JUPITER ENERGY LIMITED

ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016

CORPORATE INFORMATION

Jupiter Energy Limited
ABN 65 084 918 481

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

Group Secretary
Scott Mison

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PO Box 1282
Western Australia 6872

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

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

Auditors
Ernst & Young
11 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 2016 Annual Report for Jupiter Energy Limited ("Jupiter Energy" or "Group").

The past year has been a difficult one for the Group. The global decline in the price of oil and the flow on effect to Kazakh domestic oil prices made Jupiter's ability to produce oil on a cashflow positive basis impossible. This resulted in all the operational wells located on our permit area remaining shut in for the entire financial year. In addition, continued funding constraints meant that there was also no new drilling carried out during the same period.

As a result of this inactivity, the Group operated on a "Care & Maintenance" basis throughout the year and continued to be supported by its major shareholder with debt funding being provided as required.

On a more positive note, Jupiter Energy announced on 19 September 2016 that it had been successful in extending its Exploration Licence for a further three years (to 29 December 2019). With this three year Exploration Licence extension now secured, the Group hopes to return to domestic oil production as soon as the Trial Production Licences for the Akkar East and West Zhetybai oilfields have been renewed and Kazakh domestic oil prices improve.

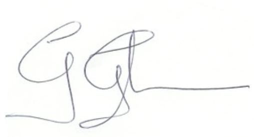
As part of the three year extension of the Exploration Licence, the Group has submitted a Work Program to the Kazakh authorities for approval and this program covers the 2017, 2018 and 2019 calendar years. The Board is now working to ensure funding will be in place to carry out that program, commencing in early 2017.

The focus of the three year Work Program will be 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 its Full Field Development phase – a key step in the Group achieving the first sale of export oil.

The Board remains confident in the prospectivity of the licence area and furthermore that the two oilfields that have already been discovered on our permit area can be commercially developed into significant producers.

I look towards 2017 with renewed confidence and may I take this opportunity to thank all our employees and shareholders for their continued support over the past twelve months and encourage shareholders to attend the Annual General Meeting to be held in Perth on 4 November 2016.

Sincerely



Geoff Gander
Chairman/CEO

DIRECTORS' REPORT

Your Directors submit their report for the year ended 30 June 2016.

DIRECTORS

The names and details of the Group'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 (53)

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 was involved in the identification and purchase of the Block 31 licence in Kazakhstan and has driven the development of the business there since 2007. He is currently responsible for the overall Operational Leadership of the Company as well as Investor Relations and Group Corporate Development.

Other Current Directorships of Listed Companies
None

Former Directorships of Listed Companies in last three years
None

Baltabek Kuandykov (68)

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
None

Former Directorships of Listed Companies in last three years
None

Scott Adrian Mison (40)

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

Company Secretary
Appointed 29 May 2007

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

Mr Mison has over 17 years' experience in finance and corporate compliance within Australia, UK, Central Asia and USA.

He is also CFO / Company Secretary of Rift Valley Resources Ltd.

Mr Mison is also a board member of Wheelchair Sports WA Inc. a not for profit organisation.

Other Current Directorships of Listed Companies:
None

Former Directorships of Listed Companies in last three years:
1-Page Limited and IDM International Ltd

DIRECTORS' REPORT (continued)

Alexey Kruzhkov (49)

Non-Executive Director
Appointed 29 August 2016

Mr Kruzhkov holds an Engineering Degree and an MBA and has over 10 years' experience working in the investment industry, focusing primarily on organisations involved in Oil & Gas, Mining and Real Estate. He has served as a Director on the Boards of companies listed in Canada and Norway. He is a board member and part of the of the executive team of Waterford Investment and Finance Limited and resides in Cyprus. He holds British and Russian citizenships.

Other Current Directorships of Listed Companies
None

Former Directorships of Listed Companies in last three years
None

Alastair Beardsall (62)

Non-Executive Director
Appointed 5 October 2010
Resigned: 31 May 2016

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

None

Former Directorships of Listed Companies in last three years
Sterling Energy Plc – (AIM)
Gulfsands Petroleum Plc (AIM)

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 of Jupiter Energy Limited were:

Director	Number of ordinary shares
G Gander	811,112
B Kuandykov	-
S Mison	391,238
A Kruzhkov	-

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 without delay. 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's consolidated financial report incorporates 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 5 employees as at 30 June 2016 (2015: 21 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 $10,474,870 (2015: $10,982,261).

Review of Financial Condition

At the end of the 2016 financial year, cash resources were $663,446 (2015: $1,613,560). These accounts have been prepared on a going concern basis, predicated on the Group's ability to raise additional cash in order to finance its proposed work programme and general and administrative costs for the next 12 months. The Board is currently progressing a number of financing options including seeking the requisite waivers for an equity raising and/or the issue of debt finance.

Assets decreased to $47,557,046 (2015: $76,897,616) and equity decreased to $3,711,245 (2015: $41,654,900). The decrease is a direct result of the devaluation of the Kazakh Tenge currency during the year.

CAPITAL RAISING / CAPITAL STRUCTURE

Funding and Capital Management:

As at 30 June 2016, the Group had 153,377,693 listed shares trading under the ASX ticker "JPR", the AIM ticker "JPRL" and the KASE ticker "AU_JPRL".

The Group announced on 3 June 2016 that it had reached agreement with its Convertible Note holders to re-finance the 12,400,000 Convertible Notes with a total value of US$20,800,753 (A$28,037,543) (including accrued interest) into Promissory Notes with a repayment date of 1 July 2018.

The key terms for the new Promissory Notes are:

- Unsecured
- Effective 31 May 2016
- Repayable on 1 July 2018
- Interest rate of 15% pa
- Interest will accrue and be repayable with the principal

DIRECTORS' REPORT (continued)

- Lenders can elect to be repaid if there is a change of control in Jupiter Energy Limited or Jupiter Energy Pte Ltd or there is a change in control of the ownership of the Block 31 Licence

The Convertible Notes and all accrued interest were due for repayment on 20 September 2016.

The Group also advised that its major shareholder Waterford had agreed to re-finance its Promissory Note that as at 31 May 2016, amounted to US$8,633,333 (A$11,636,956) in principal with accrued interest of US$1,250,894 (A$1,686,092) totalling US$9,914,227(A$13,323,048) into a new Promissory Note with the following key terms:

- Unsecured
- Effective 31 May 2016
- Repayable on 1 July 2018
- Interest rate of 15% pa
- Interest will accrue and be repayable with principal
- Lender can elect to be repaid if there is a change of control in Jupiter Energy Limited or Jupiter Energy Pte Ltd or there is a change in control in contract 2275 covering the Block 31 Licence

The previous Promissory Note and all accrued interest was due for repayment on 1 July 2016.

During the year Waterford also agreed to put in place a new Framework Funding Agreement that made a further US$5,000,000 (including accrued interest) available to the Group by way of a new US$5,000,000 (A$6,739,550) Promissory Note. As at 30 June 2016, the Group had drawn down US$744,989 (A$1,004,178) (including accrued interest) under this new Framework Agreement.

The new Funding Agreement will fund the Group's operations whilst it continues to finalise long term funding arrangements for the development of its Block 31 licence area in Kazakhstan.

The funding arrangement will be the same as the previous one, namely that the Group will request monthly drawdowns against the maximum US$5,000,000 amount and the drawdowns will be based on an agreed Care & Maintenance budget.

Based on the current budgeted cashflow requirements, this new funding arrangement will provide the Group with sufficient working capital for the next 12 months based on its current Care & Maintenance budget.

The key terms of the new Framework Agreement with Waterford are:

- Effective 24 May 2016
- Drawdowns will roll into a Promissory Note
- Promissory Note is repayable on 1 July 2018
- Interest rate of 15% pa
- Interest will accrue and be repayable with principal
- Lender can elect to be repaid if there is a change of control in Jupiter Energy Limited or Jupiter Energy Pte Ltd or there is a change in control in contract 2275 covering the Block 31 Licence

The Group is still reviewing its ongoing funding requirements for 2017 and beyond, to enable the Group to carry out its 2017-2019 Work Program and develop Block 31 to the stage where export oil sales are being achieved and further development of the field is self-funding. In addition, the Group may look to take on additional exploration acreage. Funding options may include the further issue of new equity, reserve based debt, convertible debt or a combination of these and other funding instruments.

DIRECTORS' REPORT (continued)

Once the appropriate funding has been secured, the further development of both the Akkar East and West Zhetybai fields, and in particular building of the topside infrastructure on Akkar East including a processing facility and gas separation plant, will be accelerated.

