(9,093,730)	(1,166,582)
Foreign exchange translation	120,104	(5,000)
At 30 June	1,642,838	1,192,039

The deferred revenue refers to an amount received in advance for oil sales. As at 30 June 2013, there is 8,546 tonnes of oil to be delivered under contracts.

16. PROVISIONS

Current		
Annual leave	86,574	90,957
	86,574	90,957
Non - current		
Provision for rehabilitation	452,942	356,594
	452,942	356,594

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 $452,942.

Movements in rehabilitation provision		
Carrying amount at beginning of the year	356,594	230,552
Unwinding of discount rate	21,334	13,362
Foreign exchange translation	31,305	8,641
Provision for the year	43,709	104,039
Carrying amount at the end of year	452,942	356,594

17. OTHER FINANCIAL LIABILITIES

	Consolidated 2013 $	2012 $
Current		
Unsecured loans	3,280,160	-
Derivative liability	763,177	-
	4,043,337	-
Non-Current		
Convertible note	8,613,730	2,789,897
Derivative liability	-	274,880
	8,613,730	3,064,777

<u>Promissory Notes</u>

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

The Loan was for $US3 million via 3 Promissory Notes, each with exactly the same terms and each with a face value of $US1m. The Loan was repayable on 31 December 2013 or at such time that the Company raises additional funding of a minimum of $20 million via debt, equity or other funding. The Loan had a coupon rate of 15% per annum, payable quarterly in arrears, with the first interest payment due on 31 March 2013. On 31 May 2013, the loan was converted to Convertible Notes (Series A) on the terms as below.

On 28 March 2013, Jupiter entered into a second unsecured loan agreement with Mobile Energy Limited. The Loan is for $US3 million via 3 Promissory Notes, each with exactly the same terms and each with a face value of $US1m. The Loan was repayable on 31 March 2014 or at such time that the Company raised additional funding of a minimum of $20 million via debt, equity or other funding. The Loan had a coupon rate of 15% per annum, payable quarterly in arrears, with the first interest payment due on 30 June 2013. Subsequent to year end, the Promissory Notes were converted into Convertible Notes (Series B), refer to note 27 for further details of the terms and conditions.

<u>Convertible Notes</u>

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

<u>US$9m Convertible Notes (Series A):</u>

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

The key terms of the Convertible Notes are as follows:

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

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

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

17. OTHER FINANCIAL LIABILITIES (continued)

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

Subsequent to year end, the Convertible Notes (Series A) were converted into Convertible Notes (Series B), refer to note 27 for further details of the terms and conditions.

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$1.25 into Jupiter ordinary shares.

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

18. CONTRIBUTED EQUITY

	Consolidated 2013 $	Consolidated 2012 $
Shares issued and fully paid		
Ordinary shares (a)	85,339,736	70,941,937
Share options (b)	294,198	294,199
	85,633,934	71,236,136

(a) Movements in ordinary share capital:	Number of Shares	$
Balance 30 June 2011	1,737,934,742	70,986,412
1 for 15 reconstruction	(1,622,071,255)	-
Cost of issue - Rights Issue	-	(44,475)
Issue of shares – share based payment *	266,667	-
Balance 30 June 2012	116,130,154	70,941,937
Issue of shares	29,032,539	11,613,016
Issue of shares – conversion of convertible notes	8,215,000	3,286,000
Cost of issue	-	(501,217)
Balance 30 June 2013	153,377,693	85,339,736

(b) Movements in options

Balance as at 1 July 2012	866,669	-
1 for 15 construction	-	13,000,000
Expired during the period	(866,669)	(12,133,331)
Balance 30 June 2013	-	866,669

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 2012	2,133,335	10,000,000
Cancelled during year	(200,000)	(10,000,000)
Granted during the year	5,066,666	2,133,335
Balance as at 30 June 2013	7,000,001	2,133,335

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 2012 and nil are expected to be paid in 2013.

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

19. RESERVES

	CONSOLIDATED		
	Foreign currency translation reserve	Share based payments reserve	Total
	$	$	$
At 30 June 2012	(4,746,987)	4,472,289	(274,698)
Share based payment	-	776,081	776,081
Foreign currency translation	5,816,477	-	5,816,477
At 30 June 2013	1,069,490	5,248,370	6,317,860

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

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 13 to 21.

