JUPITER ENERGY LIMITED

ABN 65 084 918 481

Creative Energy Company

2007 ANNUAL REPORT

CORPORATE INFORMATION

Jupiter Energy Limited
ABN 65 084 918 481

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

Company Secretary
Scott Mison

Registered Office & Principle Place of Business
Level 1, 1275 Hay Street
West Perth
(PO Box 1282)
Western Australia 6005

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

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

Auditors
RSM Bird Cameron Partners
8 St George's Terrace
Perth WA 6000

Bankers
Australian and New Zealand Banking Group Limited
1275 Hay Street
West Perth WA 6005

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

International	+61 8 9323 2000
Telephone	1300 557 010
Facsimile	+61 8 9323 2033
Website	www.computershare.com

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

Contents of Financial Report

CHAIRMAN'S LETTER

Dear Shareholders,

I am pleased to present the Jupiter Energy Limited 2007 Annual Report, my first as Chairman of the Company.

The 2006/2007 year has certainly been one of two halves. The 1st six months of the year was spent working steadfastly on the Jupiter Biofuels initiative which promised so much but unfortunately was significantly impacted by a dramatic downturn in the interest shown by the capital markets for investments into the biodiesel sector. I believe there were many reasons for this sudden shift and at the time the Jupiter Biofuels Limited prospectus was released, the Company unfortunately encountered a combination of a falling oil price, a raft of disappointing results from already listed Australia biodiesel companies and a very disappointing listing debut for another biodiesel project based in Malaysia. All of this made raising the $75 million funding necessary for Jupiter Biofuels a very difficult task and the Board realised very early into the process that the support we believed we had from institutional investors was no longer there and as such withdrew the Prospectus on 16 October 2006 and looked to different countries and sources for funding the project.

After a few months of discussions with a variety of different lenders, it was clear that the project was not going to be funded in the near term and the Board decided to sell the Malaysian subsidiary that held the various Malaysian government licences to produce biodiesel and look for new business opportunities for Jupiter Energy Limited (JPR).

So began the second half of the financial year and I am delighted to say that our latest venture has proven to be a success for JPR and has seen shareholders enjoy record highs in terms of the Company's share price.

On 3 May 2007, the Company announced its intention to focus its efforts on oil & gas exploration and production opportunities in the Republic of Kazakhstan. Kazakhstan is the ninth largest country in the world and a country that possesses one of the largest resources of mineral wealth in the world as well as having relative social and political stability. Working with Indian Ocean Capital Pty Ltd, the Company raised a total of $4.8 million in additional funding and began the review of several exploration permits in Kazakhstan. At the same time, the Board welcomed Almaty based engineer Erkin Svanbayev as a new Director as well as Keith Martens as a Technical Consultant and on 3 July 2007 we announced that we had agreed terms for the acquisition of our initial project in the country.

The Board believes that this initial project, whilst offering great potential, is only the beginning of opportunities for JPR in Kazakhstan and we are committed to finding additional projects, particularly projects that offer immediate production cashflow, during the 2007/2008 financial year. I am delighted to say that our market capitalisation has certainly benefited from this new initiative with our share price moving from a low of 4 cents to a one time high of 35 cents during this period. In August global markets suffered a major downturn and all companies have been impacted. Whilst our share price has fallen from its highs, the market appears to still be very supportive of our plans in Kazakhstan and we look forward to a second re rating in due course. Without doubt, our Company is now in a much stronger financial position with far greater prospects going into the 2007/2008 year. There will be more detail on our Kazakhstan projects in the Operations Report and I encourage you to read this section of the Annual Report in detail.

Finally, there have been some recent Board changes at JPR. As I have already said, Erkin Svanbayev has joined as an Executive Director and Erkin is based in our new Almaty office in Kazakhstan and is responsible for overseeing all the day to day activities of the Company there. Eddie Smith and David Quinlivan, both Directors since 2005 when the Company moved from having a gold mining focus to oil & gas, both resigned in July 2007 and the Company thanks them for their contribution to the development of JPR over the past 2 and a half years. Andrew Childs has joined the Board as a Non Executive Director and I have moved into the role of Executive Chairman. We will continue to review the Board and Management of the Company as our plans in Kazakhstan move forward.

Again, I am delighted that we have moved into this new exciting phase for the Company and I thank all shareholders for their patience and continued support. Finally my thanks to my fellow Directors, our staff and our advisors for their valuable contribution in making the 2006/2007 year a far more productive one for the Company than the previous two years.

Geoff Gander
Chairman

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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 kilometer. 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 2005 the country produced over 430 million barrels of oil, making it the largest producer in the Commonwealth of Independent States (*CIS*) - the old USSR.

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 Kashaghan 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 Kurmangazy (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**. Jupiter Energy Limited has initially focused on an exploration opportunity in the Mangistau Basin in South West Kazakhstan. More details regarding the project are contained in the Operations section of this Annual Report.

DIRECTORS' REPORT

Your Directors submit their report for the year ended 30 June 2007.

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 (44) B.Com

Executive Chairman

Appointed 27 January 2005

Mr Gander graduated from the University of Western Australia in 1984 where he completed a Bachelor of Commerce Degree. Over the past 20 years, Mr Gander has held various senior management roles in companies including Sales and Regional Marketing Manager at IBM Australia and General Manager of the Global Electronic Payments and ASX listed Company, Intellect Holdings Limited.

