JUPITER ENERGY LIMITED

ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

CORPORATE INFORMATION

Jupiter Energy Limited
ABN 65 084 918 481

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

Company Secretary
Scott Mison

Registered Office & Principal Place of Business
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Email	info@jupiterenergy.com
Website	www.jupiterenergy.com

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

Auditors
Ernst & Young
11 Mounts Bay Road
Perth WA 6000

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

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

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

Telephone	1300 557 010 (only within Australia)
	+61 8 9323 2000
Facsimile	+61 8 9323 2033
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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 2015 Annual Report for Jupiter Energy Limited (Jupiter Energy or the Company).

The past year can be best described as one of two halves.

The first six months of the year showed slow but steady progress with the development of the Block 31 licence area supported by the ongoing trial production from the J-50, 51 and 52 wells and progress towards the granting of Trial Production Licences for the J-58 and J-59 wells located on the West Zhetybai field.

Funding constraints meant that drilling on the permit was limited to Well 19, the Company's eighth well that reached target depth in February 2015 but was not fully completed and tested due to a lack of funding. That said, the Company recovered three hydrocarbon samples from the well, with each container holding 300 litres. Independent analysis of the recovered liquids showed that it was oil with a water cut of ~0.03% with the density and salt content in line with oil produced from the J-51 and J-52 wells.

The second six months saw production halted in February 2015 when the falling world oil price meant that the sales price being achieved for domestic oil in Kazakhstan fell to levels that made oil production from Block 31 uneconomic.

The Company took the opportunity during this shut down period to restructure its operations and overall monthly operating costs have been reduced by ~40% providing an annual saving in running costs of over $US2 million. In addition, the Company has reviewed its overall approach to Trial Production. Based on a cost structure that uses purchased (vs rental) topside equipment, the Company believes that with the additional oil produced from the J-58 and J-59 wells (once Trial Production Licences for these wells have been approved) it should be possible to return to selling into the domestic market on a cashflow positive basis. Ultimately the price of Kazakh domestic oil will be the key determining factor in the timing of recommencing trial production.

The Company continues to be supported by its major shareholders with interim debt funding during the year via the renewal of Convertible Notes and the issue of a new Promissory Note. The continued use of unsecured debt to fund the Company is driven by the fact that the Company has been unable to secure the required permission from the Kazakh Ministry of Energy to raise equity through the issue of new shares. Once permission is granted it is the intention of the note holders to convert their unsecured debt to equity, subject to the necessary approvals being granted, and for the provision of additional funding to come through the issue of new shares.

Looking forward, the Company plans to return to domestic oil production as soon as possible and, assuming funding is in place, focus on both exploration and appraisal drilling as well as to start the building of the requisite infrastructure to allow the Akkar East oilfield to move into its Full Field Development phase – a key step in the Company 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. Subject to securing additional funding, the Company will also continue to progress applications for further land extensions of the permit area, which could provide further exploration upside.

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

Sincerely

Geoff Gander
Chairman/CEO

DIRECTORS' REPORT

Your Directors submit their report for the year ended 30 June 2015.

DIRECTORS

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

Names, qualifications experience and special responsibilities

Geoffrey Anthony Gander (52)
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

Alastair Beardsall (61)

Non-Executive Director
Appointed 5 October 2010

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

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

Former Directorships of Listed Companies in last three years
None

Baltabek Kuandykov (67)

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
Caspian Energy Inc (TSX)

Former Directorships of Listed Companies in last three years
Chagala Group Limited (LSE)

DIRECTORS' REPORT (continued)

Scott Adrian Mison (39)

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 16 years' experience in finance and corporate compliance within Australia, UK, Central Asia and USA.

He is currently a Director / CFO / Company Secretary of ASX listed 1-Page Limited, CFO / Company Secretary of Rift Valley Resources Ltd and IDM International Limited. Mr Mison is also a board member of Wheelchair Sports WA Inc. a not for profit organisation.

Other Current Directorships of Listed Companies:
1-Page Limited

Former Directorships of Listed Companies in last three years:
None

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

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

Director	Number of ordinary shares
G Gander	3,147,224
A Beardsall	1,250,000
B Kuandykov	-
S Mison	391,238

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 has prepared a consolidated financial report incorporating the entities that it controlled during the financial year, which are outlined in note 28 of the financial statements.

PRINCIPLE ACTIVITIES

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

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

EMPLOYEES

The consolidated entity employed 21 employees as at 30 June 2015 (2014: 37 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 $10,982,261 (2014: $2,547,271).

Review of Financial Condition

At the end of the 2015 financial year, cash resources were $1,613,560 (2014: $1,285,358). These accounts have been prepared on a going concern basis, predicated on the Company'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 increased to $76,897,616 (2014: $59,218,198) and equity increased to $41,654,900 (2014: $39,830,138).

CAPITAL RAISING / CAPITAL STRUCTURE

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

As announced on 17 November 2014, independent shareholders approved amendments to the terms of the Series B Convertible Notes at the 2014 AGM such that in the event of a capital raising at a price lower than $US1.25 per share, the Convertible Notes may be converted at this lower price.

On 7 October 2014 the Company announced it had received $US5m of funding from its largest shareholder, Waterford Petroleum Limited.

The funding was by way of a Promissory Note with the following key terms:

- Amount: $US5m.
- Repayable in full on 30 June 2015 or when the Company raises a minimum of $US20m (whichever is sooner). The raising may be via equity, debt or a combination of both.

DIRECTORS' REPORT (continued)

- Amount repayable may be set off against payment for future equity investment.
- Coupon Rate: 12% with any interest being accrued to maturity and able to be offset against payment for future equity investment.

On 30 April 2015 the Company signed a Framework Agreement with a substantial shareholder, Waterford Petroleum Limited (Waterford), which will provide the Company with up to $US5m in additional working capital via the issuance of promissory notes. The Company continues to seek a longer term funding package that will enable the commencement of the 2015/16 drilling program.

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

- The issuance of new promissory notes repayable on 1 July 2016.
- The October 2014 $US5m Promissory Note (October 2014 Note) held by Waterford were rolled into a Series B Promissory Note along with the accrued interest outstanding on the October 2014 Note as at 30 April 2015 of $US346,849.
- The issuance of further Series B Promissory Notes will provide up to $US5m for working capital purposes which can be drawn down as required following agreement on the use of funds by Waterford.
- The Series B Promissory Note has a coupon rate of 15% per annum, and the interest will accrue and be payable at the time that the Series B Promissory Note is repaid.
- Waterford may elect to offset the value of the Series B Promissory Note and any accrued interest against participation in any future capital raising carried out by the Company prior to 30 June 2016.
- Waterford may elect to roll the value of the Series B Promissory Note and any accrued interest into any other debt funding facility that the Company may establish prior to 1 July 2016.

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 of the past 12 months.

Ongoing trial production from the J-50, J-51 and J-52 wells took place for the first six months of the financial year. All other wells were either shut in awaiting remedial work (J-53 and J-55) or shut in awaiting approval of Trial Production Licences (J-58 and J-59). Details on all these wells are outlined below as are details of other work carried out over the course of the year.