(a) Key management personnel compensation

	Consolidated 2013 $	Consolidated 2012 $
Short-term employee benefits	954,795	947,463
Post-employment benefits	16,000	48,000
Other	158,996	119,203
Termination benefits	-	-
Share-based payments	776,081	549,836
	1,905,872	1,664,502

Shareholdings

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

2013	Balance 1 July 2012	Granted as Remuneration	On Exercise of Options	Net Change Other	Balance 30 June 2013
Directors					
G Gander	2,551,113	-	-	596,111	3,147,224
A Beardsall	1,000,000	-	-	250,000	1,250,000
B Kuandykov	-	-	-	-	-
S Mison	312,987	-	-	78,251	391,238
Executives					
K Martens	-	-	-	-	-
J Kroshus	-	-	-	-	-

2012	Balance 1 July 2011	Granted as Remuneration	On Exercise of Options	Net Change Other*	Balance 30 June 2012
Directors					
G 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

20. KEY MANAGEMENT PERSONNEL (continued)

Option Holdings

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

2013	*Balance at beg of period 1 July 2012*	*Granted as Remune-ration*	*Options Exercised*	*Net Change Other **	*Balance at end of period 30 June 2013*	*Not Vested & Not Exercisable*	*Vested & Exercisable*
(i) Unlisted Options							
Directors							
G Gander	-	-	-		-	-	-
A Beardsall	-	-	-		-	-	-
B Kuandykov	-	-	-		-	-	-
S Mison	66,667	-	-	(66,667)	-	-	-
Executives							
K Martens	133,333	-	-	(133,333)	-	-	-
J Kroshus	-	-	-		-	-	-

*Change relates to the expiry of options which occurred during the year.

2012	*Balance at beg of period 1 July 2011*	*Granted as Remune-ration*	*Options Exercised*	*Net Change Other ***	*Balance at end of period 30 June 2012*	*Not Vested & Not Exercisable*	*Vested & Exercisable*
(ii) Unlisted Options							
Directors							
G 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.

20. KEY MANAGEMENT PERSONNEL (continued)

Performance Rights Holdings

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

2013	*Balance at beg of period 1 July 2012*	*Granted as Remune-ration*	*Rights Exercised*	*Net Change Other **	*Balance at end of period 30 June 2013*	*Not Vested & Not Exercisable*	*Vested & Exercisable*
Directors							
G Gander	666,667	1,500,000	-	-	2,166,667	2,166,667	-
A Beardsall	666,667	1,500,000	-	-	2,166,667	2,166,667	-
B Kuandykov	666,667	1,500,000	-	-	2,166,667	2,166,667	-
S Mison	133,334	366,666	-	-	500,000	500,000	-
Executives							
K Martens	-	-	-	-	-	-	-
J Kroshus	-	200,000	-	(200,000)	-	-	-

2012	*Balance at beg of period 1 July 2011*	*Granted as Remune-ration*	*Rights Exercised*	*Net Change Other **	*Balance at end of period 30 June 2012*	*Not Vested & Not Exercisable*	*Vested & Exercisable*
Directors							
G 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.

(b) Transactions between the Group and other related parties

Consultancy fees

During the year, consulting fees of $115,637 (2012: $136,649) 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.

21. SHARE BASED PAYMENTS

Employee Share Option Plan (ESOP) and Performance Rights Plan

Included under expenses in the income statement is $776,081 (2012: $549,836), and relates, in full, to equity-settled share-based payment transactions for employees.

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 2013 (2012: Nil)

During the year ended 30 June 2013, no options were exercised over ordinary shares (2012: Nil).

The following table illustrates the number and weighted average exercise prices (WAEP) of share options issued under the ESOP:

	2013		2012	
	Number of Options	WAEP $	Number of Options	WAEP $
Outstanding at the beginning of the year	866,669	2.08	13,000,000	0.14
Reconstruction of options (1:15)	-	-	(12,133,331)	-
Granted	-	-	-	-
Cancelled / forfeited	-	-	-	-
Exercised	-	-	-	-
Expired	(866,669)	2.08	-	-
Outstanding at year end	-	-	866,669	2.08
Exercisable at year end	-	-	866,669	2.08

21. SHARE BASED PAYMENTS (continued)

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 9 November 2012, 5,066,666 performance rights were approved by shareholders to directors and executives. The number of performance rights vest in proportion to the percentage increase in share price at vesting date $0.919 (minimum vesting price). For 100% of the performance rights to vest, the share price of the Company needs to reach $1.47. In respect of the Vesting Condition, the percentage increase in the Share price of the Company will be calculated by reference to the volume weighted average price of Shares in the 20 consecutive trading days immediately prior to the Vesting Date (31st December 2013). No performance rights vest if the calculated share price is less than the minimum vesting price at vesting date.