Mr Gander now 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 EQiTX Limited and Biron Apparel Limited and sits on the Board of 3Q Holdings Limited as a Non Executive Director. He is also a Director of the privately held companies Highway1 (Australia) Pty Limited and Australian Financial Services & Securities Dealers Association Pty Limited.

Other Current Directorships of Listed Companies

EQiTX Ltd, Biron Apparel Ltd and 3Q Holdings Ltd.

Former Directorships of Listed Companies in last three years

Paladio Group Ltd, Lindian Resources Ltd (formerly VPH Limited), Australian Waterwise Solutions Ltd and Entek Energy Ltd.

Andrew Ross Childs (48) B. Sc

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 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

None.

Erkin Svanbayev (52) 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 also involved in the export of over 1 million barrels of crude per month from Kazakhstan and active in terms of identifying new oil & gas opportunities for the Company in Kazakhstan as well as negotiating the terms of acquiring any of the opportunities. He also oversees the running of JPR's office in Almaty.

Other Current Directorships of Listed Companies

None.

Former Directorships of Listed Companies in last three years

None.

EXPLORATION CONSULTANT

Keith Martens (54) B.Sc (Geophysics/Geology)

Appointed 15 June 2007

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 will also focus on coordinating the completion of the 3D Seismic on the Mangistau Basin permit and its interpretation so as to ensure the Company drills the most prospective areas of the permit.

COMPANY SECRETARY

Scott Adrian Mison (31) 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 the Group Financial Controller of Capital Investment Partners Pty Ltd, a corporate advisory firm which delivers a comprehensive range of investment banking services including strategic capital raising, merger and acquisition and financial advisory services, primarily to small-cap emerging listed companies.

Mr Mison is currently Company Secretary and Director of Biron Apparel Ltd and Company Secretary of EQiTX Limited and Toscana Minerals Limited.

Departing Directors

David Quinlivan	Mr Quinlivan was appointed a Director on 4 March 2005 and resigned on 9 July 2007.
Geoff Clifford	Mr Clifford was appointed a Director on 27 July 2006 and resigned on 8 November 2006.
Eddie Smith	Mr Smith was appointed a Director on 27 January 2005 and resigned on 9 July 2007.

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 unlisted options	Number of listed options
G A Gander	3,500,000	5,000,000	500,000
A R Childs	5,000,000	200,000	5,000,000
E Svanbayev	Nil	Nil	Nil

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 11 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: and
- Appraisal of oil and gas properties
- Assessment of biodiesel opportunities in Malaysia

Employees

The consolidated entity employed 1 employee as at 30 June 2007 (2006: 4 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 $3,868,571 (2006: $2,216,888).

Review of Financial Condition

During the 2007 financial year, cash levels were $7,615,057 (2006: $1,861,593) following a share placement raising $4,800,000 (before capital raising costs). Assets increased to $7,659,305 (2006: $2,294,110) and equity increased to $7,355,666 (2006: $2,180,372).

CAPITAL RAISING / CAPITAL STRUCTURE

During the year, the Company raised a total of $9,171,860 (before capital costs). These funds were allocated to securing a cornerstone oil and gas project and to supplement working capital.

Placement

The company issued 17,500,000 shares in April 2007 and 100,000,000 shares in June 2007, both at an issue price of $0.04 per share to raise a total of $4,700,000.

Options

The Company also issued 100,000,000 options at an issue price of $0.001 per option to raise an amount of $100,000.

Summary of share / options on issue – 30 June 2007

As a result of the issue of shares and options, the Company has 235,756,189 listed shares on issue

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-2008	0.12	8,250,000
31-Dec-2008	0.08	2,668,000
30-June-2010	0.08	200,000,000
		210,918,000

16,326,338 listed $0.20 options (listed on the ASX under JPROA) lapsed as at 31 October 2006 and 6,000,000 unlisted $0.20 options lapsed as at 31 October 2006.

5,158,866 unlisted $0.08 options were exercised during the financial year, raising $414,110 for the Company.

OPERATING REVIEW

The year ending 30 June 2007 has been a year that has seen the Company focus on two very different initiatives.

Jupiter Biofuels Limited

During 2006, the Board took the view that a focus on the biodiesel sector would offer Jupiter Energy Limited shareholders an opportunity to be involved in what appeared to be one of the fastest growing sectors in the energy marketplace. Whilst an emerging sector, all indicators were that biodiesel projects in general offered outstanding internal rates of return and it was an industry vertical that was set for strong growth. This was, at the time, supported by a combination of sustained higher oil prices, the anticipated impact of the Kyoto Protocol and the continued introduction of supportive government legislation in Western Europe, USA and South East Asia. The Australian capital markets had seen several biodiesel initiatives raise money and list with great success, providing impressive shareholder returns.

Based on these underlying parameters, the Company set about developing a business plan for the development of a substantial biodiesel facility based in Kuantan, Malaysia.

As part of this process, the Company needed to put into place a funding strategy that would enable the biodiesel project to be developed. The Board decided that the most appropriate way to do this was to spin off 100% of the biodiesel project, through the subsidiary Jupiter Biofuels Limited, via an in specie distribution of shares and then issue a Prospectus to raise the necessary funds to develop the plant. A prospectus was prepared but unfortunately its release coincided with a dramatic down turn in investor sentiment towards the biodiesel sector and most significantly this meant that in particular institutional investors chose not to participate in the raising. Without this support, the capital raising had little chance of success and the prospectus was withdrawn by the Board in October 2006.