Well Operations

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

During the first seven months of the financial year the Company achieved revenues of ~$US3.66 million from the sale of approximately 108,500 barrels of oil at an average price of $US33.75 per barrel.

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

The J-50, J-51 and J-52 wells all had Trial Production Licences (TPL) in place to 29 December 2014. Applications for the extension of the J-50, J-51 and J-52 TPL's for the period 1 January 2015 to 29 December 2016 were submitted during the first half of the financial year and TPL extensions to December 2016 for the J-51 and J-52 wells were received in December 2014.

DIRECTORS' REPORT (continued)

The application for an extension to the J-50 TPL was not approved. The underlying issue delaying the J-50 TPL renewal is the demand by the Kazakh Committee of Geology that Jupiter Energy reach agreement with its neighbour MangistauMunaiGas (MMG) over the division of reserves associated with each companies' share of the Akkar North accumulation. Jupiter Energy had been in dialogue with MMG on this issue for some time prior to the December 2014 expiry date but was not able to reach formal agreement with MMG with respect to the division of Akkar North reserves by 29 December 2014. The matter remains unresolved and as a result J-50 has been shut in since 29 December 2014. There has been no revenue from this well since that date.

Oil was produced from the J-51 and J-52 wells from 1 January 2015 to 10 February 2015 when the dramatic fall in world oil prices resulted in sales contracts being offered by local traders for domestic oil in the Kazakh market at levels that meant further production would be cashflow negative. A decision was made to shut in both wells and there has been no revenue from the J-51 and J-52 wells since February 2015.

The J-53 well requires further remedial work and the Company does not, at present, have the requisite funding for this work and as such the well has not been in production at any time during the financial period.

Overall, average daily production during the first half of the 2014/15 year when the J-50, 51 and 52 wells were all on production was ~550 barrels of oil per day (2013/14: ~680 bopd). The reduction was due to a combination of the downtime of the J-50 well during August (ESP maintenance) and the J-51 and J-52 wells in September (regulatory well testing).

West Zhetybai Field (J-55, J-58 and J-59 wells)

The Kazakh authorities require companies that believe they have discovered a new oilfield to submit a Preliminary Reserves Report for their review and approval. This report must be prepared under the approved Kazakh standards which have been developed from the Russian reserves system; the standards are based on the analysis of geological attributes.

Once Preliminary Reserves have been approved for a field, a company is then able to submit applications for various environmental and emission approvals to complete the Trial Production Licence (TPL) application process for the relevant wells on that field. Once these TPL's have been received the wells can be put on Trial Production and oil from those wells (and subsequent ones that are drilled on the same field) can be sold into the domestic market.

Jupiter Energy has drilled three wells on the West Zhetybai field (J-55, J-58 and J-59) and after being allowed to carry out a maximum of 90 days testing on each well, the wells were shut in awaiting the preparation, review and ultimate approval of the West Zhetybai Preliminary Reserves Report. The State Approval for the West Zhetybai Preliminary Reserves was received in July 2014.

In summary the West Zhetybai accumulation covers the area delineated by the J-55, J-58 and J-59 wells and reserves were evaluated for the $T3^1$, $T3^2$, T^2A and T^2B reservoir horizons. The State approved quantity of Oil in Place (OIP) for this area has been estimated at ~173.5 million barrels of oil (mmbbls) from all horizons with preliminary recoverable reserves (C1 + C2) estimated at ~27.0 mmbbls with the approved C1 reserves estimated at ~4.0 mmbbls and C2 reserves at ~23.0 mmbbls. The proportion of approved C1 to C1+C2 reserves indicates the need for (i) further testing of the J-55 and J-59 wells and (ii) drilling of additional appraisal wells on the field.

The approval of the Preliminary Reserves Report for West Zhetybai enabled the TPL application process to begin for the J-58 and J-59 wells and during the year this approval process continued. As at the date of this report, the Company has all the requisite approvals from the State Authorities to commence trial production from J-58 and J-59. Funding to install the topside infrastructure for these wells is now required before trial production can commence.

DIRECTORS' REPORT (continued)

The J-55 well requires remedial work before it is ready for trial production. Like the J-53 well, until funding for this work is in place, the well remains shut in.

Well 19

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

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

Further work, including an acid stimulation, will not take place until the requisite funding for the work is in place and the Company is ready to return to trial production operations.

Forward Plan for Drilling Activity

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

In the North, the Company expects to drill at least two new wells; one well (J-57) on Akkar East will be drilled in an area of C2 reserves and should be the final well required before the State Authorities approve the Final Reserves Report for the Akkar East field. The obtaining of a Final Reserves Report is a critical step in moving the Akkar East field towards Full Field Development and export oil.

The second well in the North is expected to be the J-54 well. The J-54 prospect is a large structural closure mapped using 3D seismic to the north of the producing Akkar East field. The Company believes the prospect is a separate field and the prognosis is that it is structurally up dip of Akkar East.

The Company considers that the main risk associated with the J-54 well is the presence of an adequate top seal to trap oil. Assuming success, the Company believes that the reservoir quality and flow rates should be similar to that found in the Akkar East field.

In the South, the J-58 and J-59 wells are both currently suspended awaiting completion of the requisite infrastructure to begin trail production from these wells. When ready, J-58 will be put on production from the T^2B horizon, and the J-59 well will be used to test the potential of the shallow Jurassic horizon before being completed for production from the T^2B horizon.

Further remedial work will be carried out on J-55 to determine if commercial production can be established and this work may require separate approvals from the relevant bodies.

It is expected that, subject to the Company obtaining the requisite funding, two further appraisal wells will also be drilled on the West Zhetybai field during 2016/17.

Details on the Exploration and Production Licences

The current Exploration Licence takes the exploration period through to December 2016. An application for a further minimum 2 year extension to the Exploration Licence will be submitted to the relevant Kazakh authorities later this calendar year. The further extension of the Exploration Licence is an integral part of the plan for the successful completion of the exploration phase of the project and will provide the Company with the necessary time to make a smooth transition into the 25 year Production Licence phase of the Block 31 contract.

DIRECTORS' REPORT (continued)

Prospectivity

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

The Company is also progressing land extension applications in the North East and South East and if these are successful there could be further exploration targets identified for drilling in 2016/2017.

Future Production

The J-51 and J-52 wells already have their respective TPL's approved until December 2016 and it is expected that wells J-58 and J-59 will be ready to go into Trial Production as soon as the requisite topside infrastructure is in place.

Well 19 needs further work, including an acid stimulation, and this work will not take place until the requisite funding is in place and the Company is ready to return to trial production operations.

Board and Staffing

An integrated operating team that has proven in-country experience as well as the capacity to operate major assets is a critical component to success in Kazakhstan. The 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. Once the Company 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 Company will be well prepared for continued growth over the coming years.

SIGNIFICANT EVENTS POST PERIOD END

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

DIRECTORS' REPORT (continued)

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

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

As Jupiter Energy Limited is listed on the Australian Stock Exchange, 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 Company is committed to a locally developed environmental monitoring programme. This monitoring programme will continue to expand as and when new regulations are implemented and adopted in Kazakhstan.

