

**ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2009**

CORPORATE INFORMATION

Jupiter Energy Limited
ABN 65 084 918 481

Directors

Geoffrey Gander (Executive Chairman)
Yerkin Svanbayev (Executive Director)
Andrew Childs (Non-Executive Director)

Company Secretary
Scott Mison

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Auditors
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Stock Exchange Listing
The Company is listed on the Australian Securities Exchange Limited
ASX Code: JPR (shares) and JPROA (options)

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CHAIRMAN'S LETTER

Dear Shareholder,

I am pleased to present the 2009 Annual Report for Jupiter Energy Limited.

Whilst there is no doubt that the Company has been through difficult times during the past financial year, we now stand at what is a pivotal point in our brief history.

The Company announced a 1 for 1 non renounceable Rights Issue on 21 August 2009 and this offer closed on 23 September 2009. The offer was well received by shareholders with around 75% of existing shareholders taking up their full entitlement and in many cases applying for additional shares as well. The result was that the Company raised approximately \$7.23m and these funds will now be primarily used to drill the first new well on the 100% owned Block 31 permit in Kazakhstan.

The Company has also started its work over program on the old Soviet drilled North West Zhetybai 2 (NWZ 2) well that is also located on Block 31 and it is expected that the results of this re entry will be known by late October/early November 2009.

Clearly the Company has a very exciting 6 months ahead of it and success with either or both of these two drilling initiatives will lay the foundation for Jupiter Energy Limited to begin its transformation from a junior oil exploration company into a significant oil producer in what is one of the most prospective oil producing countries in the world today.

I thank shareholders for their ongoing patience and enduring support and look forward to meeting as many of you as possible in person at the Annual General Meeting in November 2009.

Sincerely



Geoff Gander
Chairman

Some Background on Kazakhstan

Kazakhstan is the ninth largest country in the world and where some say Europe meets Asia. It is also one of the least densely populated countries in the world with less than 6 people per square kilometre. Of the approximate 15 million inhabitants, 53% are Kazakhs, 30% are Russian and the remainder of the population is made up of some 120 other nationalities.

The principal cities are the former capital Almaty, which is now seen as the new financial centre of the country and Astana, the new capital. The official language is Russian but the state language is Kazakh.

The Republic of Kazakhstan has now become a member of the world community and enjoys support from many of the world's leading countries. The country possesses enormous untapped fossil fuel reserves and plentiful supplies of other minerals and metals and its industrial sector largely rests on the extraction and processing of these natural resources.

President Nursultan Nazarbayev is the head of state and in December 2005 was re elected for another seven year term with the Parliament being led by the Prime Minister. The country is divided into 14 oblasts (regions) as well as the cities of Astana and Almaty which also have regional status. Each region is headed by an Akim (Governor) who is appointed by the President.

The country boasts one of the highest growth rates in the world with GDP growing by 9% or more for the past 6 years and now standing at approximately \$US56 billion. In 2007 the country produced over 470 million barrels of oil, making it the largest producer in the Commonwealth of Independent States (CIS) - the old USSR. In that same year (2007), the Country exported over 420 million barrels of oil and gas condensate and that places Kazakhstan in the world's top 10 oil producing nations.

The national currency is the Tenge and has been growing in strength against the \$US in recent years on the back of the booming economy with economic investment and growth continuing to be substantial, with investment particularly coming from most, if not all, the world's leading oil producers. Most of these companies are focused in offshore fields in the North Caspian Sea, principally Kashagan which is the world's largest field outside the Middle East and the fifth largest field in the world. In addition, the Pre-Caspian Basin has 4 super-giant oil fields including Tengiz (estimated recoverable crude oil reserves of between six and nine billion barrels), Kashagan (estimated reserves in excess of seven billion barrels) and Kurnmangazy (estimated recoverable reserves of in excess of seven billion barrels). Importantly there are presently over two hundred producing fields in Kazakhstan with recoverable reserves of oil currently estimated to be over 55 billion barrels.

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DIRECTORS' REPORT

Your Directors submit their report for the year ended 30 June 2009.

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

B.Com

Executive Chairman

Appointed 27 January 2005

Mr Gander works as an industry consultant to a range of private and public companies. In addition to his Executive Chairman role at Jupiter Energy Limited, Geoff is also Chairman of the ASX listed Equatorial Coal Limited (EQX) and a Non Executive Director of the ASX listed Vector Resources Limited.

Other Current Directorships of Listed Companies

Equatorial Coal Ltd and Vector Resources Limited

Former Directorships of Listed Companies in last three years

Decmil Limited (formerly Paladio Group Ltd), Lindian Resources Ltd (formerly VPH Limited), Australian Waterwise Solutions Ltd, Biron Apparel Ltd, 3Q Holdings Ltd and Australian Gold Investments Limited.

Andrew Ross Childs (50)

B. Science

Non-Executive Director

Appointed 9 July 2007

Mr Childs is the Managing Director of Petroleum Ventures Pty Ltd and also sits on the Boards of Orion Energy Pty Limited and Stratic Energy Corporation. Andrew graduated from the University of Otago, New Zealand in 1980 with a Bachelor of Science in Geology and Zoology. Having started his professional career as an Exploration Geologist in the Eastern Goldfields of Western Australia, Andrew moved to petroleum geology and geophysics with Perth-based Ranger Oil Australia (later renamed Petroz NL). He gained technical experience with Petroz as a Geoscientist and later commercial experience as the Commercial Assistant to the Managing Director. Andrew is a member of the Petroleum Exploration Society of Australia and the American Association of Petroleum Geologists.

Other Current Directorships of Listed Companies

Stratic Energy Corporation (AIM & TSX)

Former Directorships of Listed Companies in last three years

Cougar Metals Limited.

Yerkin Svanbayev (54)

B. Eng
Executive Director
Appointed 15 June 2007

Mr Svanbayev is a Kazakh educated Engineer with an oil and gas background in Kazakhstan and extensive upstream and downstream experience. He is an oil trader and involved in the export of significant quantities of crude oil from Kazakhstan, principally through the port city of Aktau. He is Jupiter Energy's main contact in Kazakhstan oversees the running of the Almaty office and is involved in identifying new oil & gas opportunities for the Company.

Other Current Directorships of Listed Companies

None.

Former Directorships of Listed Companies in last three years

None.

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

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

Director	Number of ordinary shares	Number of listed options
G A Gander	12,200,000	13,700,000
A R Childs	6,000,000	5,000,000
E Svanbayev	5,000,000	10,000,000

The Company announced a 1 for 1 non renounceable Rights issue on 20 August 2009. Based on a full take up of entitlements under this offer by the Directors, the interest of the Directors in the shares and options of Jupiter Energy Limited will be:

Director	Number of ordinary shares	Number of listed options
G A Gander	24,400,000	13,700,000
A R Childs	12,000,000	5,000,000
E Svanbayev	10,000,000	10,000,000

These figures may vary if an individual Director also takes up any additional shares from the shortfall allocation that may be available.

EXPLORATION CONSULTANTS

Keith Martens (56)

B.Sc (Geophysics/Geology)

Keith Martens is an Exploration Consultant, Canadian educated 31 year veteran of the Oil & Gas industry. After gaining a B. Sc in Geophysics/ Geology from the University of British Columbia, he has spent all of his career actively exploring for hydrocarbons. He has worked with over 70 Canadian and Australian organisations including Hudson's Bay Oil & Gas, Marathon Petroleum, Santos, Tap Oil and most recently Bow Energy. Keith's role in the Company is to complete the technical review of any new acquisitions being considered by the Company. He also coordinated the completion of the shooting of 3D Seismic on the Mangistau Basin permit and carried out its interpretation. This data is the foundation for determining the most prospective drilling targets on the permit.

David Thorpe

Operations Manager

Appointed 20 August 2009

David is a senior Drilling Engineer and has most recently been with BHP Billiton Petroleum, where he was senior drilling engineer from February 2007 to August 2008. Prior to this he was with Woodside (2.5 years) and he has also worked with Shell Todd Oil Services (STOS). He comes with an extensive drilling operations background and will be an invaluable addition to the JPR team.

COMPANY SECRETARY

Scott Adrian Mison (33)

B.Bus, CA, ACIS

Appointed 29 May 2007

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

Mr Mison is currently a Director and Company Secretary of Equatorial Coal Limited.

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 24 of the financial statements.

Principal Activities

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

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

Employees

The consolidated entity employed 5 employees as at 30 June 2009 (2008: 6 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 \$2,610,253 (2008: \$2,533,868).

Review of Financial Condition

At the end of the 2009 financial year, cash levels were \$1,291,182 (2008: \$6,009,381). Assets increased to \$16,574,157 (2008: \$15,420,696) and equity decreased to \$12,097,703 (2008: \$15,001,912).

CAPITAL RAISING / CAPITAL STRUCTURE

During the year there were no capital raisings. A 1 for 1 non renounceable Rights Issue was announced on 20 August 2009 and closed on 23 September 2009. This offer was priced at 2 cents per share and raised approximately \$7.23 million.

Summary of share / options on issue – 30 June 2009

The Company has 361,860,189 listed shares on issue (361,860,189 on reporting date).

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

Date of Expiry	Exercise Price \$	Number under Option
30 Jun 2010	0.08	300,000,000
31 Dec 2011	0.08	20,000,000
31 Dec 2012	0.20	3,000,000
<hr/>		<u>323,000,000</u>

OPERATING REVIEW

The past year has been very much one of two parts for Jupiter Energy Limited (JPR). The first 6 months from July to December 2008 saw more disappointment than success. The impact of the global financial crisis and the crash of oil prices from c \$US150 per barrel to under \$US40 per barrel did not help the general environment for oil exploration companies and certainly the JPR share price suffered along with most if not all listed companies around the globe.