Based on management forecasts, the Group has sufficient working capital, including its access to the remaining funding under the Waterford Funding Framework, for 12 months from the signing date of this report based on its current Care & Maintenance budget. The Group continues to seek a longer term funding package that will enable the commencement of the 2017-2019 Work Program and for on-going working capital.

On 29 June 2016, the Ministry of Energy gave permission to the Company (a Waiver) to raise equity via the issue of new shares.

Summary of share options on issue:

At the date of this report, there were no share options on issue.

OPERATING REVIEW

This section provides details on the operations for the period from 1 July 2015 to 30 June 2016 ("the financial year"). Events that occurred post 30 June 2016 are covered in the "Subsequent Events" section.

Review of Operations:

The financial year saw little operational progress with restricted funding and uneconomic domestic oil prices both negatively impacting the further development of the Block 31 licence area. The restricted funding was partially attributable to the refusal of the Kazakh Ministry of Energy to issue a Waiver and meant that the Group was not able to take on any additional exploration acreage.

Production Report/Status of Well Licences:

The Group announced on 19 February 2015, as a result of the material reduction in world oil prices at the beginning of 2015, the sales price being achieved for domestic oil in Kazakhstan fell to levels that made oil production from Block 31 cashflow negative.

The Group therefore ceased production in February 2015 from its producing Akkar East wells (J-51 and J-52) and the wells remained shut in during the entire Review Period. The Group continues to monitor local pricing and believes that production may recommence during early 2017 but is unable to give any guarantee that this will occur in that timeframe.

Production – Akkar East (J-51, J-52, J-53 and Well 19):

During the financial year, no oil was produced from the Akkar East J-51 and J-52 wells under their respective Trial Production Licences (TPL's). These two wells are located on the northern section of the permit and are part of the Akkar East oilfield.

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

Well 19, which is also located on the Akkar East oilfield, awaits a completion and testing program before it goes onto production. Further work on Well 19, including an acid stimulation, will not take place until the requisite funding for the work is in place and the Group is ready to return to domestic oil production.

No oil was produced from Well 19 during the financial year.

DIRECTORS' REPORT (continued)

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

The Group advised shareholders on 28 November 2014 that the application to extend the TPL for well J-50 located on the Akkar North (East Block) was being held by the Kazakh Committee of Geology pending resolution of the allocation of reserves associated with the well.

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

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

The Group continues to try and bring this long running dispute to a conclusion. An application for an extension to the Akkar North (East Block) TPL will be submitted if and when an agreement has been reached with MMG. The three year exploration licence extension allows for this TPL to continue until 29 December 2019 on the basis that the division of reserves dispute has been resolved and the TPL has been approved by the relevant Kazakh authorities.

Extension of Trial Production Licences – Akkar East oilfield (J-51, J-52, J-53 and Well 19):

During the financial year, the Group was granted extensions to the TPL's on the Akkar East oilfield for the J-51, J-52, J-53 and #19 wells and these extensions run until 29 December 2016. The Group also received its emission permits for these wells for the 2016 calendar year meaning that the wells had all the required approvals to operate under trial production during 2016.

The three year Exploration Licence extension and the associated extension of various TPL's discussed in the "Subsequent Events" section of this review, explains the expected extension of the Akkar East TPL's to 29 December 2019.

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

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

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

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

The three year Exploration Licence extension and the associated extension of various TPL's discussed in the "Subsequent Events" section of this review, explains the expected extension of the West Zhetybai TPL's to 29 December 2019.

Drilling Report:

No drilling activity took place during the year.

Oil Production and Revenues:

There was no oil production during the year. Approximately 108,500 barrels of oil were produced during the 2014/15 Financial Year.

DIRECTORS' REPORT (continued)

Revenues from oil sales in this financial year amounted to $A Nil (2014/15 Financial Year: $ 3,660,000).

Corporate Restructure:

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

The focus on costs continued during the year with further reductions in staff numbers at the beginning of 2016 as well as a further reduction in office space. A total of approximately US$2,400,000 was removed from of the annual operating costs during the financial year.

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

Restaffing Operations:

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 building of such a team over the past few years has been a majority priority. Unfortunately a number of staff were made redundant as a result of the shutdown of field operations in February 2015 and others were offered part time roles at that time. Reductions in staff continued during the financial year. Once the Group is ready to resume trial production, these positions will again be filled with past employees given priority to apply for roles.

The Board is confident that the Group will be well prepared for continued growth when required.

2015 Annual General Meeting:

The 2016 AGM will be held in Perth on Friday 04 November 2016 and all shareholders are encouraged to attend. A Notice of Meeting outlining business to be covered at the 2016 AGM will be mailed to shareholders in early October 2016.

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

Subsequent Events:

On 19 September 2016 the Group announced that it had signed Addendum 7 to Contract 2275 which confirmed that the Ministry of Energy had agreed to a three (3) year extension to the Exploration Licence taking the Exploration Period through to 29 December 2019. The 3 year extension is based on the Group maintaining its current acreage and the Ministry of Energy indicated that if the Group did proceed with the North East and South East land extensions that are being considered, then a further one (1) year extension (to 29 December 2020) could be available.

The three year licence extension is a positive step forward and will allow the Group to undertake further work on the Akkar East and West Zhetybai oilfields, further de-risking the current State Accepted preliminary oil reserves on both oilfields.

The Group is now working on getting its proposed three year Work Program (2017-2019) approved by the Kazakh Regulatory Authorities. As part of the Work Program submission, Trial Production Licences extensions for the Akkar East and West Zhetybai oilfields for the period to 29 December 2019 will also be applied for. Currently the Trial Production Licences approved for the Akkar East and West Zhetybai oilfields both end on 29 December 2016 but if successful, the licences will be extended to 29 December 2019.

The Group believes that the timeframe for these approvals is the end of 2016 and should culminate in a further addendum to Contract 2275 (Addendum 8) being signed.

DIRECTORS' REPORT (continued)

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

Summary:

During the 2015/16 Financial Year the Group continued to endure a frustrating operating environment in Kazakhstan with progress inhibited by a combination of numerous lengthy approval processes, the protracted negotiations with MMG and restricted funding partially attributable to the refusal of the Kazakh Ministry of Energy to issue a Waiver. The dramatic fall in world oil prices and the knock on effect this has had on domestic oil prices in Kazakhstan has also impacted the business and production remains shut in from all wells until domestic oil prices improve to a level that makes oil production from Block 31 cashflow positive.

The dramatic fall in global oil prices has also had a material impact on the willingness of the equity markets to fund junior explorers and as such even though the Kazakh authorities have recently issued the Group with approval to raise fresh equity, in the short term, the ability to raise the required equity to fund the Block 31 development in the current market environment is uncertain.

These frustrations aside, since acquiring an exploration permit in 2008, independent reserve reports continue to confirm that that Jupiter has now discovered two sizeable oilfields with significant reserves and resources. In addition, oil production has moved from zero at the beginning of 2011 to over 230,000 barrels for calendar year 2014, with 2014 calendar year revenues reaching A$8,750,000 (US$7,568,000).

The goal of developing Jupiter Energy into a full cycle E&P Group with a meaningful production profile and sizeable 2P reserves base remains the key objective for the Board and Management and the Group remains confident of continuing to make progress towards achieving this goal during the period 2017-2019.

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 financial year.

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, London's AIM Market (AIM) and the Kazakh Stock Exchange (KASE), it is subject to the continuous disclosure requirements of the ASX Listing Rules, the AIM Rules and the KASE 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.

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 Group 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 Group 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 Group with compliance under this policy. The Group 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	4	4
B Kuandykov	4	4
S Mison	4	4
Resigned Director		
A Beardsall	4	4

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 Group.

Kazakh State Approved Reserves

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

REMUNERATION REPORT (Audited)

This remuneration report outlines the Director and executive remuneration arrangements of 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 Group, directly or indirectly, including any Director (whether executive or otherwise) of the parent Company, and includes the two executives in the Group.

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

Details of key management personnel

(i) Directors

Geoff Gander	Chairman / CEO (Executive)
Alastair Beardsall	Director (Non-Executive) – Resigned 31 May 2016
Baltabek Kuandykov	Director (Non-Executive)
Scott Mison	Director / CFO / Company Secretary (Executive)

Alexey Kruzhkov was appointed to the board on 29 August 2016.

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 – with a focus to 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 Group, 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 Group 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 Group does not have a remuneration committee. The Board is of the opinion that due to the size of the Group, 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 Group's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

Executives are eligible to participate in the Group’s long term Performance Rights plan.

REMUNERATION REPORT (Audited) (continued)

The executive Directors receive a superannuation guarantee contribution as required by the government which is currently 9.5%, and do not receive any other retirement benefits.

The remuneration paid to Directors and executives is valued at the cost to the Group 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 Group 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 Group. Non-executive Directors are also encouraged to hold shares in the company.