HEALTH & SAFETY

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

DIRECTORS' REPORT (continued)

MEETINGS OF DIRECTORS

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

	Board of Directors	
	Number attended	Number eligible to attend
Current Directors		
G Gander	5	5
A Beardsall	5	5
B Kuandykov	5	5
S Mison	5	5

Committee membership

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

Competent Persons Statements

General

Keith Martens, BSc Geology and Geophysics, with over 35 years' oil & gas industry experience, is the qualified person who has reviewed and approved the technical information contained in this report. Keith Martens has no material interest in the Company.

Kazakh State Approved Reserves

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

REMUNERATION REPORT (Audited)

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

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

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

(i) Directors

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

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 Company, as well as create goal congruence between Directors, executives and shareholders.

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

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

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

REMUNERATION REPORT (Audited) (continued)

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

Remuneration Structure

Non-Executive Director Remuneration

Objective

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

Structure

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

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

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

Executive Remuneration

Objective

The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group so as to:

- reward executives for Company, business unit and individual performance;
- align the interests of executives with those of shareholders;
- link reward with the strategic goals and performance of the Company; and
- ensure total remuneration is competitive by market standards.

REMUNERATION REPORT (Audited) (continued)

Structure

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

Fixed Remuneration

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

Variable remuneration – Short Term Incentives (STI)

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

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

Directors are not eligible for participation in the STI program.

Variable Remuneration – Long Term Incentives (LTI)

Objective

The objectives of long term incentives are to:

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

Structure

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

Company Performance

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

REMUNERATION REPORT (Audited) (continued)

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

	2015	2014	2013	2012	2011*
	$	$	$	$	$
Revenue	3,896,359	7,586,442	5,778,057	1,063,086	-
Loss before income tax	(10,982,261)	(2,547,271)	(4,885,829)	(4,295,102)	(4,889,671)
Earnings per share (cents)*	(7.16)	(1.66)	(3.25)	(3.70)	(5.25)
Last share price at Balance Date*	0.25	0.40	0.55	0.415	0.72
Market capitalisation	38.3m	61.4m	82.7m	48.2m	83.4m

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

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

Table 1: 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 $US5m in new equity is raised or alternatively the Company 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 ($90,000) and Director Fees ($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 $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.

Table 2: Remuneration for the year ended 30 June 2014

	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	-	-	-	143,200	183,200	78.17%	78.17%
B Kuandykov	42,810	-	-	-	143,200	186,010	76.99%	76.99%
Total non-executive directors	82,810	-	-	-	286,400	369,210		
Executive directors								
G Gander (a)	321,577	-	138,728	30,000	143,200	633,505	22.60%	22.60%
S Mison (b)	130,000	11,250	-	-	32,063	173,313	18.50%	24.99%
Other key management personnel								
K Martens	67,000	-	-	-	-	67,000	-	-
J Kroshus	47,998	-	-	-	(14,194)	33,804	-	-
Total executives	566,575	11,250	138,728	30,000	161,069	907,622		
Totals	649,385	11,250	138,728	30,000	447,469	1,276,831		

(a): Other relates to living expenses covering cost of apartment/office in London as per service agreement.
(b): Fees relate to CFO / Company Secretary ($90,000) and Director Fees ($40,000).
(c): The cash bonus to Mr Mison was for the period 1 January 2014 to 30 June 2014. Under his service agreement, he is entitled a cash bonus every six months to a maximum of $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 75%, with 25% being forfeited.

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 2015

During the 2015 and 2014 year, there were no options granted. No options, listed or unlisted, were exercised during the year.

Share issued on Exercise of Compensation Options

There were no shares issued on the exercise of compensation options during the financial years ended 30 June 2015 or 30 June 2014.

Performance Rights

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

The conditions during the year were as follows:

The Performance Rights for each holder shall vest in proportion to the % increase in the Share price of the Company above $0.735 subject to a minimum increase of 25%, i.e. Performance Rights will start vesting at $0.919. For 100% of the Performance Rights to vest, the share price of the Company needs to reach $1.47 (Vesting Conditions). In respect of the Vesting Conditions, the % increase in the Share price of the Company will be calculated by reference to the volume weighted average price of Shares in the 20 consecutive trading days immediately prior to the Vesting Date.

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

Table 3: Compensation Performance Rights: Granted and vested during the year ended 30 June 2015

During the year ended 30 June 2015, no performance rights vested and no additional performance rights were granted.

Table 4: Compensation Performance Rights: Granted and vested during the year ended 30 June 2014

	Granted		Terms & Conditions for each Grant				Vested	
	Number	*Grant / Modification Date*	*Fair Value per right at grant date $*	*Exercise price per right $*	*Expiry Date*	*First Exercise Date*	*Number*	*%*
New Grant								
A Beardsall	333,333	7 Nov 2013	$0.0197	$0.00	31 Dec 2014	31 Dec 2014	-	-
B Kuandykov	333,333	7 Nov 2013	$0.0197	$0.00	31 Dec 2014	31 Dec 2014	-	-
G Gander	333,333	7 Nov 2013	$0.0197	$0.00	31 Dec 2014	31 Dec 2014	-	-
S Mison	75,000	7 Nov 2013	$0.0197	$0.00	31 Dec 2014	31 Dec 2014	-	-
Total	1,074,999						-	
Modification *								
A Beardsall	-	7 Nov 2013	$0.0197(i)	$0.00	31 Dec 2014	31 Dec 2014	-	-
B Kuandykov	-	7 Nov 2013	$0.0197(i)	$0.00	31 Dec 2014	31 Dec 2014	-	-
G Gander	-	7 Nov 2013	$0.0197(i)	$0.00	31 Dec 2014	31 Dec 2014	-	-
S Mison	-	7 Nov 2013	$0.0197(i)	$0.00	31 Dec 2014	31 Dec 2014	-	-
Total	-						-	
Modification *								
A Beardsall	-	14 May 2012	$0.0197(i)	$0.00	31 Dec 2014	31 Dec 2014	-	-
B Kuandykov	-	14 May 2012	$0.0197(i)	$0.00	31 Dec 2014	31 Dec 2014	-	-
G Gander	-	14 May 2012	$0.0197(i)	$0.00	31 Dec 2014	31 Dec 2014	-	-
S Mison	-	14 May 2012	$0.0197(i)	$0.00	31 Dec 2014	31 Dec 2014	-	-
Total	-						-	

*The only modification was the expiry vesting date was extended from 7 November 2013 to 31 December 2014. All other terms and conditions remained the same.
(i) Represents the incremental fair value, between the original and modified awards at modification date.