The Company sought alternative funding for several more months but ultimately concluded that the project was not going to be able to attract the necessary level of funding and sold the Malaysian subsidiary that held the various government licences for the production of biodiesel in the 3rd quarter of the financial year. This has resulted in the write down of the value of this asset from $1 million to $ Nil in these financial accounts.

New Oil & Gas Exploration activities in Kazakhstan

The Board decided to seek new oil & gas exploration opportunities and on 3 May 2007 announced its intention to focus on exploration and production activities in the Republic of Kazakhstan.

Boasting one of the world's highest growth rates, Kazakhstan's Gross Domestic Product (GDP) has grown by 9% or more in each of the past six years and is now approximately $US 56 billion or about $US3,600 per capita. The extraction of oil, gas, metal and minerals has played a large part in this revival and in 2005 the country's total oil production was c 450 million barrels, making it the second largest producer in the Commonwealth of Independent States (CIS), behind only Russia.

The business model that the Board supported was relatively straight forward. Current Kazakh transaction multiples for larger assets are approx $US10/barrel for proven and around $US7/barrel for proven and probable. The Company's aim is to acquire assets at lower values than this and re-rate them to current western valuations. The Board believes that by gathering

smaller fields and using one management team to oversee the development of a number of fields in parallel, JPR should be able to provide economies of scale and considerable upside to our shareholders. Coupled with this strategy, has come the appointment of Erkin Svanbayev, a Kazakh educated Engineer with an oil and gas background in Kazakhstan and extensive upstream and downstream experience as well as excellent credentials in the export of oil from Kazakhstan. Erkin is based in Almaty, the financial capital of Kazakhstan, and JPR has now opened an office there with a small staff of three people.

During the year, the Company identified several potential exploration permits and recruited experienced oil industry consultant Keith Martens to assist in their evaluation. Keith is a Canadian educated 30 year veteran of the oil & gas industry. He has worked with a number of Canadian and Australian organisations including Hudson's Bay Oil & Gas, Marathon Petroleum, Santos, Tap Oil and most recently Bow Energy.

On 3 July 2007 the Company announced that it had signed a binding terms sheet with the vendors of the Sub Surface Rights on a permit in the Mangistau Basin in South West Kazakhstan. The permit is located in the Zhetybay-Uzen step where government records indicate reserves are 6 Billion barrels of oil equivalent (BOE) of which 80% is oil. The two biggest oil fields are Uzen and Zhetybay which produce from both the Jurassic and the Triassic.

The permit, consisting of two blocks, covers an area of over 100 sq km and is located on trend with three existing producing oil fields which have potential reserves of 21-56 million barrels of oil (mmbbls). The Contract with the Ministry of Energy and Mineral Resources (MEMR) is for exploration to begin on the permit in 2007.

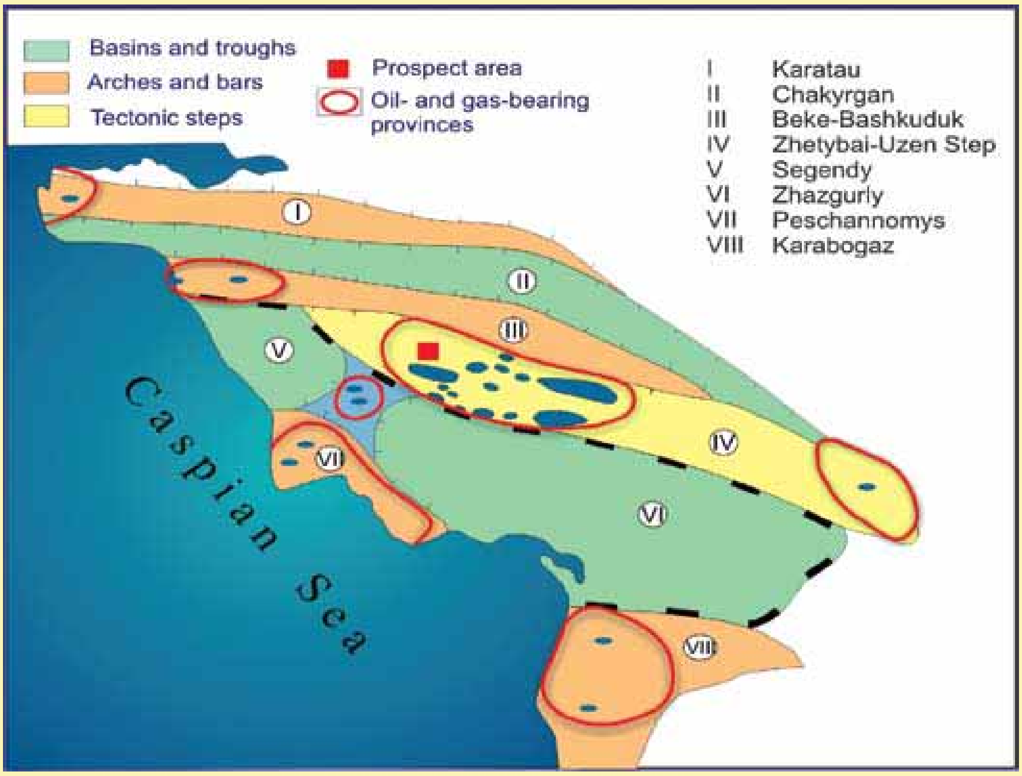

Figure 1: Position of permit (red square)in relation to other oil fields in the Mangistau Basin

The Permit has a six (6) year exploration period with the right to extend it twice for two (2) years for a total period of ten (10) years.