Each Director receives a fee for being a Director of the Group. 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 Group, business unit and individual performance;
- align the interests of executives with those of shareholders;
- link reward with the strategic goals and performance of the Group; 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 Group who have contributed to the success of the Group 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 Group and improve the performance of the Group; and
- attract persons of experience and ability to employment with the Group and foster and promote loyalty between the Group 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. There were no performance rights issued during the current financial year or prior financial year.

Group Performance

Due to the current embryonic stage of the Group's growth it is not appropriate at this time to evaluate the Group'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 Jupiter Energy's financial performance for the last five years:

	2016 $	2015 $	2014 $	2013 $	2012 $
Revenue	-	3,896,359	7,586,442	5,778,057	1,063,086
Loss before income tax	(10,474,870)	(10,982,261)	(2,547,271)	(4,885,829)	(4,295,102)
Earnings per share (cents)	(6.81)	(7.16)	(1.66)	(3.25)	(3.70)
Last share price at Balance Date	0.25	0.25	0.40	0.55	0.415
Market capitalisation	38.3m	38.3m	61.4m	82.7m	48.2m

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

Table 1: Remuneration for the year ended 30 June 2016

	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 (a)	36,667*	-	-	-	-	36,667	-	-
B Kuandykov (b)	122,223*	-	-	-	-	122,223	-	-
Total non-executive directors	**158,890**	**-**	**-**	**-**	**-**	**158,890**		
Executive directors								
G Gander (c)	372,251*	-	163,106	40,333	-	575,690	-	-
S Mison (d)	108,000*	-	-	-	-	108,000	-	-
Total executives	**480,251**	**-**	**163,106**	**40,333**	**-**	**683,690**		
Totals	**639,141**	**-**	**163,106**	**40,333**		**842,580**		

*Directors fees from February 2015 have been deferred until such time that at least US$5,000,000 in new equity is raised or alternatively the Group sells the Block 31 licence and receives the funds associated with that sale.
(a): Resigned 31 May 2016. Directors Fees of A$36,667 have been deferred.
(b): Fees relate to Non Executive Director fee of US$40,000 (A$54,787) and Consulting Fees from 1 February 2016 to 30 June 2016 of US$50,000 (A$67,436). Director fees of US$40,000 (A$54,787) have been deferred.
During the year, further consulting fees of A$40,599 (2015: A$144,096) 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.
(c): Directors Fees of A$40,000 have been deferred. Other of A$163,106 relates to living expenses covering cost of apartment/office in London as per service agreement.
(d): Fees relate to CFO / Company Secretary (A$78,000) and Director Fees (A$30,000). The Directors fees of A$30,000 have been deferred.

Table 2: Remuneration for the year ended 30 June 2015

	Short-term benefits			Post-employment benefits	Share-based payment			
Name	Cash salary and Consulting fees $	Cash bonus (c) $	Other $	Super-annuation $	Performance Rights $	Total $	Remuneration consisting of Performance Rights %	Performance related %
Non-executive director								
A Beardsall	40,000*	-	-	-	21,107	61,107	34.54%	34.54%
B Kuandykov (d)	49,900*	-	-	-	21,107	71,007	29.73%	29.73%
Total non-executive directors	**89,900**	**-**	**-**	**-**	**42,214**	**132,114**		
Executive directors								
G Gander (a)	332,350*	-	151,682	48,333	21,107	553,472	3.81%	3.81%
S Mison (b)	130,000*	17,000	-	1,900	4,855	153,755	3.16%	14.21%
Total executives	**462,350**	**17,000**	**151,682**	**50,233**	**25,962**	**707,227**		
Totals	**552,250**	**17,000**	**151,682**	**50,233**	**68,176**	**839,341**		

*Directors fees from February 2015 have been deferred until such time that at least US$5,000,000 in new equity is raised or alternatively the Group sells the Block 31 licence and receives the funds associated with that sale.
(a): Other relates to living expenses covering cost of apartment/office in London as per service agreement.
(b): Fees relate to CFO / Company Secretary (A$90,000) and Director Fees (A$40,000).
(c): The cash bonus to Mr Mison was for the period 1 July 2014 to 30 June 2015. Under his service agreement, he is entitled a cash bonus every six months to a maximum of A$15,000 per six months. The performance criteria were to ensure full compliance with ASX, AIM and KASE and sign off of debt funding package. The % of bonus granted was 56%, with 44% being forfeited. This is determined at the board's discretion.
(d): During the year, consulting fees of $144,096 (2014: $144,584) 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.

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 2016

During the 2016 and 2015 year, there were no options granted. No options, listed or unlisted, were exercised during the year.

Shares issued on Exercise of Compensation Options

There were no shares issued on the exercise of compensation options during the financial years ended 30 June 2016 or 30 June 2015.

Performance Rights

During the year, there were no performance rights granted.

During the 2015 year, 8,075,000 performance rights expired unvested.

Compensation Performance Rights: Granted and vested during the year ended 30 June 2016

During the 2016 and 2015 year, there were no performance rights vested and no additional performance rights were granted.

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

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:

2016	Balance 1 July 2015	Granted as Remuneration	On Exercise of Options	Net Change Other	Balance 30 June 2016
Directors					
G Gander	3,147,224	-	-	(2,336,112)	811,112
A Beardsall	1,250,000	-	-	-	1,250,000*
B Kuandykov	-	-	-	-	-
S Mison	391,238	-	-	-	391,238

*Mr Beardsall resigned on 31 May 2016. This was the balance at time of resignation.

2015	Balance 1 July 2014	Granted as Remuneration	On Exercise of Options	Net Change Other	Balance 30 June 2015
Directors					
G Gander	3,147,224	-	-	-	3,147,224
A Beardsall	1,250,000	-	-	-	1,250,000
B Kuandykov	-	-	-	-	-
S Mison	391,238	-	-	-	391,238
Executives					
K Martens	-	-	-	-	-

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:

There were no performance rights held by any Directors during 2016.

2015	*Balance at beg of period 1 July 2014*	*Granted as Remune-ration*	*Rights Exercised*	*Net Change Other*	*Balance at end of period 30 June 2015*	*Not Vested & Not Exercisable*	*Vested & Exercisable*
Directors							
G Gander	2,500,000	-	-	(2,500,000)	-	-	-
A Beardsall	2,500,000	-	-	(2,500,000)	-	-	-
B Kuandykov	2,500,000	-	-	(2,500,000)	-	-	-
S Mison	575,000	-	-	(575,000)	-	-	-

Option Holdings

There were no options held by, granted to or exercised by Key Management Personnel during the financial years ended 30 June 2016 or 30 June 2015.

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 – 30 May 2016)

Base Terms

- This agreement was effective from 30 May 2016 and has no set term.
- Base Salary of GBP200,000 (A$360,000) including Director Fees and the current Superannuation Levy of 9.5%.
- Living expenses of GBP 85,000 (A$155,000) per year, covering the cost of an apartment/office in London.
- Director fees of A$3,333 per month (included in Base Salary figure above), deferred until such time that at least US$5,000,000 in new equity is raised or alternatively the Group sells the Block 31 licence and receives the funds associated with that sale.

The termination provisions are as follows:

	Notice period	Payment in lieu of notice
Contractor - initiated termination with reason or for Contractor incapacitation	1 month	12 months
Company - initiated termination without reason	12 months	12 months
Company – initiated termination for serious misconduct	None	None
Contractor – initiated termination without reason	12 months	12 months
Contractor – initiated termination with reason	30 days	12 months

Scott Mison, CFO / Company Secretary / Executive Director (Effective – 1 June 2015)

Base Terms

- This agreement is effective from 1 June 2015. The term is on a rolling month basis.
- CFO / Company Secretary Fees of $6,500 per month.
- Director fees of $2,500 per month, deferred until such time that at least US$5,000,000 in new equity is raised or alternatively the Group sells the Block 31 licence and receives the funds associated with that sale.

The termination provisions are as follows:

	Notice period	Payment in lieu of notice
Contractor - initiated termination with reason	1 or 3 months	1 or 3 months
Contractor - initiated termination without reason	3 months	3 months
Termination for serious misconduct	None	None
Contractor – initiated termination	1 or 3 months	None

End of Remuneration Report (Audited)

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

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

The Group has also agreed to pay a premium in respect of a contract insuring the Directors and Officers of the Group 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.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Group has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

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 Group's corporate governance statement is included on page 21 of this annual report.