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

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:

2015	Balance 30 June 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

2014	Balance 30 June 2013	Granted as Remuneration	On Exercise of Options	Net Change Other	Balance 30 June 2014
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:

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)	-	-	-

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

2014	*Balance at beg of period 1 July 2013*	*Granted as Remune-ration*	*Rights Exercised*	*Net Change Other*	*Balance at end of period 30 June 2014*	*Not Vested & Not Exercisable*	*Vested & Exercisable*
Directors							
G Gander	2,166,667	333,333	-	-	2,500,000	2,500,000	-
A Beardsall	2,166,667	333,333	-	-	2,500,000	2,500,000	-
B Kuandykov	2,166,667	333,333	-	-	2,500,000	2,500,000	-
S Mison	500,000	75,000	-	-	575,000	575,000	-
Executives							
K Martens	-	-	-	-	-	-	-

Option Holdings

There were no options held by, granted to or exercised by Key Management Personnel during the financial years ended 30 June 2015 or 30 June 2014.

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

Service agreements

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

Geoff Gander, Executive Chairman (Effective – 1 July 2015)

Base Terms
- This agreement was effective from 1 July 2015 and is for a term of 12 months (to 30 June 2016).
- Base Salary of GBP200,000 ($417,000) including Director Fees and the current Superannuation Levy of 9.5%.
- Living expenses of GBP 80,000 ($174,000) per year, covering the cost of an apartment/office in London.
- Potential GBP 100,000 ($208,000) incentive bonus in the event a change of control occurs.
- Director fees of $4,000 per month (included in Base Salary figure above) is deferred until such time that at least $US5m in new equity is raised or alternatively the Company 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
Employer - initiated termination with reason	1 or 3 months	1 or 3 months
Employer - initiated termination without reason	3 months	3 months
Termination for serious misconduct	None	None
Employee – initiated termination	1 or 3 months	None

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 which is deferred until such time that at least $US5m in new equity is raised or alternatively the Company 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
Employer - initiated termination with reason	1 or 3 months	1 or 3 months
Employer - initiated termination without reason	3 months	3 months
Termination for serious misconduct	None	None
Employee – initiated termination	1 or 3 months	None

End of Remuneration Report (Audited)

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

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

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

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company 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 Company's corporate governance statement is included on page 22 of this annual report.

AUDITOR INDEPENDENCE

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

NON-AUDIT SERVICES

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 2015

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

Principle 1. Lay solid foundations for management and oversight

Principle 2. Structure the Board to add value

Principle 3. 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 Company's securities, the management of risk, and a Code of Conduct. Jupiter Energy'scorporate governance practices were in place throughout the year ended 30 June 2015.

BOARD OF DIRECTORS

Role of the Board

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

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

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

CORPORATE GOVERNANCE STATEMENT (continued)

Composition of the Board

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

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

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

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

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

Chairman of the Board

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

Independent Directors

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

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

Using the ASX Best Practice Recommendations on the assessment of the independence of Directors. The Board considers that of a total of four Directors, only one is considered independent.

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

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

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

CORPORATE GOVERNANCE STATEMENT (continued)

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

Retirement and Rotation of Directors

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

Independent Professional Advice

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

Access to Employees

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

Insurance

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

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

Share Ownership

Directors are encouraged to own Company shares.

Board Meetings

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

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

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

Board Performance Review

There was no evaluation conducted during the financial year.

CORPORATE GOVERNANCE STATEMENT (continued)

Other Areas for Board Review

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

Board Committees

Audit Committee

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

The CEO and the CFO declare in writing to the Board that the Company's financial statements for the year ended 30 June 2015 present a true and fair view, in all material aspects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards. This representation is made by the CEO and the CFO prior to the Director's approval of the release of the annual and six monthly accounts. This representation is made after enquiry of, and representation by, appropriate levels of management.

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

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

Nomination Committee

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

Remuneration Committee

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

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

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

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

For details of remuneration paid to Directors and officers for the financial year please refer to the Directors' Report on page 15.

CORPORATE GOVERNANCE STATEMENT (continued)

Risk Management

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

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

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

PROMOTION OF ETHICAL AND RESPONSIBLE DECISION-MAKING

Code of Conduct

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

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

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

Diversity

The Board has not adopted a separate diversity policy, however is committed to workplace diversity and recognizes the benefits arising from recruitment, development and retention of talented, diverse and motivated workforce. The Company is not of a sufficient size to justify measurable objectives at this stage. As at 30 June 2015, there were twelve women in the Groups workforce, two of which held key executive positions.

Trading in Company Securities by Directors, officers and employees

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

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

SHAREHOLDER COMMUNICATION

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

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

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

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

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

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

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

In relation to our audit of the financial report of Jupiter Energy Limited for the financial year ended 30 June 2015, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

R J Curtin
Partner
30 September 2015

Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015

	Note	Consolidated 2015 $	Consolidated 2014 $
Revenue		3,896,359	7,586,442
Cost of sales		(3,478,951)	(5,540,935)
Gross profit		417,408	2,045,507
FX (loss) / gain		(4,468,778)	809,868
Loss on extinguishment of convertible notes		-	(295,194)
(Loss) / Gain on derivative financial instrument		227,788	614,301
General and administrative costs	4	(3,238,047)	(3,790,286)
Impairment		(787,046)	-
Operating loss		(7,848,675)	(615,804)
Finance income		28,198	23,910
Finance costs		(3,161,784)	(1,955,377)
Loss before tax		(10,982,261)	(2,547,271)
Income tax expense	5	-	-
Loss after income tax		(10,982,261)	(2,547,271)
Other comprehensive income to be reclassified to profit or loss in subsequent periods net of tax			
Foreign currency translation		12,738,847	(12,643,204)
Total comprehensive profit / (loss) for the period		1,756,586	(15,190,475)
Earnings per share for loss attributable to the ordinary equity holders of the Company:			
Basic loss per share (cents)	24	(7.16)	(1.66)
Diluted loss per share (cents)	24	(7.16)	(1.66)

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 2015

	Note	Consolidated 2015 $	2014 $
ASSETS			
Current Assets			
Cash and cash equivalents	6	1,613,560	1,285,358
Trade and other receivables	7	78,051	1,296,631
Other current assets	8	122,110	268,880
Inventories	9	68,535	49,606
Total Current Assets		1,882,256	2,900,475
Non-Current Assets			
Trade and other receivables	7	4,842,743	2,522,291
Oil and gas properties	10	24,399,029	20,283,793
Plant and equipment	11	967,247	1,042,508
Exploration and evaluation expenditure	12	44,166,103	31,986,316
Other financial assets	13	640,238	482,815
Total Non-Current Assets		75,015,360	56,317,723
Total Assets		76,897,616	59,218,198
Current Liabilities			
Trade and other payables	14	1,280,749	1,030,222
Deferred revenue	15	60,111	844,773
Derivative liability	17	1,612	229,400
Provisions	16	-	58,061
Total Current Liabilities		1,342,472	2,162,456
Non-current Liabilities			
Provisions	16	527,827	294,538
Other financial liabilities	17	33,372,417	16,931,066
Total Non-Current Liabilities		33,900,244	17,225,604
Total Liabilities		35,242,716	19,388,060
Net Assets		41,654,900	39,830,138
Equity			
Contributed equity	18	85,633,935	85,633,935
Share based payment reserve	19	5,764,014	5,695,838
Foreign currency translation reserve	19	1,165,133	(11,573,714)
Accumulated losses		(50,908,182)	(39,925,921)
Total Equity		41,654,900	39,830,138