The 2008/9 year started with great anticipation as the Company announced plans to purchase 50% (and later 100%) of the Northwest Zhetybai (NWZ) oilfield. NWZ adjoins JPR's Block 31 permit in the Mangistau basin and in the JPR Board's view represented an opportunity for the Company to acquire a proven but undeveloped oilfield with c 30 million barrels of oil (mmbbls) recoverable. When combined with Block 31, this would have given JPR a commanding footprint in this highly prospective area, close to transport infrastructure and the port of Aktau from which oil can be exported to a range of overseas markets.

Macquarie Bank Limited (MBL) agreed with JPR in terms of the prospectivity of NWZ and decided to provide a debt facility of up to \$A50m to JPR to further develop NWZ and Block 31 but the facility was subject to a range of terms, the most important being the ability for JPR to raise up to \$A20m in new equity to support the NWZ acquisition.

They say that timing is everything and unfortunately the timing for such an equity raising did not favor JPR. Equity markets in the second half of calendar 2008 became very subdued and after 2 months of road shows and presentation to investors in Australia, Asia and Europe the JPR Board decided to abandon its plans to purchase NWZ and concentrate on the development of Block 31.

The first area of focus on Block 31 was securing an extension to the permit, enabling JPR to take over the exploration rights to the 27 square kilometre (km²) area between the border of the original Block 31 permit and the border of the nearby NWZ oilfield. This area (initially referred to internally as Block 32) was of great interest to JPR as it was known to have had an old well drilled on it during the Soviet regime. Information on the well was somewhat limited but it was named North West Zhetybai #2 (NWZ 2) and the logs from the drilling indicated a discovery with a 30m net sand located in the Jurassic XIII zone. Based on this drilling data it was clear that the area was highly prospective and it was decided that JPR should seek to get an extension to the original Block 31 permit to take in this additional acreage and then shoot 3D seismic over the area to better understand the target opportunity.

JPR engaged the original owner of Block 31, through his company Biscra Holdings Limited (Biscra), to handle the application process for the extension and it was agreed that a success fee of \$US3.5m would be paid to Biscra if the extension application was successful.

In October 2008 the extension to Block 31 was granted by the Kazakh authorities and the permit size of Block 31 increased to 127 km². It was decided that the 3D seismic program should commence immediately and the western area of the permit should have the 3D shot over it in its entirety.

JPR engaged local Kazakh company DANK SIF to record 194 km² of 3D seismic which would result in full fold coverage of 95 km² thus yielding complete 3D on the western part of the permit and ensuring that JPR covered all the area that adjoined both the proven but undeveloped NWZ to the South as well as the proven and producing Akkar N oilfield to the North.

The shooting, processing and interpretation of the 3D was completed during the 1st quarter of 2009 and in April 2009 the Company was in a position to announce its findings. In summary the 3D confirmed the following key data:

- There was a clear extension from the Akkar N oilfield into Block 31 and that extension provided a number of excellent targets for a development well.
- There was a clear structure in the area of the NWZ 2 well and whilst the NWZ 2 well had been a discovery, the optimum target was some 2km updip from the old well.

- That the overall prospectivity of Block 31 was confirmed as being c 25 mmbbls which was consistent with the two oilfields adjoining the permit, namely Akkar N (1P reserves of 23 mmbbls) and the expected reserves of NWZ (30 mmbbls)

In May 2009 the Company had further good news. More data on the NWZ 2 well became available and it was confirmed that the well had been drilled in 1969 and had in fact been cased and after the initial flow of oil to surface (17 barrels of oil per day without acid or pump), the well was then plugged and abandoned. At the same time, the drilling crew had also drilled a well on what is now the adjoining NWZ oilfield (the well was called NWZ 3) and in 2008 this well was successfully re entered by the current owner of NWZ.

JPR was able to get more data on the NWZ 2 well and it was concluded that a re entry of this well was commercially viable. A fixed price quote from the contractor that had already successfully re entered the NWZ 3 well was requested and an overall budget for the re entry of \$US500,000 was confirmed. The JPR Board took the view that whilst any re entry had underlying risk of failure, especially a re entry of a well drilled in 1969, the success of the NWZ 3 re entry program and the fact that that NWZ 2 well was such a significant discovery at the time it was originally drilled, proceeding with the NWZ 2 re entry was a priority.

Cash reserves within JPR allowed for the re entry to be fully funded and it is expected that the contractor will be on site in late August 2009 to commence the program, assuming all government approvals are in place. If the re entry is successful, it is expected that the NWZ 2 well will produce approximately 300 barrels of oil per day (bopd) making this the first producing well on Block 31 and this will enable JPR to move from being an explorer to an explorer and producer.

The flow of information on the Akkar N wells also increased during June 2009 and this enabled JPR to announce in July 2009 that the Akkar N extension looked more prospective than originally anticipated and that the extension area would be the target for the first new well to be drilled on Block 31. It is planned that this new well will be drilled at the end of 2009 and the key issue now facing JPR will be the funding of that drilling program.

Funding options that were considered included debt, farm in or an equity raising. Whilst debt would have certainly have been the most attractive from a non dilutionary perspective, the terms of such a facility taking into consideration the fact that Block 31 is not a proven oilfield at this time, made the option less likely than either a farm in or an equity raising.

Farm in discussions were held with numerous parties and the key issue for the Board to consider was whether the price paid by an incoming investor for a stake in the Block 31 permit was fair to JPR shareholders taking into account the prospectivity of the field and the investment and risk JPR shareholders had already made in confirming that prospectivity over the past two years.

An improving JPR share price brought about by a combination of a general uptick in the Australian capital markets, a strengthening global oil price and more confidence in JPR and Block 31 made, in the opinion of the JPR Board, an equity raising the best option. On 20 August 2009, the JPR Board announced a non renounceable 1 for 1 Rights Issue priced at 2 cents per share. The offer closed on 23 September 2009 and was over subscribed. The Company raised approximately \$7.23 million in new capital and these funds will now be primarily used to drill the first new well on Block 31. The funding will also allow for an initial \$US1m to be paid to Biscra, with the final \$US2.5m payable on or before on 30 June 2010.

Whilst the JPR Board is cogniscent of dilution, using a Rights Issue ensured all entitled JPR shareholders had the option to participate in the fund raising at an attractive price.

What is clear is that the next 6-12 months will be an extremely important period for JPR. A successful re entry of NWZ 2 and a successful well in the Akkar N extension area could see JPR producing c 800 bopd and would place the Company extremely well in terms of the likelihood of being able to collect \$A24 million via the exercise of the 300 million 8 cent listed JPR June 2010 options (ASX code: JPROA). Assuming the Company gets this inflow, funding of at least an additional 3 wells will be secured and this drilling program could enable JPR to produce 250,000 barrels of oil in 2011, 500,000 barrels in 2012 and c 700,000 barrels of oil from 2013 onwards. Once this

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is achieved JPR will have a totally new valuation as it becomes a serious oil producer and looks to acquire more onshore oilfields in the surrounding areas of the Mangistau basin.

The JPR Board would like to take this opportunity to thank shareholders for their continued patience and support and our various advisors for their ongoing assistance. Personally I would like to extend my thanks to my fellow Directors and all our staff for their ongoing commitment towards making Jupiter Energy Limited an emerging force in the oil production sector.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

- On 20 August 2009, JPR lodged an Entitlement Issue Prospectus with ASIC. The offer was a non-renounceable entitlement issue of 1 share for every share held by shareholders registered at 5pm (WST) on 3 September 2009 at an issue price of \$0.02 to raise up to approximately \$7,237,204. The offer closed on 23 September 2009 and was fully subscribed.

The funds raised from the Offer are planned to be used in accordance with the table set out below:

Initial payment to Biscra Holdings Limited as per the Consulting Agreement covering the Block 31 extension.	\$1,130,000
Drilling of the Akkar North Extension Well	\$6,000,000
Working Capital	\$65,836
Expenses of the Offer	\$41,368
Total	\$7,237,204

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Directors will continue investing in oil exploration in the Republic of Kazakhstan.

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

ENVIRONMENTAL REGULATION

The consolidated entity is involved in an ongoing commitment to achieving the standards of environmental performance. The basis of these standards has been set through a combination of both government and industry efforts. In Australia, Commonwealth and State regulations govern the entity's operations and similar mechanisms govern international interests. The consolidated entity strives to comply not only with all government regulations, but also maintain industry standards. This is in line with current trends towards self-regulation in environmental monitoring.

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To maintain these high standards a sound environmental management system has been developed. As part of this system, the past year has seen the continuance of an ongoing environmental monitoring programme. Various enquiries have been made of all activities. This monitoring programme will continue to expand as new regulations are implemented and adopted.

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	
	Attended	Held
<i>Current Directors</i>		
G A Gander	7	7
A R Childs	7	7
E Svanbayev	7	7

Committee membership

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

REMUNERATION REPORT

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 five executives in the Parent and the Group receiving the highest remuneration.

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

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

(i) Directors

Geoff Gander	Chairman (Executive)
Erkin Svanbayev	Director (Executive)
Andrew Childs	Director (Non-Executive)

(ii) Executives

Keith Martens	Technical Consultant
Ole Udsen	Kazakhstan Country Manager – resigned 26 September 2008
Sergey Sinistin	Business Development
Scott Mison	Chief Financial Officer / Company Secretary

On 20 August 2009, David Thorpe was appointed as Operations Manager. 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 Jupiter Energy has been designed to align directors and executives objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long term incentives based on key performance areas affecting the economic entity's financial result. The board of Jupiter Energy believes the remuneration policy to be appropriate in its ability to attract and retain the best executives and directors to run and manage the economic entity, as well as create goal congruence between directors, executives and shareholders.