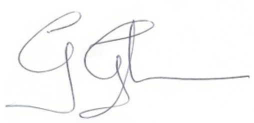
AUDITOR INDEPENDENCE

The Directors received the declaration included on page 27 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
30 September 2016

CORPORATE GOVERNANCE STATEMENT

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Jupiter Energy 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 Energy on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Group'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. Act ethically and responsibly

Principle 4. Safeguard integrity in corporate 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 Group's securities, the management of risk, and a Code of Conduct. Jupiter Energy's corporate governance practices were in place throughout the year ended 30 June 2016.

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 Group. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Group.

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 Group and monitor progress of those strategies;
- Establish policies appropriate for the Group;
- Monitor the performance of the Group, 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 Group; and
- Take responsibility for corporate governance.

CORPORATE GOVERNANCE STATEMENT (continued)

Composition of the Board

To add value to the Group 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 Group 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 Group as a minimum of three up to a maximum of ten.

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

- Exploration for oil and gas accumulations;
- Development and production operations of hydrocarbon accumulations;
- Financing of operations;
- Business Development; and
- Public Group 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 Group, 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 Group in the last 3 years;
- Must not have been in an advisory capacity to the Group in the last 3 years;
- Must not be a significant customer or supplier for the Group;
- 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 Group and is not considered to be independent. However, his experience and knowledge of the Group 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 Group. His oil industry experience, especially within Kazakhstan, makes his contribution to the Board significant.

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

CORPORATE GOVERNANCE STATEMENT (continued)

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 Group'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 Group 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 Group.

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 the Company's 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 size of the Group, 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 Group's financial statements for the year ended 30 June 2016 present a true and fair view, in all material aspects, of the Group'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 Company does not have a nomination committee. The Board is of the opinion that due to the size of the Group, the functions performed by a nomination committee can be adequately handled by the full Board.

Remuneration Committee

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

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

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

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

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

CORPORATE GOVERNANCE STATEMENT (continued)

Risk Management

The risks involved in oil and gas exploration Group and the specific uncertainties for the Group 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 Group 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 Group'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 Jupiter Energy Limited 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 Group 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 Group. 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 Group 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 Group is not of a sufficient size to justify measurable objectives at this stage. As at 30 June 2016, there were four women in the Groups workforce, one 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 Group 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 Group's affairs including, but not limited to:

- the activities of the Group;
- 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 Group;
- 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.

Building a better working world

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

As lead auditor for the audit of Jupiter Energy Limited for the year ended 30 June 2016, I declare to the best of my knowledge and belief, there have been:

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

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

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

Ernst & Young

D A Hall
Partner
30 September 2016

Financial Statements

FOR THE YEAR ENDED 30 JUNE 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	Note	Consolidated 2016 $	Consolidated 2015 $
Revenue		-	3,896,359
Cost of sales		-	(3,478,951)
Gross profit		**-**	**417,408**
Foreign exchange loss		(1,101,692)	(4,468,778)
Gain on extinguishment of convertible notes	17	282,672	-
(Loss) / Gain on derivative financial instrument		(54)	227,788
General and administrative costs	4	(3,635,152)	(3,238,047)
Impairment		-	(787,046)
Operating loss		**(4,454,226)**	**(7,848,675)**
Finance income		20,687	28,198
Finance costs		(6,041,331)	(3,161,784)
Loss before tax		**(10,474,870)**	**(10,982,261)**
Income tax expense	5	-	-
Loss after income tax		**(10,474,870)**	**(10,982,261)**
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods net of tax			
Foreign currency translation		(27,468,783)	12,738,847
Total comprehensive (loss)/income for the period		**(37,943,653)**	**1,756,586**
Earnings per share for loss attributable to the ordinary equity holders of the Group:			
Basic loss per share (cents)	24	(6.81)	(7.16)
Diluted loss per share (cents)	24	(6.81)	(7.16)

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 2016

	Note	Consolidated 2016 $	2015 $
ASSETS			
Current Assets			
Cash and cash equivalents	6	663,446	1,613,560
Trade and other receivables	7	24,064	78,051
Other current assets	8	67,459	122,110
Inventories	9	17,886	68,535
Total Current Assets		772,855	1,882,256
Non-Current Assets			
Trade and other receivables	7	2,787,367	4,842,743
Oil and gas properties	10	14,976,550	24,399,029
Plant and equipment	11	417,142	967,247
Exploration and evaluation expenditure	12	28,215,402	44,166,103
Other financial assets	13	387,732	640,238
Total Non-Current Assets		46,784,193	75,015,360
Total Assets		47,557,048	76,897,616
Current Liabilities			
Trade and other payables	14	755,133	1,280,749
Deferred revenue	15	-	60,111
Derivative liability	17	-	1,612
Total Current Liabilities		755,133	1,342,472
Non-current Liabilities			
Provisions	16	154,442	527,827
Other financial liabilities	17	42,936,226	33,372,417
Total Non-Current Liabilities		43,090,668	33,900,244
Total Liabilities		43,845,801	35,242,716
Net Assets		**3,711,247**	**41,654,900**
Equity			
Contributed equity	18	85,633,935	85,633,935
Share based payment reserve	19	5,764,014	5,764,014
Foreign currency translation reserve	19	(26,303,650)	1,165,133
Accumulated losses		(61,383,052)	(50,908,182)
Total Equity		**3,711,247**	**41,654,900**

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 2016

	Note	Consolidated 2016 $	Consolidated 2015 $
Cash flow from operating activities			
Receipts from customers		-	3,952,759
Payments to suppliers and employees		(3,478,686)	(7,870,285)
Interest received		20,687	28,198
Net cash flows (used in) operating activities	26	(3,457,999)	(3,889,328)
Cash flows from investing activities			
Payments for exploration and evaluation expenditure		(279,759)	(5,519,880)
Net Cash flows (used in) investing activities		(279,759)	(5,519,880)
Cash flows from financing activities			
Proceeds from unsecured loan		2,803,474	9,141,370
Net cash flows from financing activities		2,803,474	9,141,370
Net (decrease) in cash held		(934,284)	(267,838)
Effects of exchange rate changes		(15,830)	596,040
Cash at beginning of the year		1,613,560	1,285,358
Cash at end of the year	6	663,446	1,613,560

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

	Note	*Contributed Equity* *$*	*Share Based Payment Reserve* *$*	*Foreign Currency Translation Reserve* *$*	*Accumulated Losses* *$*	*Total* *$*
CONSOLIDATED						
As at 1 July 2014		85,633,935	5,695,838	(11,573,714)	(39,925,921)	39,830,13
Loss for the period		-	-	-	(10,982,261)	(10,982,26
Other comprehensive income	19	-	-	12,738,847	-	12,738,84
Total comprehensive income		-	-	12,738,847	(10,982,261)	1,756,58
Transactions by owners recorded directly in equity:						
Share based payments		-	68,176	-	-	68,17
At 30 June 2015		**85,633,935**	**5,764,014**	**1,165,133**	**(50,908,182)**	**41,654,90**
As at 1 July 2015		85,633,935	5,764,014	1,165,133	(50,908,182)	41,654,90
Loss for the period		-	-	-	(10,474,870)	(10,474,87
Other comprehensive loss	19	-	-	(27,468,783)	-	(27,468,78
Total comprehensive loss		-	-	(27, 468,783)	(10, 474,870)	**(37,943,65**
Transactions by owners recorded directly in equity:						
Share based payments		-	-	-	-	
At 30 June 2016		**85,633,935**	**5,764,014**	**(26,303,650)**	**(61,383,052)**	**3,711,24**

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

1 CORPORATE INFORMATION

The financial report of Jupiter Energy Limited for the year ended 30 June 2016 was authorised for issue in accordance with a resolution of the directors on 30 September 2016.

Jupiter Energy Limited is a Company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange, on London's AIM Market (as CDI's) and on the Kazakh Stock Exchange. 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 11 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 Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191.

Going Concern

The consolidated financial statements have been prepared on a going concern basis with the Directors of the opinion that the Group can meet its obligations as and when they fall due.

At 30 June 2016 the Group has a current net asset position of $17,720 (30 June 2015: current asset position of $539,784).

Based on current forecasts, the Group has sufficient working capital, including its access to the remaining funding under the Waterford Funding Framework, for the 12 months from the signing date of this report based on its current Care & Maintenance budget. The Group is reviewing its ongoing funding requirements for 2017 and beyond, to enable the Company to carry out its 2017-2019 Work Program and develop Block 31 to the stage where export oil sales are being achieved and further development of the field is self-funding. Funding options may include the further issue of new equity, reserve based debt, convertible debt or a combination of these and other funding instruments.