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 2015

	Note	Consolidated	
		2015	2014
		$	$
Cash flow from operating activities			
Receipts from customers		3,952,759	8,565,902
Payments to suppliers and employees		(7,870,285)	(10,580,704)
Interest received		28,198	23,910
Net cash flows (used in) operating activities	26	(3,889,328)	(1,990,892)
Cash flows from investing activities			
Payments for exploration and evaluation expenditure		(5,519,880)	(3,954,596)
Payments for plant and equipment		-	(20,461)
Net Cash flows (used in) investing activities		(5,519,880)	(3,975,057)
Cash flows from financing activities			
(Repayment) / Proceeds from unsecured loan		9,141,370	(3,190,500)
Proceeds from convertible notes		-	6,916,800
Fee on issue of convertible note		-	(208,065)
Net cash flows from financing activities		9,141,370	3,518,235
Net increase / (decrease) in cash held		(267,838)	(2,447,714)
Effects of exchange rate changes		596,040	(398,659)
Cash at beginning of the year		1,285,358	4,131,731
Cash at end of the year	6	1,613,560	1,285,358

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 2015

	Contributed Equity $	*Share Based Payment Reserve* $	*Foreign Currency Translation Reserve* $	*Accumulated Losses* $	*Total* $
CONSOLIDATED					
As at 1 July 2013	85,633,935	5,248,370	1,069,490	(37,378,650)	54,573,144
Loss for the period	-	-	-	(2,547,271)	(2,547,271)
Other comprehensive income	-	-	(12,643,204)	-	(12,643,204)
Total comprehensive income	-	-	(12,643,204)	(2,547,271)	(15,190,475)
Transactions by owners recorded directly in equity:					
Share based payments	-	447,468	-	-	447,468
At 30 June 2014	85,633,935	5,695,838	(11,573,714)	(39,925,921)	39,830,138
As at 1 July 2014	85,633,935	5,695,838	(11,573,714)	(39,925,921)	39,830,138
Loss for the period	-	-	-	(10,982,261)	(10,982,261)
Other comprehensive income	-	-	12,738,847	-	12,738,847
Total comprehensive income	-	-	12,738,847	(10,982,261)	1,756,586
Transactions by owners recorded directly in equity:					
Share based payments	-	68,176	-	-	68,176
At 30 June 2015	85,633,935	5,764,014	1,165,133	(50,908,182)	41,654,900

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

1 CORPORATE INFORMATION

The financial report of Jupiter Energy Limited for the year ended 30 June 2015 was authorised for issue in accordance with a resolution of the directors on 30 September 2015.

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 10 of this report.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

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

Going Concern

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 2015, the Group has total assets of $76.9 million and a net current asset position of $0.5 million (30 June 2014: current asset position of $0.7 million). The Group's Promissory Notes and Convertible Notes, described in Note 17, become payable within 12 months from the date of release of this report and the Group's cash-flow forecast reflects that additional capital will need to be raised within the short term. In addition, oil production has been shut-in and will remain so until such time that domestic oil pricing becomes cash flow positive.

The Directors are currently reviewing a range of financing options which may include an asset sale, further issue of new equity, reserve based debt, convertible debt or a combination of these and other funding instruments. As part of the financing options being considered the Group's existing Promissory Notes and Convertible Notes will either be repaid, rolled into a new facility or converted into Jupiter shares, subject to certain approvals. Whilst the financing is expected to be finalised within the short term, which will also allow the Group to further the development of the East Akkar field during 2015 – 2016, there is no certainty that financing will be completed as anticipated.

The Directors are confident of being able to achieve the matters set out above. Should these not be achieved, there is uncertainty whether the Group would continue as a going concern and therefore whether it would realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include adjustments relating to the recoverability or classification of the recorded assets amounts nor to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

(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 2014, the Group has adopted the following Standards and Interpretations, mandatory for annual periods beginning on 1 July 2014. Adoption of these standards and interpretations did not have any significant effect on the financial position or performance of the Group:

AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets

AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities
[AASB 1, AASB 3, AASB 7, AASB 10, AASB 12, AASB 107, AASB 112, AASB 124, AASB 127, AASB 132, AASB 134 & AASB 139]

AASB 2012-3 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities

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 2015. 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	*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 9	*Financial Instruments*	AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below. d. 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. e. 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. f. 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. g. Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: ► The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ► The remaining change is presented in profit or loss If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10. The AASB issued a revised version of AASB 9 (AASB 2013-9) during December 2013. The revised standard incorporates three primary changes: 1. New hedge accounting requirements including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures 2. Entities may elect to apply only the accounting for gains and losses from own credit risk without applying the other requirements of AASB 9 at the same time 3. In February 2014, the IASB tentatively decided that the mandatory effective date for AASB 9 will be 1 January 2018	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 2014-4	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)	AASB 116 Property Plant and Equipment and AASB 138 Intangible Assets both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.	1 January 2016	The group has not yet determined the financial impact of the change.	1 July 2016
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 Currently, AASB 15 is effective for annual reporting periods commencing on or after 1 January 2017. 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.	1 January 2017	The group has not yet determined the financial impact of the change.	1 July 2017

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2014-9	Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements	AASB 2014-9 amends AASB 127 *Separate Financial Statements*, and consequentially amends AASB 1 *First-time Adoption of Australian Accounting Standards* and AASB 128 *Investments in Associates and Joint Ventures*, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. AASB 2014-9 also makes editorial corrections to AASB 127. AASB 2014-9 applies to annual reporting periods beginning on or after 1 January 2016. Early adoption permitted.	1 January 2016	The group has not yet determined the financial impact of the change.	1 July 2016
AASB 2014-10	Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	AASB 2014-10 amends AASB 10 C*onsolidated Financial Statements* and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require: (a) a full gain or loss to be recognised when a transaction involves a business (whether it is housed in a subsidiary or not); and (b) a partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. AASB 2014-10 also makes an editorial correction to AASB 10. AASB 2014-10 applies to annual reporting periods beginning on or after 1 January 2016. Early adoption permitted.	1 January 2016	The group has not yet determined the financial impact of the change.	1 July 2016

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 financial 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 financial impact of the change.	1 July 2016

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2015-3	Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 *Materiality*	The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.	1 July 2015	The group has not yet determined the financial impact of the change.	1 July 2015
AASB 2015-4	Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent	The amendment aligns the relief available in AASB 10 *Consolidated Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures* in respect of the financial reporting requirements for Australian groups with a foreign parent	1 July 2015	The group has not yet determined the financial impact of the change.	1 July 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Jupiter Energy Limited and its subsidiaries (as 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

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

Share-based payment transactions

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

Exploration and evaluation

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

Impairment of assets

In determining the recoverable amount of assets in the absence of quoted markets, estimations and judgements are made in determining the future cash flows and discounting them using asset specific discount rates. Value in use calculations incorporate a number of key assumptions.