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

- * The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the board after seeking professional advice from independent external consultants. The Company does not have a remuneration committee. The Board is of the opinion that due to the nature and size of the Company, the functions performed by a Remuneration Committee can be adequately handled by the full Board.
- * All executives receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits, options and performance incentives.
- * The Board reviews executive packages annually by reference to the company's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

Executives are entitled to participate in the employees share and option arrangements.

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

The remuneration paid to directors and executives is valued at the cost to the company and expensed. Shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using the Binomial methodology.

Remuneration Structure

In accordance with best practice corporate governance, the structure of non-executive director and senior executive remuneration is separate and distinct.

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 \$170,000 per annum as disclosed in the IPO prospectus dated 23 September 2003. Fees for non-executive directors are not linked to performance of the company. However, to align directors' interests with shareholder interests, the directors are 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 advice from external consultants as well as the fees paid to non-executive directors of comparable companies 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.

Non-executive directors have long been encouraged by the board to hold shares in the Company. It is considered good governance for directors to have a stake in the Company on whose board he or she sits.

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Details of remuneration (Audited)

Remuneration of Directors and Executives

2009	Short-term benefits			Post-employment benefits		Share-based payment	% of remuneration consisting of options	Total \$
	Cash salary and fees \$	Cash bonus \$	Non-monetary benefits \$	Super-annuation \$	Retirement benefits \$			
<i>Non-executive directors</i>								
A Childs	49,500	-	-	4,455	-	-	-	53,955
Sub-total non-executive directors	49,500	-	-	4,455	-	-	-	53,955
<i>Executive directors</i>								
G A Gander	205,000	-	-	18,450	-	-	-	223,450
E Svanbayev	167,326	-	-	-	-	85,000	33%	252,326
<i>Other key management personnel</i>								
O Udsen (Country Manager) resigned 26 September 2008	115,194	-	-	-	-	-	-	115,194
K Martens (Technical Consultant)	183,600	-	-	-	-	190,831	51%	374,431
S Sinistin	52,337	-	-	-	-	150,000	74%	202,337
S Mison (CFO / Company Secretary)	75,750	-	-	5,738	-	20,415	20%	101,903
Totals	848,707	-	-	28,643	-	446,246		1,323,596

2008	Short-term benefits			Post-employment benefits		Share-based payment	% of remuneration consisting of options	Total \$
	Cash salary and fees \$	Cash bonus \$	Non-monetary benefits \$	Super-annuation \$	Retirement benefits \$			
<i>Non-executive directors</i>								
A Childs	55,000	-	-	4,950	-	34,500	37%	94,450
E S Smith	30,000	-	-	2,700	-	-	-	32,700
D Quinlivan	10,000	-	-	900	-	-	-	10,900
Sub-total non-executive directors	95,000	-	-	8,550	-	34,500		138,050
<i>Executive directors</i>								
G A Gander	240,000	-	-	21,600	-	69,000	21%	330,600
E Svanbayev	125,978	-	-	-	-	69,000	35%	194,978
<i>Other key management personnel</i>								
O Udsen (Country Manager)	109,167	-	-	-	-	-	-	109,167
K Martens (Technical Consultant)	177,800	-	-	-	-	122,494	41%	300,294
S Sinistin	34,384	-	-	-	-	-	-	34,384
S Mison (CFO / Company Secretary)	55,000	-	-	-	-	61,247	53%	116,247
Totals	837,329	-	-	30,150	-	356,241		1,223,720

Service agreements (audited)

Remuneration and other terms of employment for the Executive Chairman been formalised in service agreement. The main provisions of the agreement are set out below.

Geoff Gander, Executive Chairman (Effective – 1 July 2009)

Base Terms

- This agreement is effective from 1 July 2009 and will have a minimum term of 12 months
- Executive Director Fees of \$20,000 on a monthly basis plus the current Superannuation Levy of 9%. Fees were reduced to \$15,000 per month from December 2008
- Other payments or incentive arrangements (i.e performance shares) may be agreed between JPR and Geoff Gander from time to time. These payments will be milestone orientated and only determined as the projects within Kazakhstan develop further.

Termination

- If during this relationship, there is a significant change in the nature of the Executive Director role, such that one or both parties no longer have either the capacity or requirement for that role, either party may withdraw this agreement by advising the other party in writing not less than 30 days prior to the date of withdrawal.
- In the event the Company terminate without cause or mutual agreement, a termination fee equivalent to 6 months Executive Fees plus superannuation will be payable.
- In addition, the Company would also pay out any amount outstanding relating to the minimum 12 month contract period.

Share-based compensation (audited)

Options

To date, options have been issued to directors and executives as part of their remuneration packages and have been subject to shareholders approval. These options have not been subjected to performance criteria.

In future, remuneration packages shall be mixed, consisting of fixed remuneration in the form of base salary, superannuation, short term and long term performance "at risk" benefits.

Options issued as part of remuneration for the year ended 30 June 2009

During the year no options were issued to directors and executives.

Options granted carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share.

Shares provided on exercise of remuneration options

No options were exercised during the year.

End of Remuneration Report

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has entered into Deeds of Indemnity with the Directors, the Chief Executive Officer and the Company Secretary, 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. Full details of the cover and premium are not disclosed as the insurance policy prohibits the disclosure.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Jupiter Energy Limited adhere to strict principles of corporate governance. The Company's corporate governance statement is included on page 16 of this annual report.

AUDITOR INDEPENDENCE

The directors received the declaration included on page 22 of this annual report from the auditor of Jupiter Energy Limited.

NON-AUDIT SERVICES

The following non-audit services were provided by the Company's auditor, RSM Bird Cameron Partners. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of the non-audit service provided means that audit independence was not compromised.

There were no other services performed by RSM Bird Cameron 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 2009

CORPORATE GOVERNANCE STATEMENT

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

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

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

- Principle 1. Lay solid foundations for management and oversight
- Principle 2. Structure the Board to add value
- Principle 3. Promote ethical and responsible decision making
- Principle 4. Safeguard integrity in financial reporting
- Principle 5. Make timely and balanced disclosure
- Principle 6. Respect the rights of shareholders
- Principle 7. Recognise and manage risk
- Principle 8. Remunerate fairly and responsibly

The Board's Corporate Governance Charter includes procedures for compliance with the ASX Listing Rule continuous disclosure requirements, trading in the Company's securities, the management of risk, and a Code of Conduct. Jupiter's corporate governance practices were in place throughout the year ended 30 June 2008.

BOARD OF DIRECTORS

Role of the Board

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

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

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

Composition of the Board

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

The names of Directors of the Company in office at the date of this statement are set out in the Directors' Report. Information regarding Directors' experience and responsibilities will be included in the Directors' Report section of the 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 and Development;
- Production operations;
- Business Development; and
- Public Company 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 three Directors there is only one Director considered to be independent, Mr Andrew Childs.

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 Erkin Svanbayev is an Executive Director of the Company and is not considered to be independent. However, his experience, especially within Kazakhstan makes his contribution to the Board such that it is appropriate for him to remain on the Board.

Retirement and Rotation of Directors

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

Independent Professional Advice

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

Access to Employees

Directors have the right of access to any employee. Any employee shall report any breach of corporate governance principles or Company policies to the Executive Director and/or Company Secretary/Financial Controller 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

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

Share Ownership

Directors are encouraged to own Company shares.

Board Meetings

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

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

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

Board Performance Review

It is the policy of the Board to conduct an evaluation of its performance. The evaluation process was introduced via the Board Charter and was implemented for the year ended 30 June 2009. The objective of this evaluation is to provide best practice governance of the Company.

Other Areas for Board Review

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

Board Committees

Audit Committee

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

The CEO (or equivalent) and the CFO (or equivalent) declare in writing to the Board that the Company's financial statements for the year ended 30 June 2009 present a true and fair view, in all material aspects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards. This representation is made by the CEO (or equivalent) and the CFO (or equivalent) prior to the Director's approval of the release of the annual and six monthly accounts. This representation is made after enquiry of, and representation by, appropriate levels of management.

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

Nomination Committee

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

Remuneration Committee

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

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

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

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

For details of remuneration paid to Directors and officers for the financial year please refer to the Directors' Report on page 13.

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 with running the Company have been managed by the Board and Company Secretary who have significant broad-ranging industry experience, work together as a team and regularly share information on current activities.

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

PROMOTION OF ETHICAL AND RESPONSIBLE DECISION-MAKING

Code of Conduct

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

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

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

Trading in Company Securities by Directors, officers and employees

Trading of shares is covered by, amongst other things, the Corporations Act and the ASX 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 4.

SHAREHOLDER COMMUNICATION

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

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

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

- Conflicts of interest and related party transactions;
- Executive remuneration;
- The grant of options and details of Share Option 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
- Shorter, more comprehensible notices of meetings.