The Directors, after consultation with the major shareholders and debt providers, are confident of being able to raise the required capital, but note that financing has not been secured at the date of this report and that the recommencement of production is dependent on a recovery in the Kazakh domestic oil price which is in turn linked to an overall recovery in world oil prices. Should the Group not achieve the matters set out above, there is uncertainty whether the Group would continue as a going concern and therefore whether it would realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include adjustments relating to the recoverability or classification of the recorded assets amounts nor to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

(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 2015, the Group has adopted the following Standards and Interpretations, mandatory for annual periods beginning on 1 July 2015. Adoption of these standards and interpretations did not have any significant effect on the financial position or performance of the Group:

AASB 2013-9 - Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments

AASB 2015-3 - Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality

AASB 2015-4 - Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent

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 2016. These are outlined in the following table.

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 9	*Financial Instruments*	AASB 9 (December 2014) is a new standard which replaces AASB 139. This new version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early adoption. The own credit changes can be early adopted in isolation without otherwise changing the accounting for financial instruments. Classification and measurement AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. There are also some changes made in relation to financial liabilities. The main changes are described below.	1 January 2018	The group has not yet determined the financial impact of the change.	1 July 2018

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 9 (continued)	*Financial Instruments*	*Financial assets* 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. *Financial liabilities* Changes introduced by AASB 9 in respect of financial liabilities are limited to the measurement of liabilities designated at fair value through profit or loss (FVPL) using the fair value option. 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 AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains or losses attributable to changes in the entity's own credit risk would be recognised in OCI. These amounts recognised in OCI are not recycled to profit or loss if the liability is ever repurchased at a discount. Impairment The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. Hedge accounting Amendments to AASB 9 (December 2009 & 2010 editions and AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures. 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, AASB 2010-10 and AASB 2014-1 – Part E. AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9 in Dec 2014. AASB 2014-8 limits the application of the existing versions of AASB 9 (AASB 9 (December 2009) and AASB 9 (December 2010)) from 1 February 2015 and applies to annual reporting periods beginning on after 1 January 2015.	1 January 2018	The group has not yet determined the financial impact of the change.	1 July 2018

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 15	Revenue from Contracts with Customers	AASB 15 Revenue from Contracts with Customers replaces the existing revenue recognition standards AASB 111 Construction Contracts, AASB 118 Revenue and related Interpretations (Interpretation 13 Customer Loyalty Programmes, Interpretation 15 Agreements for the Construction of Real Estate, Interpretation 18 Transfers of Assets from Customers, Interpretation 131 Revenue—Barter Transactions Involving Advertising Services and Interpretation 1042 Subscriber Acquisition Costs in the Telecommunications Industry). AASB 15 incorporates the requirements of IFRS 15 Revenue from Contracts with Customers issued by the International Accounting Standards Board (IASB) and developed jointly with the US Financial Accounting Standards Board (FASB). AASB 15 specifies the accounting treatment for revenue arising from contracts with customers (except for contracts within the scope of other accounting standards such as leases or financial instruments).The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps: (a) Step 1: Identify the contract(s) with a customer (b) Step 2: Identify the performance obligations in the contract (c) Step 3: Determine the transaction price (d) Step 4: Allocate the transaction price to the performance obligations in the contract (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation AASB 2015-8 amended the AASB 15 effective date so it is now effective for annual reporting periods commencing on or after 1 January 2018. Early application is permitted. AASB 2014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15. AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15 amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence and provides further practical expedients on transition to AASB 15.	1 January 2018	The group has not yet determined the financial impact of the change.	1 July 2018

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2015-1	Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle	The subjects of the principal amendments to the Standards are set out below: AASB 5 *Non-current Assets Held for Sale and Discontinued Operations:* • Changes in methods of disposal – where an entity reclassifies an asset (or disposal group) directly from being held for distribution to being held for sale (or visa versa), an entity shall not follow the guidance in paragraphs 27–29 to account for this change. AASB 7 *Financial Instruments: Disclosures:* • Servicing contracts - clarifies how an entity should apply the guidance in paragraph 42C of AASB 7 to a servicing contract to decide whether a servicing contract is 'continuing involvement' for the purposes of applying the disclosure requirements in paragraphs 42E–42H of AASB 7. • Applicability of the amendments to AASB 7 to condensed interim financial statements - clarify that the additional disclosure required by the amendments to AASB 7 *Disclosure–Offsetting Financial Assets and Financial Liabilities* is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with AASB 134 *Interim Financial Reporting* when its inclusion would be required by the requirements of AASB 134. AASB 119 *Employee Benefits*: • Discount rate: regional market issue - clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. Further it clarifies that the depth of the market for high quality corporate bonds should be assessed at the currency level. AASB 134 *Interim Financial Reporting:* • Disclosure of information 'elsewhere in the interim financial report' - amends AASB 134 to clarify the meaning of disclosure of information 'elsewhere in the interim financial report' and to require the inclusion of a cross-reference from the interim financial statements to the location of this information.	1 January 2016	The group has not yet determined the impact of the change.	1 July 2016
AASB 2015-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	The Standard makes amendments to AASB 101 *Presentation of Financial Statements* arising from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.	1 January 2016	The group has not yet determined the impact of the change.	1 July 2016

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 16	Leases	The key features of AASB 16 are as follows: Lessee accounting • Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. • Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. • AASB 16 contains disclosure requirements for lessees. Lessor accounting • AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. • AASB 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk. AASB 16 supersedes: (a) AASB 117 Leases (b) Interpretation 4 Determining whether an Arrangement contains a Lease (c) SIC-15 Operating Leases—Incentives (d) SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, AASB 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as AASB 16.	1 January 2019	The group has not yet determined the financial impact of the change.	1 July 2019
AASB 2016-5	Classification and Measurement of Share-based Payment Transactions [Amendments to AASB 2]	This standard amends to AASB 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for: ► The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments ► Share-based payment transactions with a net settlement feature for withholding tax obligations A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled	1 January 2018	The group has not yet determined the financial impact of the change.	1 July 2018

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2014-3	Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]	AASB 2014-3 amends AASB 11 *Joint Arrangements* to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendments require: (a) the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 *Business Combinations*, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11 (b) the acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations This Standard also makes an editorial correction to AASB 11.	1 January 2016	The group has not yet determined the financial impact of the change.	1 July 2016

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 outlined in Note 28). Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary;
- De-recognises the carrying amount of any non-controlling interests;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and

Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Significant accounting estimates and assumptions

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the consolidated financial statements:

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.

Impairment of assets

In determining the recoverable amount of assets in the absence of quoted markets, judgements are made in determining events that need to occur that affect future cash flows.

In the case of the Group's primary asset, Block 31, the over-riding assumption is that Block 31 reaches the point of export production by January 2018. For this to occur the following matters need to be resolved:

- Financing for construction of processing facilities and drilling of development wells
- Approval from the Government for construction of processing facilities and drilling of development wells and ultimately approving of export status.
- Contracts signed for the engineering, procurement, installation and commissioning of the processing facilities and for the drilling of development wells.
- An export license being granted.
- An agreement reached with MangistauMunaiGas(MMG) over the division of reserves associated with the Akkar North accumulation

Recognition of deferred tax assets

Judgement is required in determining whether deferred tax assets are recognised in the statement of financial position. Deferred tax assets, including those arising from unutilised tax losses, require the Group to assess the likelihood that the Group will generate sufficient taxable earnings in future periods, in order to utilise recognised deferred tax assets. Judgment is also required in respect of the application of existing tax laws in each jurisdiction. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These estimates of future taxable income are based on forecast cash flows from operations (which are impacted by production and sales volumes oil prices, reserves, operating costs, closure and rehabilitation costs, capital expenditure, and other capital management transactions). To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be impacted.

In addition, future changes in tax laws in the jurisdictions in which the Group operates could limit the ability of the Group to obtain tax deductions in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

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 judgements, 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 profit and loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provision for restoration

Costs of site restoration are provided over the life of the field and related facilities 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.

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 and probable hydrocarbon reserves. This results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining production from the field/well.

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 and probable reserves. Changes to proved and probable reserves could arise due to changes in the factors or assumptions used in estimating reserves, including:

- The effect on proved and probable 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 of disposal 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. Management has assessed Block 31 as being an individual CGU, which is the lowest level for which cash inflows are largely independent.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement

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 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.

(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 plant and equipment is derecognised upon disposal or when no further future economic benefits are expected to be derived from its use or disposal on a prospective basis.

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 profit or loss 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.

Unsuccessful exploration in the area of interest is 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 to profit or loss in the year in which the decision to abandon the area is made.

When a discovered oil or gas field enters the development phase or an individual well is assessed as being in production (once a trial production licence is granted) the accumulated exploration and evaluation expenditure is transferred to oil and gas properties.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Oil and gas properties

Oil and gas properties 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 accounted for as tangible assets and include past exploration and evaluation costs, development drilling and plant and equipment and any associated land and buildings.

Producing assets
The costs of oil and gas assets in production are 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 total proved and probable reserves on a unit of production basis.