The permit has been lightly explored with a regional 2D grid of 1970's and 1980's vintage seismic carried out by the old Soviet regime. Mapping of the top Triassic map suggests Middle Triassic tilted fault blocks traps similar to the Akkar N and NW Zhetybay oil fields. These traps include a potential field extension to Akkar N and at least two other substantial structures. Recent 3D along this same trend has revealed Middle Triassic traps which have already resulted in new field discoveries. The plan is to have Keith and Erkin work together to acquire 3D Seismic as soon as due diligence on the permit has been successfully completed and all government approvals and waivers have been received by JPR. The expectation is that the shooting of the 3D Seismic will begin in late 2007 with the view to drilling the best prospects on the permit during 2008.

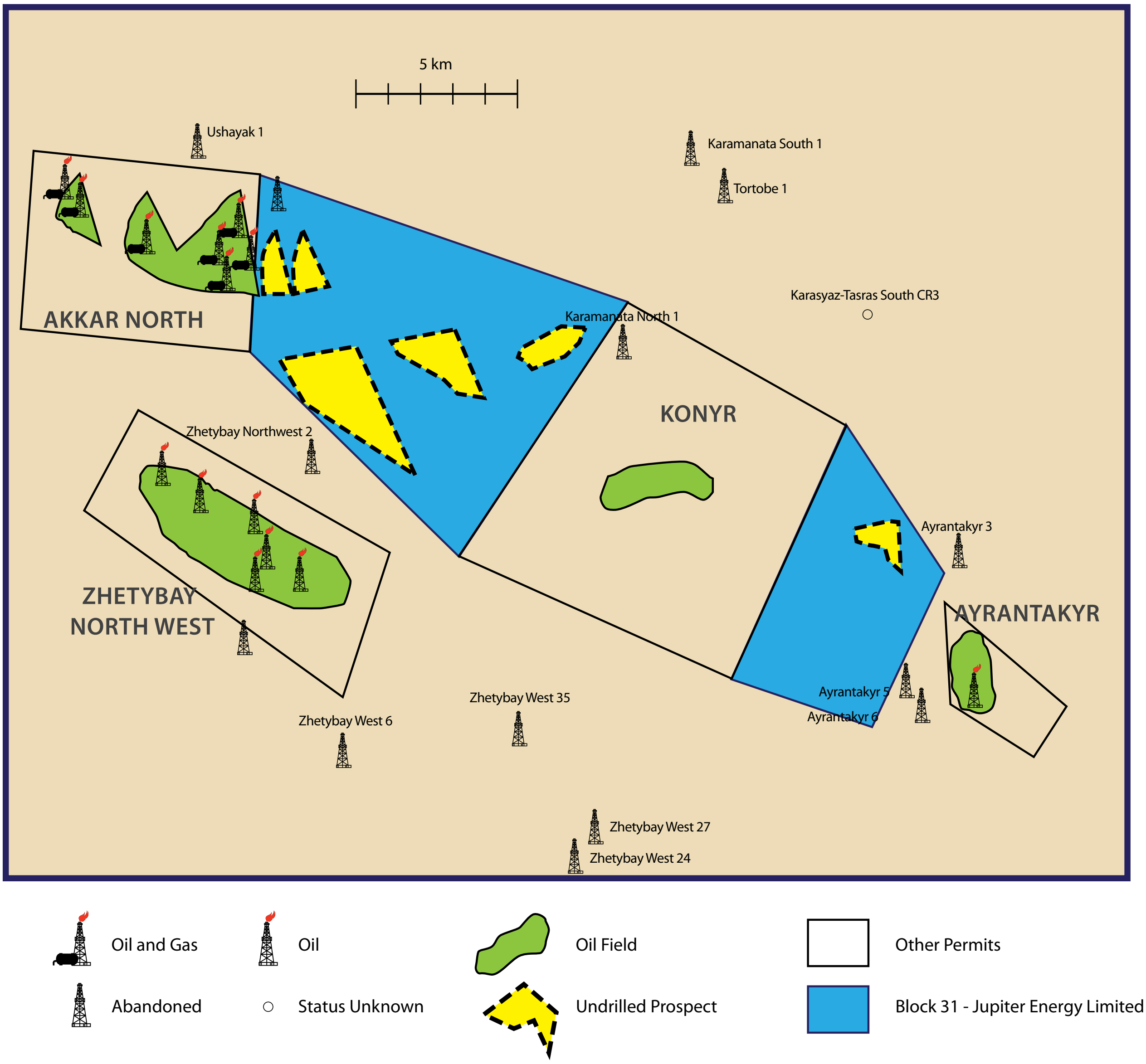

Figure 2: Position 2 of the 2 block permit in relation to other oil fields in the same area.

The Company has also made it clear that it is seeking to acquire additional oil producing permits and can confirm that it is already reviewing several opportunities located in the same region as this initial permit as well as other permits in other regions. The objective is to complete the acquisition of a share in at least one other oil producing asset in Kazakhstan sometime during the 2007 calendar year.