The following information is communicated to shareholders:

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

RSM Bird Cameron Partners

Chartered Accountants

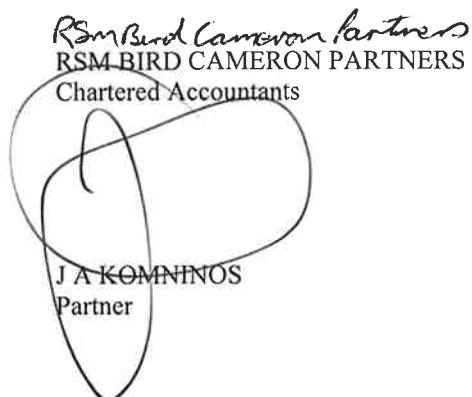
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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Jupiter Energy Limited for the year ended 30 June 2009, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Perth, WA
Dated: 30 September 2009



**INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009**

	Note	Consolidated		Company	
		2009 \$	2008 \$	2009 \$	2008 \$
Continuing operations					
Other revenues	4	<u>193,496</u>	<u>397,612</u>	<u>1,471,999</u>	<u>397,612</u>
Administration expenses		2,559,729	2,889,369	1,534,696	1,194,881
Depreciation expenses		12,570	10,782	8,626	5,569
Occupancy expenses		52,753	36,329	52,756	36,329
Loan impairment		-	-	3,044,005	1,699,310
Foreign exchange loss		178,697	-	187,491	-
Total expenses		<u>2,803,749</u>	<u>2,936,480</u>	<u>4,827,574</u>	<u>2,936,089</u>
(Loss) from continuing operations before income tax		<u>(2,610,253)</u>	<u>(2,533,868)</u>	<u>(3,355,575)</u>	<u>(2,538,477)</u>
Income tax expense	6	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(Loss) from continuing operations after income tax		<u>(2,610,253)</u>	<u>(2,533,868)</u>	<u>(3,355,575)</u>	<u>(2,538,477)</u>
Net (loss) attributable to members of the parent	5	<u>(2,610,253)</u>	<u>(2,533,868)</u>	<u>(3,355,575)</u>	<u>(2,538,477)</u>
Earnings per share for loss from continuing operations attributable to the ordinary equity holders of the company:					
Basic loss per share (cents)	21	(0.72)	(0.76)		
Earnings per share for loss attributable to the ordinary equity holders of the company:					
Basic loss per share (cents)	21	(0.72)	(0.76)		

The income statements are to be read in conjunction with the notes of the financial statements set out on pages 27 to 54 inclusive.

BALANCE SHEET
AS AT 30 JUNE 2009

	Note	Consolidated		Company		
		2009 \$	2008 \$	2009 \$	2008 \$	
ASSETS						
Current Assets						
Cash and cash equivalents	7	1,291,183	6,009,381	1,271,329	5,900,864	
Trade and other receivables	8	50,846	641,472	10,843,813	9,504,422	
Other current assets	9	30,558	116,175	2,516	1,594	
Total Current Assets		1,372,587	6,767,028	12,117,658	15,406,880	
Non Current Assets						
Property, plant and equipment	10	24,433	23,733	14,973	13,712	
Mineral exploration expenditure	11	15,177,137	8,629,935	-	-	
Other financial assets	12	-	-	104	104	
Total Non Current Assets		15,201,570	8,653,668	15,077	13,816	
Total Assets		16,574,157	15,420,696	12,132,735	15,420,696	
Current Liabilities						
Payables	13	4,476,454	418,784	35,032	418,784	
Total Current Liabilities		4,476,454	418,784	35,032	418,784	
Total Liabilities		4,476,454	418,784	35,032	418,784	
Net Assets		12,097,703	15,001,912	12,097,703	15,001,912	
Equity						
Contributed equity	14	29,720,713	29,715,593	29,720,713	29,715,593	
Share based payment reserve	15	922,899	476,653	922,899	476,653	
Foreign currency translation reserve	15	(749,931)	(4,609)	-	-	
Accumulated losses		(17,795,978)	(15,185,725)	(18,545,909)	(15,190,334)	
Total Equity		12,097,703	15,001,912	12,097,703	15,001,912	

The balance sheets are to be read in conjunction with the notes of the financial statements set out on pages 27 to 54 inclusive.

**CASH FLOW STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

	Note	Consolidated	Company
		2009	2008
		\$	\$
Cash flow from operating activities			
Receipts from customers		49,420	49,420
Payments to suppliers and employees		(2,952,443)	(1,507,052)
Interest received		144,075	397,612
Net cash flows (used in) operating activities	26	<u>(2,758,948)</u>	<u>(1,313,557)</u>
Cash flows from investing activities			
Payment for plant and equipment		(13,270)	(9,887)
Payment for exploration costs, tenements development		(2,372,403)	-
Payment for investment in controlled entities		-	(2)
Loans to controlled entities		-	(8,562,582)
Net Cash flows (used in) investing activities		<u>(2,385,673)</u>	<u>(3,723,720)</u>
Cash flows from financing activities			
Proceeds from issues of shares		605,120	605,120
Transactions cost from issue of shares		-	(389,500)
Net cash flows from financing activities		<u>605,120</u>	<u>7,228,482</u>
Net increase/(decrease) in cash held		(4,539,501)	(4,442,044)
Effects of exchange rate changes		(178,697)	(187,491)
Cash at beginning of the year		6,009,381	5,900,864
Cash at end of the year	7	<u>1,291,183</u>	<u>7,614,955</u>

The cash flow statements are to be read in conjunction with the notes of the financial statements set out on pages 27 to 54 inclusive.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2009**

	<i>Issued capital</i> \$	<i>Share Based Payment Reserve</i> \$	<i>Foreign Currency Translation Reserve</i> \$	<i>Accumulated Losses</i> \$	<i>Total</i> \$
CONSOLIDATED					
At 1 July 2007	19,887,111	120,412	-	(12,651,857)	7,355,666
Loss for the year	-	-	-	(2,533,868)	(2,533,868)
Issue of share capital net of capital raising costs	9,728,482	-	-	-	9,728,482
Issue of listed options	100,000	-	-	-	100,000
Cost of share-based payments	-	356,241	-	-	356,241
Translation of foreign subsidiaries	-	-	(4,609)	-	(4,609)
At 30 June 2008	29,715,593	476,653	(4,609)	(15,185,725)	15,001,912
Loss for the year	-	-	-	(2,610,253)	(2,610,253)
Conversion of options	5,120	-	-	-	5,120
Cost of share-based payments	-	446,246	-	-	446,246
Translation of foreign subsidiaries	-	-	(745,322)	-	(745,322)
At 30 June 2009	29,720,713	922,899	(749,931)	(17,795,978)	12,097,703
PARENT					
At 1 July 2007	19,887,111	120,412	-	(12,651,857)	7,355,666
Loss for the year	-	-	-	(2,538,477)	(2,538,477)
Issue of share capital net of capital raising costs	9,728,482	-	-	-	9,728,482
Issue of listed options	100,000	-	-	-	100,000
Cost of share-based payments	-	356,241	-	-	356,241
At 30 June 2008	29,715,593	476,653	-	(15,190,334)	15,001,912
Loss for the year	-	-	-	(3,355,575)	(3,355,575)
Conversion of options	5,120	-	-	-	5,120
Cost of share-based payments	-	446,246	-	-	446,246
At 30 June 2009	29,720,713	922,899	-	(18,545,909)	12,097,703

The statements of changes in equity are to be read in conjunction with the notes of the financial statements set out on pages 27 to 54 inclusive.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

1 CORPORATE INFORMATION

The financial report of Jupiter Limited for the year ended 30 June 2009 was authorised for issue in accordance with a resolution of the directors on 30 September 2009.

Jupiter Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian stock exchange.

The nature of the operations and principal activities of the Group are described in the Directors Report on pages 5 and 6.

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* and Australian Accounting Standards. The financial report has also been prepared on a historical cost basis, except for investment properties, land and buildings, derivative financial instruments and available-for-sale investments, which have been measured at fair value. The carrying values of recognised assets and liabilities that are hedged items in fair value hedges, and are otherwise carried at cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged. The financial report is presented in Australian dollars.

Australian Accounting Standards include AIFRS. Compliance with AIFRS ensures that the consolidated financial statements and notes of Jupiter Energy Limited comply with International Financial Reporting Standards (IFRS).

Going Concern

As disclosed in the financial report:

- The company and consolidated entity, for the year ended 30 June 2009, recorded:
 - a loss of \$3,355,575 and \$2,610,253 respectively; and
 - net cash outflows from operating activities of \$1,313,557 and \$2,758,948 respectively; and
- At balance date, the consolidated entity, recorded net current liabilities of \$3,103,867.

These factors indicate significant uncertainty whether the company and consolidated entity will continue as going concerns and therefore whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe after consideration of the above matters, there are reasonable grounds to believe that the company and consolidated entity will be able to continue as going concerns, after consideration of the following factors:

- The intention to issue additional capital under the Corporations Act 2001, in addition to the \$7,237,000 raised in September 2009, to fund the planned drilling of the Akkar North Extension well and to repay the instalments for the extension of Block 31;
- The possible exercise of options; and
- The ability, if required, to dispose of interests or enter into joint ventures in respect of oil exploration interests.

Accordingly, the Directors believe that the parent and consolidated entity will obtain sufficient funding to enable them to continue as going concerns and that it is appropriate to adopt that basis of accounting in the preparation of the financial report.

The financial report does not contain any adjustments to the amounts or classification of recorded assets or liabilities that might be necessary if the company and consolidated entity do not continue as going concerns.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(b) Statement of compliance

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) and the Urgent Issues Group that are relevant to its operations and effective for annual reporting periods beginning on 1 July 2009. The adoption of these new and revised Standards and Interpretations did not have any effect on the financial position or performance of the Group.

New Accounting Standards for Application in Future Periods

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows:

- AASB 3: Business Combinations, AASB 127: Consolidated and Separate Financial Statements, AASB 2008-3: Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASBs 1,2,4,5,7,101,107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 & 139 and Interpretations 9 & 107] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2008-7: Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [AASB 1, AASB 118, AASB 121, AASB 127 & AASB 136] (applicable for annual reporting periods commencing from 1 January 2009). These standards are applicable prospectively and so will only affect relevant transactions and consolidations occurring from the date of application. In this regard, its impact on the Group will be unable to be determined. The following changes to accounting requirements are included:
 - acquisition costs incurred in a business combination will no longer be recognised in goodwill but will be expensed unless the cost relates to issuing debt or equity securities;
 - contingent consideration will be measured at fair value at the acquisition date and may only be provisionally accounted for during a period of 12 months after acquisition;
 - a gain or loss of control will require the previous ownership interests to be remeasured to their fair value;
 - there shall be no gain or loss from transactions affecting a parent's ownership interest of a subsidiary with all transactions required to be accounted for through equity (this will not represent a change to the Group's policy);
 - dividends declared out of pre-acquisition profits will not be deducted from the cost of an investment but will be recognised as income;
 - impairment of investments in subsidiaries, joint ventures and associates shall be considered when a dividend is paid by the respective investee; and
 - where there is, in substance, no change to Group interests, parent entities inserted above existing groups shall measure the cost of its investments at the carrying amount of its share of the equity items shown in the balance sheet of the original parent at the date of reorganisation.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

New Accounting Standards for Application in Future Periods (continued)

The Group will need to determine whether to maintain its present accounting policy of calculating goodwill acquired based on the parent entity's share of net assets acquired or change its policy so goodwill recognised also reflects that of the non-controlling interest.