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.
- Extension of the current trial production licenses to 2018. It is anticipated that an application for a further minimum 2 year extension to the Exploration Licence will be submitted to the relevant Kazakh authorities later this calendar year
- An agreement is reached with MangistauMunaiGas(MMG) over the division of reserves associated with the Akkar North accumulation

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provision for restoration

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

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

Units of production depreciation of oil and gas properties

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

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

- The effect on proved reserves of differences between actual commodity prices and commodity price assumptions; or
- Unforeseen operational issues.

Changes are accounted for prospectively.

Recoverability of oil and gas properties

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

Production start date

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Production start date (continued)

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

(e) Plant and equipment

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

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

- Plant and equipment – over 3 to 10 years

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

Disposal

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

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

(f) Exploration and Evaluation Expenditure

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

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Oil and Gas Properties

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

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

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

(h) Impairment of assets

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

(i) Trade and other receivables

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

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

(j) Cash and cash equivalents

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

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

(k) Inventories

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Trade and other payables

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

(m) Financial liabilities

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

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

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

(n) Share-based payment transactions

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Revenue recognition

Sales revenue

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

Interest

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

(p) Convertible Note

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

(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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Other taxes

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

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

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

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

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

(s) Contributed equity

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Earnings per share

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

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

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

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

(u) Provisions

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

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Foreign Currency Transactions and Balances

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

(iii) Translation of Group Companies' functional currency to presentation currency

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

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

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

(w) Segments

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Borrowing costs

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

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

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

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

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Risk Exposures and Responses

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

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

Interest rate risk

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

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

	Consolidated	
	2015	2014
	$	$
Financial Assets		
Cash and cash equivalents	1,613,560	1,285,358
Net exposure	1,613,560	1,285,358

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

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)	2015 $	2014 $
+1%	16,136	12,854
-1%	(16,136)	(12,854)

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	
	2015 $	2014 $
Financial Assets		
Cash and cash equivalents		
- USD	1,583,211	1,072,868
- SGD	1,859	1,859
- GBP	17,164	21,706
Liquidation Fund	630,874	468,155
	2,233,108	1,564,588
Financial Liabilities		
Other financial liabilities	(33,372,417)	(16,931,066)
Derivative	(1,612)	(229,400)
	(33,374,029)	(17,160,466)
Net exposure	(31,140,921)	(15,595,878)

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

The following table summarises the sensitivity of financial instruments held at balance date to movement in the exchange rate of the Australian dollar to the United States Dollar, Singapore Dollar and Great Britain Pound (GBP), 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)	2015 $	2014 $
+5%	(1,557,046)	(779,794)
-5%	1,557,046	779,794

Credit risk

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

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

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

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

Liquidity Risk

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

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

	Consolidated	
	2015 $	2014 $
Financial Assets		
Within one year	-	-
After one year but not more than five years	-	-
More than five years	630,874	468,155
	630,874	468,155
Financial Liabilities		
Within one year	(1,612)	(229,400)
After one year to two years	(11,234,458)	-
More than two years	(27,968,013)	(16,931,066)
	(39,204,083)	(17,160,466)
Net Exposure	(38,573,209)	(16,692,311)

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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

Fair value

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 – the fair value is calculated using quoted prices in active markets.

Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

All of the Group's other financial liabilities are carried at amortised cost, where the carrying value approximates the fair value. The fair value of the derivative was determined using the level 3 method.

Equity Price Risk

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

At the reporting date, the exposure to market price risk at fair value was $1,612. A decrease in the company's share price by 10% could have an impact of approximately $161 on profit and loss or equity attributable to the Group, depending on whether the decline is significant or prolonged. An increase in the company's share price by 10% could have an impact of approximately $161 on profit and loss or equity attributable to the Group, depending on whether the decline is significant or prolonged.

4. GENERAL AND ADMINISTRATIVE EXPENSES

	Consolidated	
	2015	2014
	$	$
Administration and compliance expenses	1,296,936	1,626,079
Employee benefits	951,064	899,240
Superannuation	50,233	30,000
Consulting fees	186,015	178,189
Depreciation and amortisation expenses	33,333	2,582
Directors fees	285,502	239,862
Legal fees	104,546	108,642
Occupancy expenses	262,242	258,224
Share based payments	68,176	447,468
Total expenses	3,238,047	3,790,286

During the year, travel expenses were $221,984. This is included in administration and compliance expenses.

The increase in Directors fees is due to the allocation between Directors fees and Consulting fees for Mr Geoff Gander.

From February 2015 Directors fees have been deferred until such time that at least $US5m in new equity is raised or alternatively the Company 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 2015

5. TAXATION

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

	Consolidated 2015 $	Consolidated 2014 $
Prima facie income tax benefit on operating (loss) at the Australian tax rate of 30% (2014: 30%)	(3,294,678)	(764,181)
Non-deductible expenditure:		
- Effect of tax rates in foreign jurisdictions	322,384	1,101,686
- Share Based payments	20,453	134,240
Temporary differences and tax losses not bought to account as a deferred tax asset	2,951,841	(471,745)
Income tax expense	-	-

Deferred Income Tax

Deferred income tax at 30 June relates to the following:

	2015 $	2014 $
Consolidated	-	-
Deferred tax liabilities	-	-
Deferred tax assets		
Unrealised FX (gain) / loss	(1,028,376)	(242,961)
Unrealised derivative (gain) / loss	(252,627)	184,290
Share issue costs	7,519	20,139
Revenue tax losses – Australia	7,383,121	6,945,693
E&E assets	4,503,790	3,859,022
Provision for impairment	2,163,087	-
Interest expense	1,875,275	933,763
Deferred tax assets not recognised	(14,651,789)	(11,699,946)
Deferred tax (income)/expense	-	-
Net deferred tax recognised in Balance Sheet	-	-

The Consolidated Group has tax losses of $7,383,121 (2014: $6,945,693) that are available indefinitely for offset against future taxable profits of the companies in which the losses arose.

The potential deferred tax asset will only be realised if:

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

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

6. CASH AND CASH EQUIVALENTS

	Consolidated	
	2015	2014
	$	$
Cash at bank and in hand	1,613,560	1,285,358
	1,613,560	1,285,358

The bank accounts are at call and pay interest at a weighted average interest rate of 0.04% at 30 June 2015 (2014: 0.88%)

7. TRADE AND OTHER RECEIVABLES

	Consolidated	
	2015	2014
	$	$
Current		
Trade receivables	66,715	159,083
VAT receivable	-	1,126,212
Other debtors	11,336	11,336
	78,051	1,296,631
Non-current		
VAT receivable	4,842,743	2,522,291

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 2015, the aging analysis of receivables is as follows:

	Total	0 – 30 Days	31 – 60 days	61 - 90 days	90+ days
2015	4,920,794	78,051	-	-	4,842,743
2014	3,818,922	159,083	-	-	3,659,839

There are no receivables as at 30 June 2015 that are impaired.