(h) Impairment of assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets (excluding goodwill) 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 of disposal 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 profit or loss.

(i) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at amortised cost 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 the estimated costs of completion and 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, 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 and are either subsequently measured at amortised cost or fair value through profit or loss. 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. Fair value movements are recognised in the profit or loss.

(n) Share-based payment transactions

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

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 date. Probability factors are assigned to the vesting expense as to whether non market conditions will be met.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 revenue can be measured reliably. Revenue generated during the development stage of an asset, is offset against the carrying value of the asset, rather than recognised in the profit or loss within 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.

(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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Other taxes

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

- where the GST or VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST or VAT 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 or VAT included.

The net amount of GST or VAT 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 or VAT 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 or VAT recoverable from, or payable to, the taxation authority.

(s) Contributed equity

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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:

- 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.

Restoration

Costs of site restoration are provided over the life of the field or 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 based on current legal requirements and technology. In calculating the provision the future estimated costs are discounted to present value.

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.

(v) Employee leave benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled wholly 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 nominal amounts based on current wage and salary rates, and include related on-costs. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable..

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Foreign currency transactions and balances

(i) Functional and presentation currency

Both the functional and presentation currency of Jupiter Energy Limited and each of its Australian subsidiaries are Australian dollars ($). The Singapore subsidiaries' functional currency is United States Dollars which is translated to the presentation currency of the Group, being Australian dollars ($). 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 of the Group) 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 reclassified to profit or loss

(x) 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. Currently the Group has only one operating segment, being the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) Borrowing costs

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

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

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

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

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Risk exposures and responses

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

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

Interest rate risk

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

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

	Consolidated	
	2016	**2015**
	$	**$**
Financial Assets		
Cash and cash equivalents	663,446	1,613,560
Net exposure	663,446	1,613,560

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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)	**2016** **$**	**2015** **$**
+1%	6,634	16,136
-1%	(6,634)	(16,136)

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), Great Britain Pound (GBP) and Singapore Dollars (SGD) foreign currency that is not designated in cash flow hedges:

	Consolidated	
	2016 **$**	**2015** **$**
Financial Assets		
Cash and cash equivalents		
- USD	653,866	1,583,211
- SGD	1,859	1,859
- GBP	3,098	17,164
	658,823	1,602,234
Financial Liabilities		
Other financial liabilities	(42,936,226)	(33,372,417)
Derivative	-	(1,612)
	(42,936,226)	(33,374,029)
Net exposure	(42,277,403)	(31,771,795)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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, 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)	**2016**	**2015**
	$	**$**
+5%	(2,114,118)	(1,557,046)
-5%	2,114,118	1,557,046

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 VAT 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, promissory notes, finance leases and hire purchase contracts.

The contractual maturities of the Group's financial assets and liabilities are shown in the table below. Undiscounted cash flows for the respective years are presented. This excludes cash and cash equivalents and current trade and other receivables.

	Consolidated	
	2016	**2015**
	$	**$**
Financial Assets		
Within one year	-	-
After one year but not more than five years	-	-
More than five years	387,382	630,874
	387,382	630,874
Financial Liabilities		
Within one year	(755,133)	(1,612)
After one year to two years	-	(11,234,458)
More than two years	(42,936,226)	(27,968,013)
	(43,691,359)	(39,204,083)
Net Exposure	(43,303,977)	(38,573,209)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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, with the carrying value approximating the fair value. The fair value of the derivative was determined using the level 3 method.

4. GENERAL AND ADMINISTRATIVE EXPENSES

	Consolidated	
	2016	**2015**
	$	**$**
Administration and compliance expenses	1,791,817	1,296,936
Employee benefits[1]	822,043	951,064
Superannuation	40,333	50,233
Consulting fees	362,021	186,015
Depreciation and amortisation expenses	155,873	33,333
Directors fees	199,120	285,502
Legal fees	20,283	104,546
Occupancy expenses	243,662	262,242
Share based payments	-	68,176
Total expenses	3,653,152	3,238,047

[1]In 2015, Cost of Sales included $285,000 of employee benefits.

From February 2015 payment of director fees have been deferred until such time that at least US$5,000,000 in new equity is raised or alternatively the Group sells the Block 31 licence and receives the funds associated with that sale.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

5. TAXATION

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

	Consolidated 2016 $	Consolidated 2015 $
Prima facie income tax benefit on operating (loss) at the Australian tax rate of 30% (2015: 30%)	(3,142,461)	(3,294,678)
Non-deductible expenditure:		
- Effect of tax rates in foreign jurisdictions	143,528	322,384
- Share Based payments	-	20,453
- Interest expense	1,812,399	-
Temporary differences and tax losses not bought to account as a deferred tax asset	1,186,534	2,951,841
Income tax expense	-	-

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

	2016 $	2015 $
Consolidated	-	-
Deferred tax liabilities	-	-
Deferred tax assets		
Unrealised FX (gain) / loss	2,356,420	(1,028,376)
Unrealised derivative (gain) / loss	54	(252,627)
Share issue costs	-	7,519
Revenue tax losses – Australia	7,111,664	7,383,121
E&E assets	910,468	4,503,790
Provision for impairment	-	2,163,087
Deferred tax assets not recognised	(10,378,606)	(14,651,789)
Deferred tax (income)/expense	-	-
Net deferred tax recognised in Balance Sheet	-	-

The Consolidated Group has tax losses of $24,844,409 (2015: $23,799,948) 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 Group 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 Group in the consolidated entity in accordance with Division 170 of the Income Tax Assessment Act 1997;
(b) The relevant Group 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 Group and/or consolidated entity in realising the asset.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

6. CASH AND CASH EQUIVALENTS

	Consolidated	
	2016	**2015**
	$	**$**
Cash at bank and in hand	663,446	1,613,560
	663,446	1,613,560

The bank accounts are at call and pay interest at a weighted average interest rate of 0.04% at 30 June 2016 (2015: 0.04%)

7. TRADE AND OTHER RECEIVABLES

	Consolidated	
	2016	**2015**
	$	**$**
Current		
Trade receivables	-	66,715
Other debtors	24,064	11,336
	24,064	78,051
Non-current		
VAT receivable	2,787,367	4,842,743

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 2016, the aging analysis of receivables is as follows:

	Total	0 – 30 Days	31 – 60 days	61 - 90 days	90+ days
2016	2,811,431	24,064	-	-	2,787,367
2015	4,920,794	78,051	-	-	4,842,743

There are no receivables as at 30 June 2016 that are impaired (2015: nil)

8. OTHER CURRENT ASSETS

	Consolidated	
	2016	**2015**
	$	**$**
Prepayment	67,459	122,110
	67,459	122,110

9. INVENTORIES

Raw materials	17,886	82,351
Crude oil	-	3,103
Provision of obsolete items	-	(16,919)
	17,886	68,535

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

10. OIL AND GAS PROPERTIES

	Consolidated $
Cost as at 30 June 2014	21,749,075
Net exchange differences	4,478,843
Cost as at 30 June 2015	**26,227,918**
Depletion and impairment as at 30 June 2014	(1,465,282)
Charge for the year	(363,607)
Depletion and impairment as at 30 June 2015	**(1,828,889)**
Net book value as at 30 June 2015	**24,399,029**
Cost as at 30 June 2015	**26,227,918**
Net exchange differences	(9,422,479)
Cost as at 30 June 2016	**16,805,438**
Depletion and impairment as at 30 June 2015	(**1,828,889**)
Charge for the year	-
Depletion and impairment as at 30 June 2016	**(1,828,889)**
Net book value as at 30 June 2016	**14,976,550**

11. PLANT AND EQUIPMENT

Year ended 30 June 2016	Consolidated $
At 1 July 2015 net of accumulated depreciation	**967,247**
Additions	-
Disposals	-
Depreciation charge for the year	(155,873)
Net exchange differences	(394,232)
At 30 June 2016 net of accumulated depreciation	**417,142**
At 30 June 2016	
Cost	2,055,094
Accumulated depreciation	(1,637,952)
Net carrying amount	**417,142**
Year ended 30 June 2015	
At 1 July 2014 net of accumulated depreciation	1,042,507
Additions	-
Disposals	(23,098)
Depreciation charge for the year	(101,224)
Net exchange differences	49,062
At 30 June 2015 net of accumulated depreciation	967,247
At 30 June 2015	
Cost	2,055,094
Accumulated depreciation	(1,087,847)
Net carrying amount	**967,247**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

12. EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	2016	2015
	$	$
Exploration expenditure carried forward:		
Exploration and evaluation expenditure at cost	28,215,402	44,166,103
Movements during the year		
Balance at beginning of year	44,166,103	31,986,316
Expenditure incurred during the year	279,759	5,519,880
Impairment	-	(787,046)
Foreign exchange translation	(16,230,460)	7,446,953
Balance at end of year	28,215,402	44,166,103

Oil sales revenue capitalised into exploration and evaluation expenditure for the year was $nil (2015: $nil).
In the prior period, Management decided to write-off well NZW 2. No further work had been planned for this particular well.