- AASB 8: Operating Segments and AASB 2007-3: Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038] (applicable for annual reporting periods commencing from 1 January 2009). AASB 8 replaces AASB 114 and requires identification of operating segments on the basis of internal reports that are regularly reviewed by the Group's Board for the purposes of decision making. While the impact of this standard cannot be assessed at this stage, there is the potential for more segments to be identified. Given the lower economic levels at which segments may be defined, and the fact that cash generating units cannot be bigger than operating segments, impairment calculations may be affected. Management does not presently believe impairment will result however.
- AASB 101: Presentation of Financial Statements, AASB 2007-8: Amendments to Australian Accounting Standards arising from AASB 101, and AASB 2007-10: Further Amendments to Australian Accounting Standards arising from AASB 101 (all applicable to annual reporting periods commencing from 1 January 2009). The revised AASB 101 and amendments supersede the previous AASB 101 and redefines the composition of financial statements including the inclusion of a statement of comprehensive income. There will be no measurement or recognition impact on the Group. If an entity has made a prior period adjustment or reclassification, a third balance sheet as at the beginning of the comparative period will be required.
- AASB 123: Borrowing Costs and AASB 2007-6: Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12] (applicable for annual reporting periods commencing from 1 January 2009). The revised AASB 123 has removed the option to expense all borrowing costs and will therefore require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. Management has determined that there will be no effect on the Group as a policy of capitalising qualifying borrowing costs has been maintained by the Group.
- AASB 2008-1: Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations [AASB 2] (applicable for annual reporting periods commencing from 1 January 2009). This amendment to AASB 2 clarifies that vesting conditions consist of service and performance conditions only. Other elements of a share-based payment transaction should therefore be considered for the purposes of determining fair value. Cancellations are also required to be treated in the same manner whether cancelled by the entity or by another party.

The Group does not anticipate early adoption of any of the above reporting requirements and does not expect these requirements to have any material effect on the Group's financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(c) Basis of consolidation

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

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

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

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

(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 Binomial model, using the assumptions detailed in note 17.

Exploration and evaluation

The Group's accounting policy for exploration and evaluation is set out in note 1(g). 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(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 capitalization 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 amortization 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 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 profit or loss in the year the asset is derecognised.

(f) Borrowing costs

Borrowing costs are recognised as an expense when incurred.

(g) Exploration and Development Expenditure

Exploration, evaluation and development 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.

Costs of evaluation, seismic and unsuccessful exploration in the area of interest are expressed 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 production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the 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 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 mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(h) Impairment of assets

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

Impairment testing is performed annually for intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(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) Trade and other payables

Trade payables and other payables are carried at amortised costs and 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.

(l) Share-based payment transactions

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

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 period during which the directors and/or executives becomes unconditionally entitled to the options.

The fair value at grant date is independently 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 dividend yield and the risk-free interest rate for the term of the option.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(m) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Group as a lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Lease incentives are recognised in the income statement as an integral part of the total lease expense.

(n) Revenue recognition

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset. All revenue is stated net of the amount of goods and services tax (GST).

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.

(o) Income tax

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

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

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

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(p) 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.

(q) 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.

(r) Earnings per share

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

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

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(s) 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

(i) Wages, salaries, annual leave and sick leave

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 other payables 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.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(t) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the controlled entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge. Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

(u) Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity is no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(s) **Financial Instruments (Cont.)**

Classification and Subsequent Measurement

(i) Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the group's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

(v) Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

JUPITER ENERGY LIMITED – 2009 ANNUAL REPORT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise receivables, payables, convertible notes, available for sale investments, cash and short-term deposits.

The Group manages its exposure to key financial risks, including interest rate and currency risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

Risk Exposures and Responses

Interest rate risk

The Group has no exposure to market risk for changes in interest rates as it has no short or long-term debt obligations.

At balance date, the Group had the following mix of financial assets and liabilities exposed to Australian variable interest rate risk that are not designated in cash flow hedges:

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	1,291,183	6,009,381	1,271,329	5,900,864
Net exposure	<u>1,291,183</u>	<u>6,009,381</u>	<u>1,271,329</u>	<u>5,900,864</u>

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 and equity would have been affected as follows:

Post – tax gain / (loss)	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
+ 1%	36,502	98,169	35,861	97,083
-1%	(36,502)	(98,169)	(35,861)	(97,083)

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) and Singapore Dollars (SGD) foreign currency that is not designated in cash flow hedges:

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	1,279,113	108,414	1,259,363	-
Net exposure	<u>1,279,113</u>	<u>108,414</u>	<u>1,259,363</u>	<u>-</u>

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

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

Post – tax gain / (loss)	Consolidated		Company	
	2009 \$	2008 \$	2009 \$	2008 \$
+5%	60,910	5,700	59,970	-
-5%	(67,322)	(5,157)	(66,282)	-

At balance date, the Group had the following exposure to United States Dollars (USD) foreign currency that is not designated in cash flow hedges:

	Consolidated		Company	
	2009 \$	2008 \$	2009 \$	2008 \$
Financial Assets				
Trade and other receivables	-	-	10,821,490	6,873,356
			10,821,490	6,873,356
Financial Liabilities				
Trade and other receivables	(4,288,350)	-	-	-
	(4,288,350)	-	-	-
Net exposure	(4,288,350)	-	10,821,490	6,873,356

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 US dollar, with all other variables held constant. The 5% sensitivity is based on reasonably possible changes, over a financial year, using the observed range of actual historical rates for the preceding 5 periods.

Post – tax gain / (loss)	Consolidated		Company	
	2009 \$	2008 \$	2009 \$	2008 \$
+5%	204,207	-	515,309	321,923
-5%	(225,703)	-	(569,552)	(291,264)

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 available-for-sale financial assets, 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.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	Consolidated		Company	
	2009 \$	2008 \$	2009 \$	2008 \$
NOTE 4. REVENUE				
Revenue from continuing operations				
Interest received	144,075	397,612	144,075	397,612
Gain on revaluation of loan to controlled entity	-	-	1,278,504	-
Other income	49,421	-	49,420	-
	<u>193,496</u>	<u>397,612</u>	<u>1,471,999</u>	<u>397,612</u>

NOTE 5. OPERATING (LOSS)

Operating (loss) before income tax includes the following specific net gains and expenses:

Net gains (loss)				
Net foreign exchange loss	178,697	-	187,491	-
Share based payments	446,246	356,241	446,246	356,241

NOTE 6. TAXATION

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

Prima facie income tax benefit on operating (loss) at 30% (2008:30%)	(783,076)	(761,728)	(1,006,673)	(743,690)
Non deductible expenditure:				
- Share Based payments	133,874	106,872	133,874	106,872
- Administration expenses	207,059	452,454	207,059	452,424
Temporary differences and tax losses not bought to account as a deferred tax asset	442,144	202,432	665,741	184,394
Income tax expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Consolidated		Company	
2009	2008	2009	2008
\$	\$	\$	\$

NOTE 6. TAXATION (Continued)

Deferred tax asset calculated at 30% (2008:30%) not taken to account:

The potential deferred tax asset, arising from tax losses and temporary differences (as disclosed above) has not been recognised as an asset because recovery of tax losses and temporary differences is not considered probable.

Income tax losses	3,863,485	3,992,758	3,863,485	3,974,906
Temporary differences	223,718	419,685	223,718	419,685
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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.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
NOTE 7. CASH ASSETS				
Cash at bank and in hand	1,291,183	5,924,775	1,271,329	5,816,259
Short-term deposits	-	84,606	-	84,605
	<u>1,291,183</u>	<u>6,009,381</u>	<u>1,271,329</u>	<u>5,900,864</u>

The bank accounts are at call and pay interest at a weighted average interest rate of 2.48% at 30 June 2009 (2008: 5.68%)

NOTE 8. RECEIVABLES

Other debtors	50,846	641,472	22,323	41,150
Loans to key management personnel	-	-	-	600,000
	<u>50,846</u>	<u>641,472</u>	<u>22,323</u>	<u>641,150</u>
Loan to controlled entities	-	-	20,266,993	15,264,770
Less provision for impairment	-	-	(9,445,503)	(6,401,498)
	<u>-</u>	<u>-</u>	<u>10,821,490</u>	<u>8,863,272</u>
	<u>50,846</u>	<u>641,472</u>	<u>10,843,813</u>	<u>9,504,422</u>

Further information relating to loans to key management personnel is set out in note 16.