8. OTHER CURRENT ASSETS

	Consolidated	
	2015	2014
	$	$
Prepayment	122,110	106,396
Other	-	162,484
	122,110	268,880

9. INVENTORIES

Raw Material	82,351	49,514
Crude oil	3,103	13,952
Provision of obsolete items	(16,919)	(13,860)
	68,535	49,606

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

10. OIL AND GAS PROPERTIES

	Consolidated $
Cost as at 30 June 2013	26,599,737
Net exchange differences	(4,850,662)
Cost as at 30 June 2014	21,749,075
Depletion and impairment as at 30 June 2013	(690,760)
Charge for the year	(774,522)
Depletion and impairment as at 30 June 2014	(1,465,282)
Net book value as at 30 June 2014	20,283,793
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

11. PLANT AND EQUIPMENT

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
Year ended 30 June 2014	
At 1 July 2013 net of accumulated depreciation	1,617,096
Additions	20,461
Depreciation charge for the year	(293,531)
Net exchange differences	(301,519)
At 30 June 2014 net of accumulated depreciation	1,042,507
At 30 June 2014	
Cost	1,819,160
Accumulated depreciation	(776,653)
Net carrying amount	1,042,507

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

12. EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	2015	2014
	$	$
Exploration expenditure carried forward:		
Exploration and evaluation expenditure at cost	44,166,103	31,986,316
Movements during the year		
Balance at beginning of year	31,986,316	34,710,757
Expenditure incurred during the year	5,519,880	3,954,596
Impairment	(787,046)	-
Foreign exchange translation	7,446,953	(6,679,037)
Balance at end of year	44,166,103	31,986,316

Oil sales revenue capitalised into exploration and evaluation expenditure for the year was $nil (2014: $nil).
During the year Management decided to write-off well NZW 2. No further work had been planned for this particular well.

13. OTHER FINANCIAL ASSETS

Liquidation fund	630,874	468,155
Other	9,364	14,660
	640,238	482,815

The Group has a deposit for the purpose of a Liquidation fund in the amount of $630,874. 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	1,253,357	474,226
Accrued expenses	27,392	73,417
Other payables	-	482,579
	1,280,749	1,030,222

15. DEFERRED REVENUE

As at 1 July	844,773	1,642,837
Deferred during the year	-	868,776
Released during the year	(892,988)	(1,340,499)
Foreign exchange translation	108,326	(326,341)
At 30 June	60,111	844,773

The deferred revenue refers to an amount received in advance for oil sales. As at 30 June 2015, there is 0 tonnes of oil to be delivered under contracts. The amount outstanding is for prepaid oil sales that related when the company stopped production in February 2015. This amount has subsequently been paid.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

16. PROVISIONS

	Consolidated 2015 $	2014 $
Current		
Annual leave	-	58,061
	-	58,061
Non - current		
Provision for rehabilitation	527,827	294,538
	527,827	294,538

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 $527,827. The timing of rehabilitation is likely to depend on when the fields cease to produce at economically viable rates. This, in turn, will depend upon future oil and gas prices, which are inherently uncertain.

Movements in rehabilitation provision	2015	2014
Carrying amount at beginning of the year	294,538	452,942
Unwinding of discount rate	24,952	(67,650)
Foreign exchange translation	65,025	(90,754)
Provision for the year	143,312	-
Carrying amount at the end of year	527,827	294,538

17. DERIVATIVES AND OTHER FINANCIAL LIABILITIES

	Consolidated 2015 $	Consolidated 2014 $
Current		
Derivative liability	1,612	229,400
	1,612	229,400
Non-Current		
Unsecured loans	9,744,164	-
Convertible note	23,628,253	16,931,066
	33,372,417	16,931,066

Promissory Notes

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

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

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

- The issuance of new promissory notes repayable on 1 July 2016.
- The October 2014 $US5m Promissory Note (October 2014 Note) held by Waterford will be rolled into a Series B Promissory Note along with the accrued interest outstanding on the October 2014 Note as at 30 April 2015 of $US346,849.
- The issuance of further Series B Promissory Notes will provide up to $US5m for working capital purposes which can be drawn down as required following agreement on the use of funds by Waterford.
- The Series B Promissory Note has a coupon rate of 15% per annum, and the interest will accrue and be payable at the time that the Series B Promissory Note is repaid.
- Waterford may elect to offset the value of the Series B Promissory Note and any accrued interest against participation in any future capital raising carried out by the Company prior to 30 June 2016.
- Waterford may elect to roll the value of the Series B Promissory Note and any accrued interest into any other debt funding facility that the Company may establish prior to 1 July 2016.

As at 30 June 2015, US$7,346,849 has been drawn from the US$10,000,000 facility.

US$15.5m Convertible Notes (Series B):

The key terms of the Convertible Notes are as follows:

- Term: 3 years
- Conversion Price: $US1.25 per share or the price that the next equity raising is completed at (whichever is the lower)
- Coupon Rate: 12% per annum, accrued and payable at conversion.
- The issue of the Convertible Notes was carried out under Jupiter’s 15% capacity in accordance with ASX Listing Rule 7.1

Valuation Techniques of Convertible Notes

The Notes have an embedded derivative in the form of a call option for the holder to convert the Notes at US$1.25 into Jupiter ordinary shares.

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

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

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

	30 June 2015 $	30 June 2014 $
15% increase in volatility	313,077	263,810
15 % decrease in volatility	(231,405)	(194,990)

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

	30 June 2015 Level 3 $	30 June 2014 Level 3 $
Derivative financial liabilities		
Embedded derivative	1,612	229,400

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

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

	30 June 2015	30 June 2014
	$	$
Opening balance	(229,400)	-
Fair Value at inception	-	(839,480)
Net unrealised gain (loss) recognised in income statement during the period*	227,788	610,080
Closing balance	(1,612)	(229,400)

18. CONTRIBUTED EQUITY

	Consolidated	
	2015	2014
	$	$
Shares issued and fully paid		
Ordinary shares (a)	85,339,736	85,339,736
Share options (b)	294,198	294,198
	85,633,935	85,633,935

	Number	Number
(a) Movements in ordinary share capital:		
Balance 30 June 2014	153,377,693	153,377,693
Balance 30 June 2015	153,377,693	153,377,693
(b) Movements in options		
Balance 30 June 2014	-	866,669
Balance 30 June 2015	-	866,669

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

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

(c) Movement in performance rights

Balance as at 30 June 2014	8,075,000	7,000,001
Lapsed during year	(8,075,000)	-
Granted during the year	-	1,074,999
Balance as at 30 June 2015	-	8,075,000

18. CONTRIBUTED EQUITY (continued)

Capital risk management

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

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

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

No dividends were paid in 2014 and nil are expected to be paid in 2015.

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

19. RESERVES

	CONSOLIDATED		
	Foreign currency translation reserve	Share based payments reserve	Total
	$	$	$
At 30 June 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

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	
	2015	2014
	$	$
Short-term employee benefits	569,250	660,635
Post-employment benefits	50,233	30,000
Other	151,682	138,728
Share-based payments	68,176	447,468
	839,341	1,276,831

(b) Transactions between the Group and other related parties

Consultancy fees

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.