13. OTHER FINANCIAL ASSETS

Liquidation fund	387,732	630,874
Other	-	9,364
	387,732	640,238

The Group has a deposit for the purpose of a Liquidation fund in the amount of $387,732. 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. The fair value approximates the carrying value.

14. TRADE AND OTHER PAYABLES

Trade creditors	652,938	1,253,357
Accrued expenses	102,195	27,392
	755,133	1,280,749

Trade payables are non-interest-bearing and are normally settled on 30-day terms.

15. DEFERRED REVENUE

As at 1 July	60,111	844,773
Deferred during the year	-	-
Released during the year	-	(892,988)
Repaid during the year	(60,111)	-
Foreign exchange translation	-	108,326
At 30 June	-	60,111

The deferred revenue refers to an amount received in advance for oil sales. As at 30 June 2016, there is 0 tonnes of oil to be delivered under contracts. (2015: nil)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

16. PROVISIONS

	Consolidated 2016 $	Consolidated 2015 $
Non - current		
Provision for rehabilitation	154,442	527,827
	154,442	527,827

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 $154,442 (2015: $527,827). The costs are denominated are Tenge. The timing of rehabilitation is likely to depend on when the field ceases to produce at economically viable rates which is currently estimated to be 2044 (2015: 2039). This will depend upon future oil and gas prices, which are inherently uncertain. The underlining rehabilitation costs are denominated in Tenge and in calculating the provision at 30 June 2016 a discount rate of 10.37% (2015: 6.94%) was used.

Movements in rehabilitation provision

	2016 $	2015 $
Carrying amount at beginning of the year	527,827	294,538
Unwinding of discount rate	20,850	24,952
Foreign exchange translation	(228,195)	65,025
Provision for the year	-	143,312
Re-measurement for changes in estimates[1]	(166,040)	-
Carrying amount at the end of year	154,442	527,827

[1]Due to a change in the discount rate and the expected timing of when the rehabilitation activities will be undertaken.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

17. DERIVATIVES AND OTHER FINANCIAL LIABILITIES

	Consolidated	
	2016	**2015**
	$	**$**
Current		
Derivative liability	-	1,612
	-	1,612
Non-Current		
Promissory notes (unsecured)	42,936,226	9,744,164
Convertible note	-	23,628,253
	42,936,226	33,372,417

Promissory Notes

On 31 May 2016, the major shareholder Waterford Petroleum Limited ("Waterford") agreed to re-finance its current Promissory Note (as originally announced on 7 October 2014 and subsequently amended on 30 April 2015) that, as at 31 May 2016, amounted to US$8,633,333 (A$11,636,956) in principal with accrued interest of US$1,250,894 (A$1,686,092) (total US$9,914,227)(A$13,323,048) into a new Promissory Note with the following key terms:

- Unsecured
- Effective 31 May 2016
- Repayable on 1 July 2018
- Interest rate of 15% pa
- Interest will accrue and be repayable with principal
- Lender can elect to be repaid if there is a change of control in Jupiter Energy Limited or Jupiter Energy Pte Ltd or there is a change in control in contract 2275 covering the Block 31 Licence

The previous Promissory Note and all accrued interest were due for repayment on 1 July 2016.

On 24 May 2016, the Group and Waterford agreed to put in place a new Framework Funding Agreement that makes up to a further US$5,000,000 (including accrued interest) available to the Group by way of a new US$5,000,000 Promissory Note. This takes the total facility available under the existing and the new Framework Funding Agreement to US$15,000,000 (including accrued interest) of which a further US$5,088,822 (A$6,859,274) can be drawn down on (including accrued interest). This is in order to fund the Group's operations whilst it continues to finalise long term funding arrangements for the development of its Block 31 licence area in Kazakhstan.

The key terms of the new Framework Agreement with Waterford are:

- Effective 24 May 2016
- Drawdowns will roll into a Promissory Note
- Promissory Note is repayable on 1 July 2018
- Interest rate of 15% pa
- Interest will accrue and be repayable with principal
- Lender can elect to be repaid if there is a change of control in Jupiter Energy Limited or Jupiter Energy Pte Ltd or there is a change in control in contract 2275 covering the Block 31 Licence

As at 30 June 2016, US$744,989 (A$1,004,171) has been drawn from the US$5,000,000 facility.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

US$15.5m Convertible Notes (Series B):

On 3 June 2016, the Group announced it had reached agreement with its Convertible Note holders to refinance the 12,400,000 Convertible Notes with a total value of approx. US$20,800,000 (including accrued interest) into Promissory Notes with a repayment date of 1 July 2018.

The key terms for the new Promissory Notes are:

- Unsecured
- Effective 31 May 2016
- Repayable on 1 July 2018
- Interest rate of 15% pa
- Interest will accrue and be repayable with the principal
- Lenders can elect to be repaid if there is a change of control in Jupiter Energy Limited or Jupiter Energy Pte Ltd or there is a change in control of the ownership of the Block 31 Licence

The Convertible Notes and all accrued interest were due for repayment on 20 September 2016. At the date of refinancing the carrying value of the Convertible Note liability and derivative liability relating to the conversion option was derecognised and the new Promissory Notes liability were recognised at fair value. A gain on extinguishment of A$282,672 was recognised in the profit or loss being the difference between the fair value of the Promissory Notes liability and the carrying value of the Convertible Note liability and derivative liability that was derecognised. As the Convertible Notes holders and Promissory Notes holders are the same parties, the refinancing was a non cash transaction. Subsequent to initial recognition the Promissory Notes are being measured at amortised cost.

Valuation Techniques of the Convertible Notes

The Notes had 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 did not meet the definition of an equity instrument, as the exercise price was denominated in a currency that is different to the Company's functional currency. The convertible call option was classified as a Derivative liability and measured at fair value through the profit or loss.

The Derivative component of the Notes was valued using the Black Scholes option valuation methodology. The Black Scholes option valuation methodology calculates the expected benefit from acquiring the shares outright less the present value of paying the exercise price for the options at expected exercise date. An input into the Black Scholes option valuation is the expected share price volatility over the remaining term of the options. The expected share price volatility used in the option valuation at reporting date was 55% which was based on historical share price volatility.

The fair value of the embedded derivative was sensitive to changes in share price volatility. The table below outlines the impact a change in the share price volatility input had on the fair value of the embedded derivative.

	30 June 2016	30 June 2015
	$	$
15% increase in volatility	-	313,077
15 % decrease in volatility	-	(231,405)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Fair value hierarchy

All financial instruments, such as the Series B Convertible Notes, for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities
Level 2 — Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable)
Level 3 — Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable)

For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

As at 30 June 2016, the Group held the following classes of financial instruments measured at fair value:

	30 June 2016 Level 3 $	30 June 2015 Level 3 $
Derivative financial liabilities		
Embedded derivative	-	1,612

There were no transfers between Level 1, Level 2 or Level 3 fair value measurements during the year ended 30 June 2016 (2015: Nil).

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

	30 June 2016 $	30 June 2015 $
Opening balance	(1,612)	(229,400)
Fair Value at inception	-	-
Net unrealised gain recognised in the profit or loss during the period	1,612	227,788
Closing balance	-	(1,612)

18. CONTRIBUTED EQUITY

	Consolidated 2016 $	Consolidated 2015 $
Shares issued and fully paid		
Ordinary shares (a)	85,633,935	85,633,935
	85,633,935	85,633,935

	Number 2016	Number 2015
(a) Movements in ordinary share capital:		
Balance 30 June 2015	153,377,693	153,377,693
Balance 30 June 2016	153,377,693	153,377,693

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

18. CONTRIBUTED EQUITY (continued)

(b) Movement in performance rights

Balance as at 30 June 2015	-	8,075,000
Lapsed during year	-	(8,075,000)
Granted during the year	-	-
Balance as at 30 June 2016	-	-

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 2016 and none are expected to be paid in 2017.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

19. RESERVES

	CONSOLIDATED		
	Foreign currency translation reserve	Share based payments reserve	Total
	$	$	$
At 30 June 2014	(11,573,714)	5,695,838	(5,877,876)
Share based payment	-	68,176	68,176
Foreign currency translation	12,738,847	-	12,738,847
At 30 June 2015	1,165,133	5,764,014	6,929,147
Share based payment	-	-	-
Foreign currency translation	(27,468,783)	-	(27,468,783
At 30 June 2016	(26,303,650)	5,764,014	(20,539,636)

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.