Movement in the provision for impairment of receivables is as follows:

Opening balance	-	-	6,401,498	4,702,188
Charge to income statement	-	-	3,044,005	1,699,310
Amounts written off	-	-	-	-
Closing balance	<u>-</u>	<u>-</u>	<u>9,445,503</u>	<u>6,401,498</u>

NOTE 9. OTHER CURRENT ASSETS

Bonds	26,868	173	-	173
Prepayment	3,690	116,002	2,516	1,421
	<u>30,558</u>	<u>116,175</u>	<u>2,516</u>	<u>1,594</u>

NOTE 10. PLANT AND EQUIPMENT

Plant and equipment	132,029	118,760	113,413	103,526
Accumulated depreciation	(107,597)	(95,027)	(98,440)	(89,814)
	<u>24,432</u>	<u>23,733</u>	<u>14,973</u>	<u>13,712</u>

Movements during the Year

Plant and Equipment

Carrying amount at beginning of year	23,733	19,281	13,712	19,281
Additions	13,269	15,234	9,887	-
Disposals	-	-	-	-
Depreciation	(12,570)	(10,782)	(8,626)	(5,569)
Carrying amount at end of year	<u>24,432</u>	<u>23,733</u>	<u>14,973</u>	<u>13,712</u>

JUPITER ENERGY LIMITED – 2009 ANNUAL REPORT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
NOTE 11. MINERAL EXPLORATION & EVALUATION EXPENDITURE				
(i) MINERAL EXPLORATION				
Exploration expenditure carried forward in respect of areas of interest in:				
Exploration (Block 31)	<u>15,177,137</u>	<u>8,629,935</u>	<u>-</u>	<u>-</u>
Movements in mineral exploration and evaluation expenditure during the year				
Balance at beginning of year	8,629,935	-	-	-
Expenditure incurred during the year	6,549,785	8,629,935	-	-
Foreign exchange translation	(2,583)	-	-	-
Balance at end of year	<u>15,177,137</u>	<u>8,629,935</u>	<u>-</u>	<u>-</u>
NOTE 12. OTHER FINANCIAL ASSETS				
Shares in controlled entities at cost	-	-	104	104
	-	-	104	104

JUPITER ENERGY LIMITED – 2009 ANNUAL REPORT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
NOTE 13. PAYABLES				
Trade creditors	14,532	102,532	14,532	102,532
Accrued expenses	133,646	313,102	20,500	313,102
Biscra payable (*)	4,288,350	-	-	-
Other payables	39,926	3,150	-	3,150
	<u>4,476,454</u>	<u>418,784</u>	<u>35,032</u>	<u>418,784</u>

* The Biscra payable relates to the success fee of USD \$3,500,000 payable to Biscra Holdings Limited in instalments of USD \$950,000 (AUD \$1,180,850) before 31 December 2009 and USD \$2,500,000 (AUD \$3,107,500) payable before 31 December 2010.

NOTE 14. CONTRIBUTED EQUITY

Issued Capital

Ordinary shares (a)	29,436,515	29,431,395	29,436,515	29,431,395
Share options (b)	284,198	284,198	284,198	284,198
	<u>29,720,713</u>	<u>29,715,593</u>	<u>29,720,713</u>	<u>29,715,593</u>

	Number of Shares	\$
(a) Movements in ordinary share capital:		
Balance 30 June 2007	<u>235,571,389</u>	<u>19,702,913</u>
Exercise of options	224,800	17,982
Share Placement - \$0.075 – May 2008	100,000,000	7,500,000
Capital raising expenses	(389,500)	
Exercise of options	5,000,000	600,000
Issue of shares – Zher Munai	16,000,000	2,000,000
Balance 30 June 2008	356,796,189	29,431,395
Exercise of options	64,000	5,120
Issue of shares (*)	5,000,000	-
Balance 30 June 2009	361,860,189	29,436,515

* In respect of share based payments, refer to Note 15 and 17.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 14. CONTRIBUTED EQUITY (continued)

	Number of Options	\$
(b) Movements in options		
Balance 30 June 2007	211,102,800	184,198
Issue of listed options – 30 June 2010	100,000,000	100,000
Exercise of options	(224,800)	-
Issue of unlisted options – 30 June 2011	30,000,000	-
Exercise of options	(5,000,000)	-
Balance 30 June 2008	335,878,000	284,198
Exercise of options	(64,000)	-
Expiry of unlisted options	(2,814,000)	-
Forfeit of unlisted options	(10,000,000)	-
Balance 30 June 2009	323,000,000	284,198

Terms and conditions

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

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

Terms and conditions of 30 June 2011 unlisted options exercisable at 8 cents:

- a) each Option entitles the holder, when exercised, to one (1) Share;
- b) the Options may be exercisable at any time on or before 30 June 2011;
- c) the exercise price of the Options is \$0.08;
- d) all the shares issued upon exercise of the Options will rank pari passu in all respects with the Company's then issued Shares. The Options will be unlisted. No quotation will be sought from the ASX for the Options.
- e) Subject to the Corporations Act, the Constitution and the ASX Listing Rules, the Options are fully transferable.
- f) The Options are exercisable by delivering to the registered office of the Company a notice in writing stating the intention of the Option holder to exercise a specified number of Options, accompanied by an Option certificate, if applicable, and a cheque made payable to the Company for the subscription monies due, subject to the funds being duly cleared funds. The exercise of only a portion of the Options held does not affect the holder's right to exercise the balance of any Options remaining.
- g) There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of Options to Shareholders during the currency of the Options. However, the Company will ensure that for the purpose of determining entitlements to any issue, that the Option holder will be notified of the proposed issue at least seven (7) Business Days before the record date. This will give Option holders the opportunity to exercise the Options prior to the date for determining entitlements to participate in any such issue.
- h) In the event of any reconstruction (including consolidation, subdivision, reduction or return of capital) of the issued capital of the Company prior to the expiry date of the Options, all rights of the Option holder will be varied in accordance with the ASX Listing Rules (if applicable).
- i) In the event of the Company makes a pro rata issue of securities, the exercise price of the Options will change in accordance with the formula set out in ASX Listing Rule 6.22.2 (if applicable).
- j) In the event of the Company makes a bonus issue of securities, the number of Options will change in accordance with ASX Listing Rule 6.22.3 (if applicable)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 14. CONTRIBUTED EQUITY (continued)

Terms and conditions of 30 June 2010 listed options exercisable at 8 cents:

- a) each Option entitles the holder, when exercised, to one (1) Share;
- b) the Options may be exercisable at any time on or before 30 June 2010;
- c) the exercise price of the Options is \$0.08;
- d) all the shares issued upon exercise of the Options will rank pari passu in all respects with the Company's then issued Shares. The Options will be listed on the ASX under the code JPROA.
- e) Subject to the Corporations Act, the Constitution and the ASX Listing Rules, the Options are fully transferable.
- f) The Options are exercisable by delivering to the registered office of the Company a notice in writing stating the intention of the Option holder to exercise a specified number of Options, accompanied by an Option certificate, if applicable, and a cheque made payable to the Company for the subscription monies due, subject to the funds being duly cleared funds. The exercise of only a portion of the Options held does not affect the holder's right to exercise the balance of any Options remaining.
- g) There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of Options to Shareholders during the currency of the Options. However, the Company will ensure that for the purpose of determining entitlements to any issue, that the Option holder will be notified of the proposed issue at least seven (7) Business Days before the record date. This will give Option holders the opportunity to exercise the Options prior to the date for determining entitlements to participate in any such issue.
- h) In the event of any reconstruction (including consolidation, subdivision, reduction or return of capital) of the issued capital of the Company prior to the expiry date of the Options, all rights of the Option holder will be varied in accordance with the ASX Listing Rules (if applicable).
- i) In the event of the Company makes a pro rata issue of securities, the exercise price of the Options will change in accordance with the formula set out in ASX Listing Rule 6.22.2 (if applicable).
- j) In the event of the Company makes a bonus issue of securities, the number of Options will change in accordance with ASX Listing Rule 6.22.3 (if applicable)

Terms and conditions of 31 December 2013 unlisted options exercisable at 20 cents:

- a) each Option entitles the holder, when exercised, to one (1) Share;
- b) the Options may be exercisable at any time on or before 31 December 2013;
- c) the exercise price of the Options is \$0.20;
- d) all the shares issued upon exercise of the Options will rank pari passu in all respects with the Company's then issued Shares. The Options will be unlisted. No quotation will be sought from the ASX for the Options.
- e) Subject to the Corporations Act, the Constitution and the ASX Listing Rules, the Options are fully transferable.
- f) The Options are exercisable by delivering to the registered office of the Company a notice in writing stating the intention of the Option holder to exercise a specified number of Options, accompanied by an Option certificate, if applicable, and a cheque made payable to the Company for the subscription monies due, subject to the funds being duly cleared funds. The exercise of only a portion of the Options held does not affect the holder's right to exercise the balance of any Options remaining.
- g) There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of Options to Shareholders during the currency of the Options. However, the Company will ensure that for the purpose of determining entitlements to any issue, that the Option holder will be notified of the proposed issue at least seven (7) Business Days before the record date. This will give Option holders the opportunity to exercise the Options prior to the date for determining entitlements to participate in any such issue.
- h) In the event of any reconstruction (including consolidation, subdivision, reduction or return of capital) of the issued capital of the Company prior to the expiry date of the Options, all rights of the Option holder will be varied in accordance with the ASX Listing Rules (if applicable).
- i) In the event of the Company makes a pro rata issue of securities, the exercise price of the Options will change in accordance with the formula set out in ASX Listing Rule 6.22.2 (if applicable).
- j) In the event of the Company makes a bonus issue of securities, the number of Options will change in accordance with ASX Listing Rule 6.22.3 (if applicable)

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

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 2009 and nil are expected to be paid in 2010.

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

NOTE 15. RESERVES

	<i>CONSOLIDATED</i>			<i>PARENT</i>		
	<i>Foreign currency translation reserve</i>	<i>Employee equity benefits reserve</i>	<i>Total</i>	<i>Foreign currency translation reserve</i>	<i>Employee equity benefits reserve</i>	<i>Total</i>
	\$	\$	\$	\$	\$	\$
At 30 June 2008	(4,609)	476,653	472,044	-	476,653	476,653
Share based payment	-	446,246	446,246	-	446,246	446,246
Foreign currency translation	(745,325)	-	(745,325)	-	-	-
At 30 June 2009	<u>(749,934)</u>	<u>922,899</u>	<u>172,965</u>	<u>-</u>	<u>922,899</u>	<u>922,899</u>

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.