BLOCK 31 - PLAY TYPES JURASSIC 4 WAY DIP & TRIASSIC FAULT BLOCKS

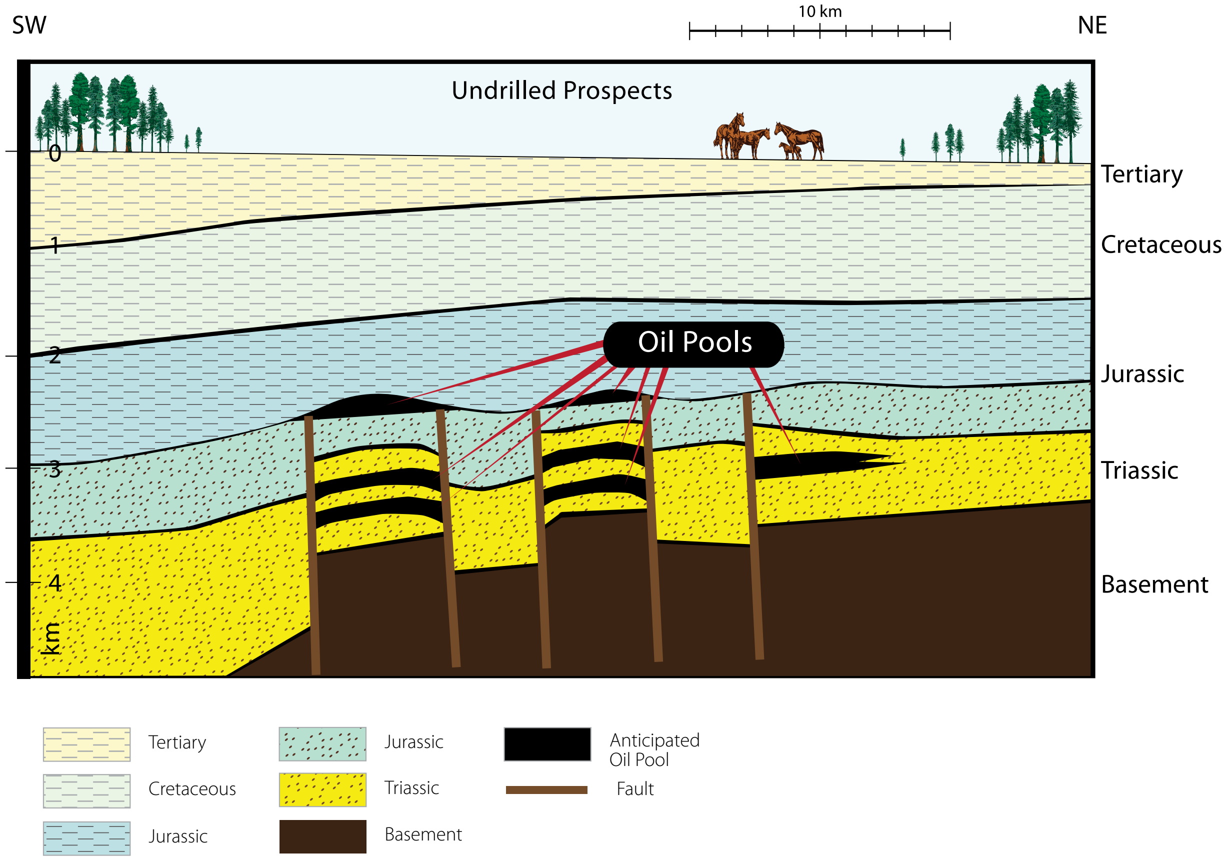

Figure 3: Predicted areas of drilling interest on permit.

Concluding Remarks

The Board is delighted with the progress that has been made this year and by the fact that the Company was able to reach an all time high in terms of its share price and market capitalisation. Recent global market instability has seen the Company share price retreat somewhat, but we are confident of a second re rating in due course.

JPR is firmly committed to oil exploration and production in Kazakhstan and the future composition of the Board and management will continue to be refined to reflect this new focus. The Board believe that JPR is well funded, clearly focused and is now on a constant lookout for new acquisitions in the sector and that this will all combine to enable opportunities for continued growth in shareholder value during the 2007/2008 financial year.

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.

The company issued the following fully paid ordinary shares to raise funds for working capital purposes:

Date	Number of Shares	Price per share $	Amount raised $
5 July-14 September 2007	31,662,000	0.12	$3,799,440
23-27 April 2007	17,500,000	0.04	$700,000
13 June 2007	100,000,000	0.04	$4,000,000

The company issued the following listed options to raise funds for working capital purposes:

Date	Number of Options	Price per option $	Amount raised $
13 June 2007	100,000,000	0.001	$100,000

On 3 July 2007, the Company signed a binding terms sheet with the vendors of the Sub Surface Rights on a permit in the Mangistau Basin in South West Kazakhstan. The permit is located in the Zhetybay-Uzen step where government records indicate reserves are 6 Billion barrels of oil equivalent (BOE) of which 80% is oil. The two biggest oil fields are Uzen and Zhetybay which produce from both the Jurassic and the Triassic.

The underlying terms of the transaction are as follows:

JPR will pay the vendors of the permit an initial deposit of $US 500,000. The Vendors will seek government approval to assign the Sub Surface Rights to JPR and receive a waiver from the Government of Kazakhstan to refuse to exercise its pre emptive right to also acquire an interest in these Sub Surface Rights. The waiver process is followed in Kazakhstan whenever there is a sale of rights of oil & gas permits from one party to another and it is expected to take up to 120 days to complete. The $US 500,000 deposit will be fully refunded if this waiver is not received.