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

The following table lists the inputs to the models for the period ended 30 June 2013:

	Performance Rights
Grant date	9 November 2012
Number of performance rights	5,066,666
Share price	51 cents
Exercise price	0 cents
Dividend Yield	0.0%
Expected volatility	75.0%
Risk-free interest rate	2.72%
Expected life	1.14 year
Weighted average fair value	11.04 cents
Total amount	$559,360
Expensed to 30 June 2013	$359,589

During the current year, no performance rights vested.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

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 29 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:

	2013 $	2012 $
- not later than one year	-	4,783,196
- later than one year but not later than five years	-	-
	-	4,783,196

23. AUDITORS REMUNERATION

The auditor of Jupiter Energy Limited is Ernst & Young.

	2013	2012
Amounts received or due and receivable by Ernst & Young (Australia) for:		
- auditing or reviewing the financial report	90,293	73,511
- reporting accountant services – AIM listing	-	121,025
	90,293	194,536
Amounts received or due and receivable by Ernst & Young (Kazakhstan) for:		
- auditing or reviewing the financial report	49,917	51,569
- tax compliance	-	14,725
	49,917	66,294
Amounts received or due and receivable by Ernst & Young (Singapore) for:		
- auditing or reviewing the financial report	7,876	6,966
	7,876	6,966
Total paid to Ernst & Young	148,086	267,796

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	
	2013	2012
Net loss attributable to ordinary equity holders of the Parent from continuing operations	(4,885,829)	(4,295,102)
	Number of shares	Number of shares
Weighted average number of ordinary shares for basic and diluted earnings per share	150,373,286	115,973,076

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 the 2012 earnings per share.

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 2013

26. STATEMENT OF CASHFLOWS RECONCILIATION

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

	Consolidated	
	2013	2012
	$	$
Operating (loss) after income tax:	(4,885,829)	(4,295,102)
Add/(less) non-cash items:		
Depreciation / Depletion	734,966	339,178
Share based payments	776,081	549,836
(Gain) / Loss on derivative	161,442	(761,813)
Finance costs	474,586	717,696
Effect of foreign exchange translation	711,481	(114,781)
Other	-	989,016
Changes in assets and liabilities:		
(Increase)/decrease in receivables	(2,008,432)	(1,518,476)
(Increase)/decrease in inventories	(5,767)	(53,320)
(Increase)/decrease in other current assets	(27,580)	(103,671)
Increase/ (decrease) in deferred revenue	450,798	1,192,039
Increase/ (decrease) in payables	1,554,016	174,265
Increase/(decrease) in provisions	91,965	155,081
	(1,972,273)	(2,727,892)

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

27. EVENTS OCCURING AFTER THE BALANCE SHEET DATE

Reserve Upgrade

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

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

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

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

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

Estimated reserves from the $T3^1$, $T3^2$ (both formerly known as the Z Sand), T2A and T2B horizons were used in these calculations. The Akkar East Reserves Report has now been submitted to the relevant authorities; the approval process is expected to take three months.

The West Zhetybai accumulation covers the area delineated by the J-55, J-58 and J-59 wells and reserves have been evaluated for the $T3^1$, $T3^2$, T2A and T2B horizons. The OIP for this area has been estimated at ~232 mmbbls (from all four horizons) with recoverable reserves estimated at ~61.2 mmbbls. The C1 reserves have been estimated at ~2.3 mmbbls and C2 reserves at ~58.9 mmbbls; the recoverable reserves are based on a recovery factor of 27.2%.

The higher proportion of C2 to C1 reserves indicates the need for (i) further testing of the J-55 and J-59 wells and (ii) general appraisal of the area which may include the drilling of additional wells.

RES has submitted the West Zhetybai Preliminary Reserves Report to the relevant authorities; approval is expected to take three months.