Employee equity benefits reserve

The employee share option plan reserve is used to record the value of equity benefits provided to eligible employees as part of their remuneration. Refer to note 17 for further details of this plan.

NOTE 16. KEY MANAGEMENT PERSONNEL

This note is to be read in conjunction with the Remuneration Report, which is included in the Directors Report on pages 11 to 14.

(b) Key management personnel compensation

	Consolidated		Company	
	2009 \$	2008 \$	2009 \$	2008 \$
Short-term employee benefits	848,707	837,329	513,851	837,329
Post-employment benefits	28,643	30,150	28,643	30,150
Termination benefits	-	-	-	-
Share-based payments	<u>446,246</u>	<u>356,241</u>	<u>446,246</u>	<u>356,241</u>
	<u>1,323,596</u>	<u>1,223,720</u>	<u>988,740</u>	<u>1,223,720</u>

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 16. KEY MANAGEMENT PERSONNEL (continued)

Share holdings

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

	<i>Balance 01-Jul-08</i>	<i>Granted as Remuneration</i>	<i>On Exercise of Options</i>	<i>Net Change Other</i>	<i>Balance 30-June-09</i>
Directors					
G A Gander	9,500,000	-	-	2,700,000	12,200,000
A R Childs	5,200,000	-	-	-	5,200,000
E Svanbayev	-	5,000,000	-	-	5,000,000
Executives					
Ole Udsen (resigned 26 Sept 2009)	-	-	-	-	-
Keith Martens	637,011	-	-	49,549	686,560
Sergey Sinistin	-	-	-	-	-
Scott Mison	735,000	-	-	-	735,000

Option Holdings

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

	<i>Balance at beg of period 01-Jul-08</i>	<i>Granted as Remune- ration</i>	<i>Options Exercised</i>	<i>Net Change Other #</i>	<i>Balance at end of period 30-Jun-09</i>	<i>Not Vested & Not Exercisable</i>	<i>Vested & Exercisable</i>
(i) Listed Options							
Directors							
G A Gander	-	-	-	13,700,000	13,700,000	-	13,700,000
A R Childs	5,000,000	-	-	-	5,000,000	-	5,000,000
E Svanbayev	10,000,000	-	-	-	10,000,000	-	10,000,000
Executives							
Ole Udsen (resigned 26 Sept 2009)	-	-	-	-	-	-	-
Keith Martens	250,000	-	-	-	250,000	-	250,000
Sergey Sinistin	-	-	-	-	-	-	-
Scott Mison	620,000	-	-	-	620,000	-	620,000
(ii) Unlisted Options							
Directors							
G A Gander	2,000,000*	-	-	(2,000,000)	-	-	-
A R Childs	1,000,000*	-	-	(1,000,000)	-	-	-
E Svanbayev	2,000,000*	-	-	(2,000,000)	-	-	-
Executives							
Ole Udsen	10,000,000^	-	-	(10,000,000)	-	-	-
Keith Martens	12,000,000	-	-	-	12,000,000	8,166,667	3,833,333
Sergey Sinistin	10,000,000	-	-	-	10,000,000	7,500,000	2,500,000
Scott Mison	1,000,000	-	-	-	1,000,000	333,334	666,666

*options expired on 31 December 2008

^resigned on 26 September 2009, therefore options forfeited.

JUPITER ENERGY LIMITED – 2009 ANNUAL REPORT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Service Agreements

Refer to page 14 of the Remuneration Report for details of service agreements with the Directors.

NOTE 17. SHARE BASED PAYMENTS

Employee share option plan

Included under expenses in the income statement is \$446,246 (2008: \$356,241), and relates, in full, to equity-settled share-based payment transactions.

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

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

The fair value of the options are estimated at the date of grant using the Binomial option pricing model.

No options were granted during the year.

During the year ended 30 June 2009, 64,000 options were exercised over ordinary shares (2008: 5,000,000).

The weighted average fair value of options granted during the period was nil (2008: \$0.0345)

JUPITER ENERGY LIMITED – 2009 ANNUAL REPORT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

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

	2009	Weighted Average Exercise \$	2008	Weighted Average Exercise \$
	Number of Options	Number of Options		
Outstanding at the beginning of the year	38,000,000	0.200	3,250,000	-
Granted	-	-	38,000,000	0.200
Forfeited	(10,000,000)	-	-	-
Exercised	-	-	-	-
Expired	(5,000,000)	-	(3,250,000)	-
Outstanding at year end	23,000,000	0.096	38,000,000	0.200
Exercisable at year end	7,000,000	0.110	6,000,000	0.200

NOTE 18. RELATED PARTY TRANSACTIONS

Wholly Owned/Controlled Group

The wholly owned/controlled group consists of Jupiter Energy Limited and its controlled entities. Ownership interests in these controlled entities are set out in Note 24.

Transactions between Jupiter Energy Limited and other entities in the wholly owned/controlled group during the years ended 30 June 2009 and 2008 consisted of:

- a) Loans for the associated cash calls in the controlled entities by Jupiter Energy Limited; and
- b) Working capital provided by Jupiter Energy Limited to controlled entities.

Aggregate amounts in the determination of loss from ordinary activities before income tax that resulted from transactions with entities in the wholly-owned group:

	Consolidated		Company	
	2009 \$	2008 \$	2009 \$	2008 \$
Loan to controlled entities	-	-	20,266,993	15,264,770
Less provision for non recovery	-	-	(9,445,503)	(6,401,498)
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	10,821,490	8,863,272

NOTE 19. COMMITMENTS FOR EXPENDITURE

Operating Lease Commitments

The Company has entered into a commercial lease for the corporate premises in West Perth. The current lease is due to expire on 30 September 2009, however the Company has extended the agreement for another 12 months.

Non cancellable operating lease commitments contracted for (but not capitalised in the accounts) that are payable:

- not later than one year	36,228	- not later than one year	36,228
- later than one year but not later than five years	8,766	- later than one year but not later than five years	8,766
	<hr/>		<hr/>
	44,994		44,994

JUPITER ENERGY LIMITED – 2009 ANNUAL REPORT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

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 of the 29th of December 2006 with the Ministry of Energy and Mineral Resources of the Republic of Kazakhstan.

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

- not later than one year	7,085,100	-	7,085,100	-
- later than one year but not later than five years	28,216,100	-	28,216,100	-
	<u>35,301,200</u>	<u>-</u>	<u>35,301,200</u>	<u>-</u>

NOTE 20. AUDITORS RENUMERATION

Amounts received or due and receivable by RSM Bird Cameron

Partners:

- auditing or reviewing the financial report	32,500	30,000	32,500	30,000
- other services	-	-	-	-

Amounts received or due and receivable by related practices of RSM Bird Cameron Partners:

- auditing or reviewing the financial report	5,994	-	-	-
- other services	-	-	-	-

Amounts received or due and receivable by practices not related to RSM Bird Cameron Partners:

- auditing or reviewing the financial report	14,456	-	-	-
- other services	-	-	-	-
	<u>52,950</u>	<u>30,000</u>	<u>32,500</u>	<u>30,000</u>

Consolidated

2009

2008

NOTE 21. EARNINGS PER SHARE

Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share

361,557,991 335,819,541

Diluted earnings per share have not been disclosed as it is the same as the basic earnings per share.

JUPITER ENERGY LIMITED – 2009 ANNUAL REPORT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 22. FINANCIAL INSTRUMENTS

(a) Credit Risk Exposure

The credit risk on financial assets of the Company which have been recognised on the balance sheet position is generally the carrying amount, net of any provisions for doubtful debts.

(b) Interest Rate Risk Exposure

The Company's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out on the next page.

Exposures arise predominantly from assets and liabilities bearing variable interest rates as the Company intends to hold fixed rate assets and liabilities to maturity.

2009

	Fixed Interest Maturing In:					
	Floating interest rate \$	1 year or Less \$	over 1 to 5 years \$	more than 5 years \$	Non Interest Bearing \$	Total \$
Financial Assets						
Cash	1,291,183	-	-	-	-	1,291,183
Receivables	-	-	-	-	50,846	50,846
Bonds	26,868	-	-	-	-	26,868
	<u>1,318,051</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,846</u>	<u>1,368,897</u>
Weighted average interest rate	2.68%	-	-	-	-	-

Financial Liabilities

Payables	-	-	-	-	4,476,454	4,476,454
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,476,454</u>	<u>4,476,454</u>

Weighted average
interest rate

2008

	Fixed Interest Maturing In:					
	Floating interest rate \$	1 year or Less \$	over 1 to 5 years \$	more than 5 years \$	Non Interest Bearing \$	Total \$
Financial Assets						
Cash	6,009,381	-	-	-	-	6,009,381
Receivables	-	-	-	-	641,472	641,472
Bonds	173	-	-	-	-	173
	<u>6,009,554</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>641,472</u>	<u>6,651,026</u>
Weighted average interest rate	6.00%	-	-	-	-	-
Financial Liabilities						
Payables	-	-	-	-	418,784	418,784
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>418,784</u>	<u>418,784</u>
Weighted average interest rate	-	-	-	-	-	-

(c) Net Fair Value of Financial Assets and Liabilities

The net fair value of the financial assets and liabilities are the same as their carrying amount.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 23. SEGMENT REPORTING

Business Segments

The consolidated entity during the year only had the one business segment of oil and gas exploration in Kazakhstan.

Geographical segments

The economic entity's business segment is located in Kazakhstan.