On completion, JPR will conclude the purchase of the Sub Surface Rights from the vendors by way of:

- The issue of 16 million fully paid ordinary shares in JPR; and
- The payment of $US 5,500,000 which, when combined with the initial deposit, makes the total cash consideration paid $US 6,000,000.

The transaction is subject to certain conditions precedent and these are:

- JPR receiving the necessary government approvals and waivers from MEMR to enable the transfer of the Sub Surface Rights;
- completion of due diligence by JPR on the Sub Surface Rights, to the satisfaction of the Board of JPR;
- the removal of any encumbrances on or in respect of any of the Sub Surface Rights;
- the approval of the issue of the 16 million fully paid ordinary shares by the shareholders of JPR (if this approval is required); and
- the approval by JPR shareholders to raise additional capital to complete the transaction (if this approval is required).

A formal sales agreement will be entered into by the parties.

SIGNIFICANT EVENTS AFTER THE BALANCE 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:

1. On 3 July 2007, the Company announced that it had signed a binding terms sheet with the vendors of the Sub Surface Rights on a permit in the Mangistau Basin in South West Kazakhstan. The permit is located in the Zhetybay-Uzen step where government records indicate reserves are 6 Billion barrels of oil equivalent (BOE) of which 80% is oil. The two biggest oil fields are Uzen and Zhetybay which produce from both the Jurassic and the Triassic. The underlying terms of the transaction and details of the permit are contained in the Operations Report and under the section "Significant Changes in the State of Affairs."

2. On 9 July 2007, Directors Eddie Smith and David Quinlivan resigned from the Board. Andrew Childs joined the Board that same day as a Non Executive Director, Geoff Gander took on the role of Executive Chairman meaning that the new Board was made up of:

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

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.

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
Current Directors		
G A Gander	10	10
A R Childs	-	-
E Svanbayev	-	-
Departing Directors		
D Quinlivan	5	10
G Clifford	4	10
E Smith	10	10

Committee membership

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

REMUNERATION REPORT

The remuneration report is set out under the following main headings:

A	–	Principles used to determine the nature and amount of remuneration
B	–	Details of remuneration
C	–	Service agreements
D	–	Share based compensation

The information provided under headings A D includes remuneration disclosures that are required under Accounting Standard AASB 124 Related Party Disclosures. These disclosures have been transferred from the financial report and have been audited.

A Principles used to determine the nature and amount of remuneration (audited)

Remuneration Philosophy

The remuneration policy of Jupiter Energy Ltd 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 Ltd 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 Black-Scholes 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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B Details of remuneration (audited)

Remuneration of Directors and Executives

2007

	Short term benefits			Post employment benefits		Share based payment	
Name	Cash salary and fees $	Cash bonus $	Non monetary benefits $	Super annuation $	Retirement benefits $	Options $	Total $
Non Executive Directors							
E S Smith	50,000	60,000	-	9,900	-	-	119,900
D Quinlivan	30,000	-	-	2,700	-	-	32,700
G Clifford	8,307	-	-	1,242	-	-	9,549
Sub total non Executive Directors	**88,307**	**60,000**	**-**	**13,842**	**-**	**-**	**162,149**
Executive Directors							
G A Gander	160,000	100,000	2,345	23,400	-	-	285,745
Erkin Svanbayev	-	-	-	-	-	-	-
Other key management personnel							
A Meloncelli	32,462	-	-	-	-	-	32,462
S Mison	4,000	-	-	-	-	-	4,000
Totals	284,769	160,000	2,345	37,242	-	-	**484,356**

There was no performance related remuneration payable to Directors during the year.

2006

	Short term benefits			Post employment benefits		Share based payment	
Name	Cash salary and fees $	Cash bonus $	Non monetary benefits $	Super annuation $	Retirement benefits $	Options $	Total $
Non Executive Directors							
E S Smith	50,576	-	-	4,552	-	-	55,128
D Quinlivan	30,000	-	-	2,700	-	-	32,700
G Clifford	-	-	-	-	-	-	-
Sub total non Executive Directors	**80,576**	**-**	**-**	**7,252**	**-**	**-**	**87,828**
Executive Directors							
G A Gander	62,548	-	-	5,656	-	5,000	73,204
Other key management personnel							
A Meloncelli	27,500	-	-	-	-	-	27,500
Totals	170,624	-	-	12,908	-	5,000	**188,532**

C Service agreements (audited)

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

Geoff Gander, Executive Chairman (Effective – 1 July 2007)

Base Terms

- This agreement is effective from 1 July 2007 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%.
- 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.

D 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 2007

There were no options issued to directors in this period, options were issued to executives.

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

No other key management personnel of the Group were provided with options as remuneration.

Shares provided on exercise of remuneration options

No options were exercised during the year.

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 11 of this annual report.

AUDITOR INDEPENDENCE

The directors received the declaration included on page 34 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.