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

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

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

27. EVENTS OCCURING AFTER THE BALANCE SHEET DATE (continued)

The results, by reserve category, were:

- Proved Reserves: 1P 9.7 mmbbls
- Proved plus Probable Reserves: 2P 19.2 mmbbls
- Proved plus Probable plus Possible: 3P 28.7 mmbbls

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

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

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

Capital Raising

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

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

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

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

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

The net cash proceeds of the fundraising will be used for the following purposes:

- Remedial work on J-53: ~$US150,000;
- Further testing of the J-59 well: ~$US350,000 and
- General working capital: ~$US2.805m.

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

27. EVENTS OCCURING AFTER THE BALANCE SHEET DATE (continued)

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

28. INFORMATION ON PARENT ENTITY

(a) Information relating to Jupiter Energy Ltd:	2013 $	2012 $
Current assets	3,396,958	570,756
Total assets	67,645,695	41,624,671
Current liabilities	(3,695,643)	(91,277)
Total liabilities	(13,072,550)	(3,156,054)
Issued capital	85,633,935	71,236,136
Retained earnings	(36,309,158)	(37,239,808)
Share based payment reserve	5,248,370	4,472,289
Total shareholders' equity	54,573,147	38,468,617
Profit or (loss) of the parent entity	930,650	(2,957,121)
Total comprehensive income / (loss) of the parent entity	930,650	(2,957,121)

28. INFORMATION ON PARENT ENTITY (continued)

	Country of incorporation	Equity Holding 2013 %	Equity Holding 2012 %
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

29. CONTINGENT LIABILITIES

The Group has no contingent liabilities as at 30 June 2013 (30 June 2012: 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 2013 are in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of its financial position as at 30 June 2013 and performance for the year ended on that date.

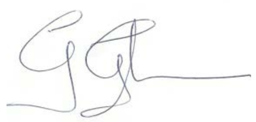
(ii) Complying with Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2011*

(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 2013.

On behalf of the Board



Geoff Gander
Executive Chairman

Perth, WA 27 September 2013

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

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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 2013, 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 2013 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 2013. 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 2013, complies with section 300A of the Corporations Act 2001.

Ernst & Young

Ernst & Young

R J Curtin
Partner
Perth
27 September 2013

RC:DR:JUPITER:047

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 10 September 2013)

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	210,415
1,001 – 5,000	1,979,342
5,001 – 10,000	2,667,304
10,001 – 100,000	13,921,088
100,001 and over	134,599,544
Total	153,377,693

The number of shareholders holding less than a marketable parcel of ordinary shares is 424

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	153,377,693
Performance Shares – expire 31 December 2013	7,000,001

TWENTY LARGEST SHAREHOLDERS

	Name of Holder	No. of Ordinary Shares	% of Issued capital
1.	COMPUTERSHARE CLEARING PTY LTD <CCNL DI A/C>	93,358,648	60.87
2.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	13,130,086	8.56
3.	JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	5,483,262	3.58
4.	CITICORP NOMINEES PTY LIMITED	3,313,817	2.16
5.	BNP PARIBAS NOMS PTY LTD <DRP>	2,625,990	1.71
6.	VITORIA PTY LTD	2,377,779	1.55
7.	GLENNBROWN PTY LTD <G BROWN FAMILY ACCOUNT>	1,333,334	0.87
8.	RACOVALIS SUPERANNUATION FUND PTY LTD <RACO SUPER FUND A/C>	950,000	0.62
9.	MR ERKIN SVANBAYEV	750,000	0.49
10.	MR GEOFFREY ANTHONY GANDER <THE GANDER SUPER A/C>	625,000	0.41
11.	MR ATHOL GEOFFREY JAMES	608,148	0.40
12.	MR STEPHEN JOHN KINMOND	505,041	0.33
13.	GLENNBROWN PTY LTD <G BROWN FAMILY A/C>	465,000	0.30
14.	MR JASON NUTTMAN	389,541	0.25
15.	PALS INVESTMENTS PTY LTD	385,000	0.25
16.	GAINSPELL PTY LTD	333,334	0.22
17.	ASCENT CAPITAL HOLDINGS PTY LT	308,334	0.20
18.	SILVERLIGHT HOLDINGS PTY LTD <CAIRNS INVESTMENT A/C>	306,450	0.20
19.	NORDCO AUSTRALIA PTY LTD	300,000	0.20
20.	MR DAMIAN RONALD GILLMAN + MRS LUCIA GILLMAN <DAMIAN & LUCIA GILLMAN A/C>	291,667	0.19
TOTAL		127,840,431	83.36