20. KEY MANAGEMENT PERSONNEL AND RELATED PARTY DISCLOSURE

This note is to be read in conjunction with the Remuneration Report, which is included in the Directors Report on pages 11 to 19.

(a) Key management personnel compensation

	Consolidated	
	2016	2015
	$	$
Short-term employee benefits	639,141	569,250
Post-employment benefits	40,333	50,233
Other	163,106	151,682
Share-based payments	-	68,176
	842,580	839,341

(b) Transactions between the Group and other related parties

Consultancy fees

During the year, consulting fees of $40,599 (2015: $144,096) 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.

During the year, consulting fees of $211,000 (2015: $146,333) were accrued and paid under normal terms and conditions to Symdean Pty Ltd, of which Mr Gander is a director.

21. SHARE BASED PAYMENTS

Employee Share Option Plan (ESOP) and Performance Rights Plan

There was no share based payments expense in the income statement for 2016 (2015: $68,176).

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 2016 (2015: Nil).

During the year ended 30 June 2016, no options were exercised over ordinary shares (2015: Nil).

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 subject to shareholder approval.

The number of performance rights on issue as at 30 June 2016 was nil.

During the 2015 year, 8,075,000 expired unvested.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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 Mangistau 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:

	2016 $	2015 $
- not later than one year	-	5,118,377
- later than one year but not later than five years	-	-
	-	5,118,377

23. AUDITORS REMUNERATION

The auditor of Jupiter Energy Limited is Ernst & Young.

	2016	2015
Amounts received or due and receivable by Ernst & Young (Australia) for:		
- auditing or reviewing the financial report	78,500	80,000
	78,500	80,000
Amounts received or due and receivable by Ernst & Young (Kazakhstan) for:		
- auditing or reviewing the financial report	18,645	78,315
	18,645	78,315
Amounts received or due and receivable by Ernst & Young (Singapore) for:		
- auditing or reviewing the financial report	12,477	12,085
	12,477	12,085
Total paid to Ernst & Young	109,622	170,400

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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 Group 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	
	2016	**2015**
Net loss attributable to ordinary equity holders of the Parent from continuing operations	(10,474,870)	(10,982,261)
	Number of shares	**Number of shares**
Weighted average number of ordinary shares for basic and diluted earnings per share	153,377,693	153,377,693

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

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 segment being related to the activities in Kazakhstan, on the basis that the operations in Australia relate to running the Corporate Head Office only.

All significant Oil and Gas and Exploration and evaluation expenditure are domiciled in Kazakhstan.

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 and oil and gas properties located in Kazakhstan.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

26. STATEMENT OF CASHFLOWS RECONCILIATION

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

	Consolidated	
	2016	**2015**
	$	**$**
Operating (loss) after income tax:	(10,474,870)	(10,982,261)
Add/(less) non-cash items:		
Depreciation / Depletion	155,873	361,566
Share based payments	-	68,176
(Gain) / Loss on derivative	54	(227,788)
Finance costs	6,041,331	3,161,784
Effect of foreign exchange translation	969,858	4,468,779
Gain on extinguishment[1]	(282,672)	-
Changes in assets and liabilities:		
Decrease/(increase) in receivables	986,236	(430,233)
Decrease/(increase in inventories	50,651	(18,929)
(Increase)/decrease in other current assets	54,650	146,770
Increase/ (decrease) in deferred revenue	(60,111)	(784,662)
Increase/ (decrease) in payables	(525,614)	405,531
Decrease/(increase) in provisions	(373,385)	(58,061)
Net cash flows from operating activities	(3,457,999)	(3,889,328)

[1]Relates to the refinancing of the Convertible Notes, refer to note 17.

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 2016

27. EVENTS OCCURING AFTER THE BALANCE SHEET DATE

On 19 September 2016 the Group announced that it had signed Addendum 7 to Contract 2275 which confirmed that the Ministry of Energy had agreed to a three (3) year extension to the Exploration Licence taking the Exploration Period through to 29 December 2019. The 3 year extension is based on the Group maintaining its current acreage and the Ministry of Energy indicated that if the Group did proceed with the North East and South East land extensions that are being considered, then a further one (1) year extension (to 29 December 2020) could be available.

There have been no other significant events occurring subsequent to 30 June 2016 apart from those noted above.

28. INFORMATION ON PARENT ENTITY

(a) Information relating to Jupiter Energy Limited:	2016 $	2015 $
Current assets	709,903	1,385,083
Total assets	47,592,924	75,227,570
Current liabilities	(409,456)	(198,641)
Total liabilities	(43,341,521)	(33,572,670)
Issued capital	85,633,935	85,633,935
Retained earnings	(60,958,761)	(49,743,049)
Share based payment reserve	5,764,014	5,764,014
Total shareholders' equity	(4,251,403)	41,654,900
Profit or (loss) of the parent entity	(19,735,223)	(1,756,586)
Total comprehensive income / (loss) of the parent entity	(19,735,223)	(1,756,586)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

28. INFORMATION ON PARENT ENTITY (continued)

	Country of incorporation	Equity Holding 2016	Equity Holding 2015
		%	%
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 2016 (30 June 2015: 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 2016 are in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of its financial position as at 30 June 2016 and performance for the year ended on that date.

(ii) Complying with Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*

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

(c) Subject to the matter set out in Note 2(a) there are reasonable grounds to believe that the Group 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 2016.

On behalf of the Board

Geoff Gander
Executive Chairman

Perth, Western Australia
30 September 2016

Building a better working world

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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 2016, 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 2016 and of its performance for the year ended on that date;

   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.

Emphasis of matter

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

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2016. 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 2016, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

D A Hall

D A Hall
Partner
Perth
30 September 2016

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 31 August 2016)

Substantial shareholders

Waterford Petroleum Limited	45,246,108	29.5%
Arrow Business Limited	30,917,255	20.2%
Central Asian Oil Holdings Ltd	29,731,484	19.4%

Voting Rights

Each shareholder is entitled to receive notice of and attend and vote at general meetings of the Group. 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	Total holders	Ordinary Shares
1 – 1,000	436	172,342
1,001 – 5,000	549	1,439,836
5,001 – 10,000	213	1,538,323
10,001 – 100,000	256	6,955,688
100,001 and over	26	143,271,504
Total	**1,480**	**153,377,693**

The number of shareholders holding less than a marketable parcel of ordinary shares is 634.

On-market buy back

There is no current on-market buy back.

Securities on Issue

The number of shares issued by the Group are set out below:

Category	Number
Ordinary Shares	153,377,693

TWENTY LARGEST SHAREHOLDERS

	Name of Holder	No. of Ordinary Shares	% of Issued capital
1.	COMPUTERSHARE CLEARING PTY LTD <CCNL DI A/C>	50,008,958	32.61
2.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	48,354,956	31.53
3.	BNP PARIBAS NOMS PTY LTD <DRP>	29,667,795	19.34
4.	J P MORGAN NOMINEES AUSTRALIA LIMITED	6,829,357	4.45
5.	CITICORP NOMINEES PTY LIMITED	2,234,562	1.46
6.	GLENNBROWN PTY LTD <G BROWN FAMILY ACCOUNT>	1,333,334	0.87
7.	MR GEOFFREY ANTHONY GANDER <THE GANDER SUPER A/C>	769,445	0.50
8.	MR ATHOL GEOFFREY JAMES	608,148	0.40
9.	GOLDEN BOUNTY LIMITED	506,450	0.33
10.	GLENNBROWN PTY LTD <G BROWN FAMILY A/C>	465,000	0.30
11.	MR WARREN GILMOUR + MRS CATHERINE GILMOUR <W + C GILMOUR SUPER A/C>	282,753	0.18
12.	MR ERKIN SVANBAYEV	240,000	0.16
13.	MR SCOTT MISON <THE SCOTT MISON FAMILY A/C>	207,038	0.13
14.	SOUTHAM INVESTMENTS 2003 PTY LTD <WARWICKSHIRE INVESTMENT A/C>	179,511	0.12
15.	MR IAN SHERWOOD LOVE + MRS ANNE MARGARET LOVE	166,667	0.11
16.	DR NEIL TANUDISASTRO + MRS YANI SUTANIMAN <NEIL & YANI TAN SUPER A/C>	154,667	0.10
17.	R & L EVANS PTY LTD <EVANS FAMILY S/F A/C>	150,000	0.10
18.	MR YERKIN SVANBAYEV	150,000	0.10
19.	NATIONAL NOMINEES LIMITED	148,335	0.10
20.	DALY SF PTY LTD <DALY SUPER FUND A/C>	146,668	0.10
TOTAL		**142,603,644**	**92.98**