RSM Bird Cameron received or are due to receive the following amount for the provision of non-audit services:

Independent expert report	$40,000
Consulting services	$13,000

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

G A Gander
Director

Perth, Western Australia

28 September 2007

CORPORATE GOVERNANCE STATEMENT

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 Board of Directors of Jupiter Energy Limited is responsible for the overall corporate governance of the consolidated entity, guiding and monitoring the business and affairs of Jupiter Energy Limited 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 disclosures

Principle 6. Respect the rights of shareholders

Principle 7. Recognise and manage risk

Principle 8. Encourage enhanced performance

Principle 9. Remunerate fairly and responsibly

Principle 10. Recognise the legitimate interest of stakeholders.

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 Energy Limited's corporate governance practices were in place throughout the year ended 30 June 2007.

BOARD OF DIRECTORS

*Role of the Board (**1.1**)*

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 (**2.5**).

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 (2.2/2.3). Given his skills, experience and knowledge of the Company, the board considers that it is appropriate for him to be Chairman.

*Independent Directors **(2.1)***

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 Kazahkstan 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 **(2.5)***

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' meeting 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 (**8.1**)*

It is the policy of the Board to conduct and evaluation of its performance. The evaluation process was introduced via the Board Charter and was implemented for the year ended 30 June 2007. The objective of this evaluation is to provide best practice governance of the Company.V

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 (**4.2**)*

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 2007 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 (***4.1***).

*Nomination Committee (**2.4**)*

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 (**8.1**) (**9.2**) (**9.5**)*

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 and Note 16 to the Financial Statements.

*Risk Management (**7.1**)*

The risks involved in an 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 (***4.1***) (***7.2***).

PROMOTION OF ETHICAL AND RESPONSIBLE DECISION-MAKING

*Code of Conduct (**10.1**)*

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 (***3.1***).

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 and Note 16 to the Financial Statements (***3.2***).

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 (***5.1***).

The Company also has a strategy to promote effective communication with shareholders (***6.1***) 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.

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FINANCIAL SECTION

AUDITOR'S INDEPENDENCE DECLARATION

RSM Bird Cameron Partners
Chartered Accountants

8 St Georges Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844
T +61 8 9261 9100 F +61 8 9261 9111
www.rsmi.com.au

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE BOARD OF DIRECTORS OF
JUPITER ENERGY LIMITED**

As lead audit partner for the audit of the financial report of Jupiter Energy Limited for the year ended 30 June 2007, 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.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants

Perth, WA
Dated: 28 September 2007

J A KOMNINOS
Partner

25

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

	Note	Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
Continuing operations					
Other revenues	3	**174,456**	-	**173,128**	-
Administration expenses		**849,281**	-	**849,281**	-
Depreciation expenses		**7,074**	-	**6,635**	-
Loss on disposal of assets	4	**1,391**	-	**1,391**	-
Occupancy expenses		**27,669**	-	**27,669**	-
			-		-
Total expenses		**885,415**	-	**884,976**	-
(Loss) from continuing operations before income tax		**(710,959)**	-	**(711,848)**	-
Income tax expense	5	**-**	-	**-**	-
(Loss) from continuing operations after income tax		**(710,959)**	-	**(711,848)**	-
Discontinued operations					
Loss from discontinued operations after income tax	6	**(3,157,612)**	(2,216,888)	**(3,156,723)**	(2,216,888)
Net (loss) attributable to members of the parent		**(3,868,571)**	(2,216,888)	**(3,868,571)**	(2,216,888)
Earnings per share for loss from continuing operations attributable to the ordinary equity holders of the company:					
Basic loss per share (cents)	21	**(0.57)**	-		
Earnings per share for loss attributable to the ordinary equity holders of the company:					
Basic loss per share (cents)	21	**(3.12)**	(3.23)		

The income statements are to be read in conjunction with the notes of the financial statements set out on pages 39 to 62 inclusive.

BALANCE SHEET
AS AT 30 JUNE 2007

	Note	Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
ASSETS					
Current Assets					
Cash and cash equivalents	7	7,615,057	1,861,593	7,614,955	1,841,521
Trade and other receivables	8	17,747	12,387	17,747	396,370
Other current assets	9	7,220	32,220	7,220	32,220
Total Current Assets		7,640,024	1,906,200	7,639,922	2,270,111
Non Current Assets					
Property, plant and equipment	10	19,281	25,362	19,281	23,386
Mineral exploration expenditure	11(i)	-	50,000	-	-
Biodiesel development	11(ii)	-	312,548	-	-
Other financial assets	12	-	-	102	101
Total Non Current Assets		19,281	387,910	19,383	23,487
Total Assets		7,659,305	2,294,110	7,659,305	2,293,598
Current Liabilities					
Payables	13	301,798	113,738	301,798	113,226
Provisions	14	1,841	-	1,841	-
Total Current Liabilities		303,639	113,738	303,639	113,226
Total Liabilities		303,639	113,738	303,639	113,226
Net Assets		7,355,666	2,180,372	7,355,666	2,180,372
Equity					
Contributed equity	15	20,007,523	10,963,658	20,007,523	10,963,658
Accumulated losses		(12,651,857)	(8,783,286)	(12,651,857)	(8,783,286)
Total Equity		7,355,666	2,180,372	7,355,666	2,180,372

The balance sheets are to be read in conjunction with the notes of the financial statements set out on pages 39 to 62 inclusive.