Secondary Reporting – Geographical Segments

Geographical Location	Carrying Amount Of Segment Assets		Contribution To Net Profit (loss)	
	2009 \$	2008 \$	2009 \$	2008 \$
Australia	1,376,951	6,679,211	(1,501,238)	(941,337)
Kazakhstan	15,177,137	8,629,935	(871,437)	(1,508,079)
Singapore	20,069	111,550	(237,578)	(84,452)
	<u>16,574,157</u>	<u>15,420,696</u>	<u>(2,610,253)</u>	<u>(2,533,868)</u>

NOTE 24. INVESTMENT IN CONTROLLED ENTITIES

Name of Entity	Country of incorporation	Equity Holding	
		2009 %	2008 %
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 (NWZ) Pte. Ltd	Singapore	100	100

NOTE 25. CONTINGENT LIABILITIES AND ASSETS

There are no contingent liabilities.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 26. RECONCILIATION OF OPERATING (LOSS) AFTER INCOME TAX TO NET CASH (USED IN) OPERATING ACTIVITIES

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Operating (loss) after income tax:	(2,610,253)	(2,533,868)	(3,355,575)	(2,538,477)
Add/(less) non cash items:				
Depreciation	12,570	10,782	8,626	5,569
Share based payments	446,246	356,241	446,246	356,241
Impairment of loan to controlled entity	-	-	3,044,005	1,699,310
Effect of foreign exchange translation	(390,924)	-	(1,091,013)	-
Changes in assets and liabilities:				
(Increase)/decrease in receivables	(9,374)	(23,725)	18,827	(23,403)
(Increase)/decrease in other current assets	85,617	(108,955)	(921)	5,626
(Decrease)/increase in payables	(292,830)	116,986	(383,752)	116,986
Increase/(decrease) in provisions	-	(1,841)	-	(1,841)
	<u>(2,758,948)</u>	<u>(2,184,380)</u>	<u>(1,313,557)</u>	<u>(379,989)</u>

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.

NOTE 27. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Significant changes in the state of affairs of the consolidated entity during the financial year and the period to the date of this report were as follows:

- On 20 August 2009, JPR lodged an Entitlement Issue Prospectus with ASIC. The offer was a non-renounceable entitlement issue of 1 share for every share held by shareholders registered at 5pm (WST) on 3 September 2009 at an issue price of \$0.02 to raise up to approximately \$7,237,204. The offer closed on 23 September 2009 and was fully subscribed.

The funds raised from the Offer are planned to be used in accordance with the table set out below:

Initial payment to Biscra Holdings Limited as per the Consulting Agreement covering the Block 31 extension.	\$1,130,000
Drilling of the Akkar North Extension Well	\$6,000,000
Working Capital	\$65,836
Expenses of the Offer	\$41,368
Total	\$7,237,204

Directors' Declaration

In the opinion of the Directors of Jupiter Energy Limited:

1. the financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - (a) giving a true and fair view of the financial position of the Company and consolidated entity as at 30 June 2009 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date; and
 - (b) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
2. 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. the Directors have been given the declarations required by Section 295A of *Corporations Act 2001* from the Chairman, and the Company Secretary for the financial year ended 30 June 2009.

On behalf of the Board



Geoff Gander
Executive Chairman

Perth, 30 September 2009

RSM Bird Cameron Partners

Chartered Accountants .

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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 ("the company"), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes 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 and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 judgement, 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 control 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 control. 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 opinions.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's 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 company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualification to the opinion expressed above, we draw attention to Note 2(a) to the financial statements, which indicates that:

- (a) the company and consolidated entity, for the year ended 30 June 2009, recorded:
 - a loss of \$3,355,575 and \$2,610,253 respectively; and
 - net cash outflows from operating activities of \$1,313,557 and \$2,758,948 respectively; and
- (b) at balance date, the consolidated entity, recorded net current liabilities of \$3,103,867.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's and consolidated entity's ability to continue as going concerns and therefore, whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

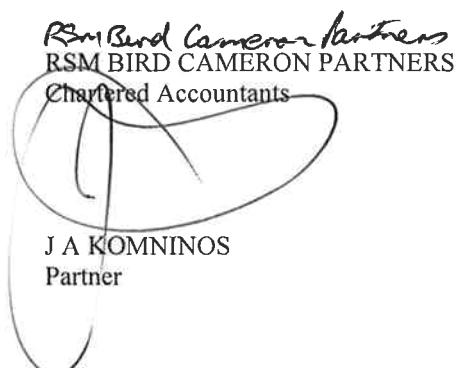
Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the financial year ended 30 June 2009. 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.

Auditor's Opinion

In our opinion the Remuneration Report of Jupiter Energy Limited for the financial year ended 30 June 2009 complies with section 300A of the *Corporations Act 2001*.

Perth, WA
Dated: 30 September 2009



ASX ADDITIONAL INFORMATION

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

SHAREHOLDINGS (as at 24 September 2009)

Substantial shareholders

There were no substantial shareholders

Voting Rights

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

DISTRIBUTION OF EQUITY SECURITY HOLDINGS

Category	Ordinary Shares	Options
1 – 1,000	7,332	0
1,001 – 5,000	321,627	5,000
5,001 – 10,000	1,575,952	49,434
10,001 – 100,000	49,569,843	6,478,565
100,001 and over	310,385,435	293,467,001
Total	361,860,189	300,000,000

The number of shareholders holding less than a marketable parcel of ordinary shares is 164.

On-market buy back

There is no current on-market buy back.

Securities on Issue

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

Category	Number
Ordinary Shares	361,860,189
Listed Options - \$0.08 expire 30 June 2010	300,000,000
Unlisted Options - \$0.08 expire 30 June 2011	20,000,000
Unlisted Options - \$0.20 31 December 2012	3,000,000

JUPITER ENERGY LIMITED – 2009 ANNUAL REPORT

TWENTY LARGEST SHAREHOLDERS

Name of Holder	No. of Ordinary Shares Held	% of Issued Capital
CS FOURTH NOMINEES PTY LTD <UNPAID A/C>	29,071,494	8.03
BISCRA HOLDINGS LTD	16,000,000	4.42
DYAMOND DEVELOPMENTS PTY LTD	14,458,559	4.00
KAPIRI HOLDINGS PTY LTD	9,552,693	2.64
VITORIA PTY LTD	9,200,000	2.54
MR GRAEME JOHN CLATWORTHY <G CLATWORTHY FAMILY A/C>	6,626,916	1.83
NEFCO NOMINEES PTY LTD	6,549,092	1.81
PERIZIA PROPERTIES PTY LTD	6,000,000	1.66
MR ANDREW ROSS CHILDS	5,200,000	1.44
MR ERKIN SVANBAYEV	5,000,000	1.38
CITICORP NOMINEES PTY LIMITED	4,878,800	1.35
CAPERANGE INVESTMENTS PTY LTD	4,250,000	1.17
CAPERANGE INVESTMENTS PTY LTD <SOUTHBANK EQUITY S/F A/C>	3,750,000	1.04
MR KIMBERLEY SCOTT + MRS SALLIE ANNE SCOTT <K & S SCOTT SUPER FUND A/C>	3,548,520	0.98
MR BRIAN LESLEIGH WILLIAMS + MRS VALERIE RUBY DAWN WILLIAMS <WILLIAMS S/F A/C>	3,500,000	0.97
BLACKMORT NOMINEES PTY LTD <45676 A/C>	3,073,615	0.85
MR GEOFFREY ANTHONY GANDER <THE GANDER SUPER A/C>	3,000,000	0.83
MR CHRIS WELLS + MRS JO WELLS <C&J WELLS SUPER A/C>	3,000,000	0.83
MR GUISEPPE JOHN MARANO + MRS CHESIA MARANO <GJ MARANO S/F A/C>	2,996,995	0.83
MR JOSE PAREDES LEVISTE JNR	2,950,000	0.82
 Total	 142,606,684	 38.59%

TWENTY LARGEST LISTED OPTION HOLDERS

Name of Holder	No. of Ordinary Options Held	% of Issued Capital
DYAMOND DEVELOPMENTS PTY LTD	21,750,000	7.25
BARQUE INVESTMENTS PTY LTD	16,700,000	5.57
MS JOSEPHINE KATHLEEN PATOIR	16,500,000	5.50
COCO IMPORT/EXPORT PTY LTD	14,700,000	4.90
MR GEOFFREY ANTHONY GANDER <THE GANDER SUPER A/C>	10,000,000	3.33
MR YERKIN SVAUBAYE	10,000,000	3.33
KAPIRI HOLDINGS PTY LTD	9,025,000	3.01
PERIZIA PROPERTIES PTY LTD	7,675,000	2.56
CS FOURTH NOMINEES PTY LTD <UNPAID A/C>	7,500,000	2.50
SEVASTI PTY LTD <DIAMANDOPOULOS FAMILY A/C>	6,000,000	2.00
MR GRAEME JOHN CLATWORTHY <G CLATWORTHY FAMILY A/C>	5,500,000	1.83
MR ANDREW ROSS CHILDS	5,000,000	1.67
NEFCO NOMINEES PTY LTD	4,275,000	1.43
MS JULIE CAMPBELL	4,250,000	1.42
BERENES NOMINEES PTY LTD <BERENES SUPER FUND A/C>	4,200,000	1.40
MR GRAEME JOHN CLATWORTHY	4,000,000	1.33
MR FANG HUA DING	3,879,223	1.29
VITORIA PTY LTD	3,700,000	1.23
WESTROCK INVESTMENTS PTY LTD	3,235,000	1.08
CAPERANGE INVESTMENTS PTY LTD <SOUTHBANK EQUITY S/F A/C>	3,000,000	1.00
 Total	 160,889,223	 53.63%