21. SHARE BASED PAYMENTS

Employee Share Option Plan (ESOP) and Performance Rights Plan

Included under expenses in the income statement is $68,176 (2014: $447,468), and relates, in full, to equity-settled share-based payment transactions for employees.

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

No options were granted during the year ended 30 June 2015 (2014: Nil).

During the year ended 30 June 2015, no options were exercised over ordinary shares (2014: Nil).

21. SHARE BASED PAYMENTS (continued)

Performance Rights

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

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

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

The Performance Rights for each holder shall vest in proportion to the % increase in the Share price of the Company above $0.735 subject to a minimum increase of 25%, i.e. Performance Rights will start vesting at $0.919. For 100% of the Performance Rights to vest, the share price of the Company needs to reach $1.47 (Vesting Conditions). In respect of the Vesting Conditions, the % increase in the Share price of the Company will be calculated by reference to the volume weighted average price of Shares in the 20 consecutive trading days immediately prior to the Vesting Date.

The number of performance rights on issue as at 30 June 2015 was nil.

During the current period, 8,075,000 expired unvested.

22. COMMITMENTS FOR EXPENDITURE

Exploration Work Program Commitments

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

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

	2015 $	2014 $
- 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.

	2015 $	2014 $
Amounts received or due and receivable by Ernst & Young (Australia) for:		
- auditing or reviewing the financial report	80,000	89,615
	80,000	89,615
Amounts received or due and receivable by Ernst & Young (Kazakhstan) for:		
- auditing or reviewing the financial report	78,315	56,907
	78,315	56,907
Amounts received or due and receivable by Ernst & Young (Singapore) for:		
- auditing or reviewing the financial report	12,085	6,254
	12,085	6,254
Total paid to Ernst & Young	170,400	152,776

24. EARNINGS PER SHARE

Basic earnings per share

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

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

	Consolidated	
	2015	2014
Net loss attributable to ordinary equity holders of the Parent from continuing operations	(10,982,261)	(2,547,271)
	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

The convertible note was excluded from the calculation of diluted earnings per share. This could potentially dilute basic earnings per share in the future.

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

Accounting policies and inter-segment transactions

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

26. STATEMENT OF CASHFLOWS RECONCILIATION

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

	Consolidated	
	2015	2014
	$	$
Operating (loss) after income tax:	(10,982,261)	(2,547,271)
Add/(less) non-cash items:		
Depreciation / Depletion	361,566	1,108,685
Share based payments	68,176	447,467
(Gain) / Loss on derivative	(227,788)	(614,301)
Finance costs	3,161,784	(809,868)
Effect of foreign exchange translation	4,468,779	1,955,377
Other		
Changes in assets and liabilities:		
Decrease/(increase) in receivables	(430,233)	1,118,965
Decrease/(increase in inventories	(18,929)	9,481
(Increase)/decrease in other current assets	146,770	(26,027)
Increase/ (decrease) in deferred revenue	(784,662)	798,064
Increase/ (decrease) in payables	405,531	1,648,420
Decrease/(increase) in provisions	(58,061)	(186,917)
	(3,889,328)	(1,990,892)

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

27. EVENTS OCCURING AFTER THE BALANCE SHEET DATE

There have been no other significant events occurring subsequent to 30 June 2015.

28. INFORMATION ON PARENT ENTITY

(a) Information relating to Jupiter Energy Limited:	2015 $	2014 $
Current assets	1,385,083	827,226
Total assets	75,227,570	57,232,378
Current liabilities	(198,641)	(241,774)
Total liabilities	(33,572,670)	(17,402,240)
Issued capital	85,633,935	85,633,935
Retained earnings	(49,743,049)	(51,499,634)
Share based payment reserve	5,764,014	5,695,838
Total shareholders' equity	41,654,900	39,830,138
Profit or (loss) of the parent entity	(1,756,586)	15,190,476
Total comprehensive income / (loss) of the parent entity	(1,756,586)	15,190,476

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

28. INFORMATION ON PARENT ENTITY (continued)

	Country of incorporation	Equity Holding 2015 %	2014 %
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 2015 (30 June 2014: 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 2015 are in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of its financial position as at 30 June 2015 and performance for the year ended on that date.

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

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

(c) Subject to the matter set out in Note 2(a) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

3 This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2015.

On behalf of the Board

Geoff Gander
Executive Chairman

Perth, Western Australia
30 September 2015

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

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

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

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2(a) in the financial report. 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 2015. 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 2015, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

R J Curtin
Partner
Perth
30 September 2015

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 25 August 2015)

Substantial shareholders

Waterford Petroleum Limited	45,246,108	29.5%
Arrow Business Limited	30,373,941	19.8%
Central Asian Oil Holdings Ltd	21,629,719	14.1%

Voting Rights

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

DISTRIBUTION OF EQUITY SECURITY HOLDINGS

Category	Total holders	Ordinary Shares
1 – 1,000	449	181,368
1,001 – 5,000	588	1,561,092
5,001 – 10,000	252	1,820,446
10,001 – 100,000	291	7,958,762
100,001 and over	39	141,856,025
Total	1,619	153,377,693

The number of shareholders holding less than a marketable parcel of ordinary shares is 656.

On-market buy back

There is no current on-market buy back.

Securities on Issue

The number of shares issued by the Company 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>	95,873,335	62.51
2.	BNP PARIBAS NOMS PTY LTD <DRP>	23,736,506	15.48
3.	J P MORGAN NOMINEES AUSTRALIA LIMITED	4,615,080	3.01
4.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,164,007	2.71
5.	CITICORP NOMINEES PTY LIMITED	2,760,503	1.80
6.	VITORIA PTY LTD	2,377,779	1.55
7.	GLENNBROWN PTY LTD <G BROWN FAMILY ACCOUNT>	1,333,334	0.87
8.	MR GEOFFREY ANTHONY GANDER <THE GANDER SUPER A/C>	769,445	0.50
9.	MR ATHOL GEOFFREY JAMES	608,148	0.40
10.	GLENNBROWN PTY LTD <G BROWN FAMILY A/C>	465,000	0.30
11.	JMAN (WA) PTY LTD	435,541	0.28
12.	GAINSPELL PTY LTD	333,334	0.22
13.	ASCENT CAPITAL HOLDINGS PTY LTD	308,334	0.20
14.	SILVERLIGHT HOLDINGS PTY LTD <CAIRNS INVESTMENT A/C>	306,450	0.20
15.	MR WARREN GILMOUR + MRS CATHERINE GILMOUR <W + C GILMOUR SUPER A/C>	282,753	0.18
16.	MR ERKIN SVANBAYEV	240,000	0.16
17.	MR SCOTT MISON <THE SCOTT MISON FAMILY A/C>	207,038	0.13
18.	MR DAVID JOHN FLEMING + MRS COLLEEN JANET FLEMING	200,000	0.13
19.	SILVERLIGHT HOLDINGS PTY LTD <CAIRNS INVESTMENT A/C>	200,000	0.13
20.	MR BARRY JOHN ASHWIN + DR DESIREE SILVA	184,758	0.12
TOTAL		139,401,345	90.88