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

	Note	Consolidated		Company	
		2007	2006	2007	2006
		$	$	$	$
Cash flow from operating activities					
Receipts from customers		50,806	27,110	806	27,110
Payments to suppliers and employees		(925,350)	(387,812)	(926,378)	(387,812)
Interest received		173,650	65,754	172,322	65,754
Interest paid		(1,871)	-	(1,871)	-
Net cash flows (used in) operating activities	26	(702,765)	(294,948)	(755,121)	(294,948)
Cash flows from investing activities					
Payment for plant and equipment		(3,938)	(2,755)	(3,938)	(779)
Proceeds from disposal of exploration tenements		50,000	-	-	-
Payment for exploration costs, tenements development		-	(1,920,004)	-	-
Payment for biodiesel project development		(2,513,286)	(319,277)	-	-
Repayment of loans from controlled entities		-	-	50,000	-
Loans to controlled entities		-	-	(2,440,960)	(2,261,228)
Proceeds from bond		-	864,000	-	864,000
Net Cash flows (used in) investing activities		(2,467,224)	(1,378,036)	(2,394,898)	(1,398,007)
Cash flows from financing activities					
Proceeds from issues of shares		9,171,860	1,887,119	9,171,860	1,887,119
Transactions cost from issue of shares		(248,407)	(19,790)	(248,407)	(19,790)
Net cash flows from financing activities		8,923,453	1,867,329	8,923,453	1,867,329
Net increase/(decrease) in cash held		5,753,464	194,345	5,773,434	174,374
Cash at beginning of the year		1,861,593	1,667,248	1,841,521	1,667,147
Cash at end of the year	7	7,615,057	1,861,593	7,614,955	1,841,521

The cash flow statements are to be read in conjunction with the notes of the financial statements set out on pages 39 to 62 inclusive.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2007

	Issued capital *$*	*Accumulated Losses* *$*	*Total* *$*
CONSOLIDATED			
At 1 July 2005	9,096,329	(6,566,398)	2,529,931
Loss for the year	-	(2,216,888)	(2,216,888)
Issue of share capital	1,862,329	-	1,862,329
Cost of share-based payments	5,000	-	5,000
At 30 June 2006	10,963,658	(8,783,286)	2,180,372
At 1 July 2006	10,963,658	(8,783,286)	2,180,372
Loss for the year	-	(3,868,571)	(3,868,571)
Issue of share capital	8,923,453	-	8,923,453
Cost of share-based payments	120,412	-	120,412
At 30 June 2007	20,007,523	(12,651,857)	7,355,666

PARENT			
At 1 July 2005	9,096,329	(6,566,398)	2,529,931
Loss for the year	-	(2,216,888)	(2,216,888)
Issue of share capital	1,862,329	-	1,862,329
Cost of share-based payments	5,000	-	5,000
At 30 June 2006	10,963,658	(8,783,286)	2,180,372
At 1 July 2006	10,963,658	(8,783,286)	2,180,372
Loss for the year	-	(3,868,571)	(3,868,571)
Issue of share capital	8,923,453	-	8,923,453
Cost of share-based payments	120,412	-	120,412
At 30 June 2007	20,007,523	(12,651,857)	7,355,666

The statements of changes in equity are to be read in conjunction with the notes of the financial statements set out on pages 39 to 62 inclusive.

Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2007

1 CORPORATE INFORMATION

The financial report of Jupiter Energy Limited for the year ended 30 June 2007 was authorised for issue in accordance with a resolution of the directors on 28 September 2007.

Jupiter Energy 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 note 3.

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 begin hedged.

The financial report is presented in Australian dollars.

(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 2006. The adoption of these new and revised Standards and Interpretations did not have any effect on the financial position or performance of the Group.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ending 30 June 2007. These are outlined in the table below.

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2005-10	Amendments to Australian Accounting Standards [AASB 132,AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]	Amendments arise from the release in August 2005 of AASB 7 *Financial Instruments Disclosure*	1-January 2007	AASB 7 is a disclosure standard so will have no direct impact on the amounts included in the Group's financial statements. However, the amendments will result in changes to the financial instrument disclosures included in the Group's financial report.	1 July 2007
AASB 2007-1	Amendments to Australian Accounting Standards arising from AASB Interpretation 11 [AASB 2]	Amending standard issued as a consequence of AASB Interpretation 11 *Group and Treasury Share Transactions.*	1 March 2007	This is consistent with the Group's existing accounting policies for share-based payments so will have no impact.	1 July 2007

Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2007

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2007-2	Amendments to Australian Accounting Standards arising from AASB Interpretation 12 [AASB 1, AASB 117, AASB 118, AASB 120.AASB 121. AASB 127, AASB 131 & AASB 139]	Amending standard issued as a consequence of AASB Interpretation 12 *Service Concession Arrangements.*	1 January 2008	As the Group currently has no service concession arrangements or public-private-partnership (PPP), it is expected that this Interpretation will have no impact on its financial report.	1 July 2008
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]	Amending standard issued as a consequence of AASB 8 *Operating Segments.*	1 January 2009	AASB 8 is disclosure standard so will have no direct impact on the amounts included in the Groups financial statements. However the new standard may have an impact on the segment disclosures including in the Group's financial report.	1 July 2009
AASB 2007-4	Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments	The standard is a result of the AASB decision that, in principle, all accounting policy options currently existing in IFRS should be included in Australian equivalents to IFRS and additional Australian disclosures should be eliminated, other than those considered particularly relevant in the Australian reporting environment.	1 July 2007	As the Group does not anticipate changing any of its accounting policy choices as a result of the issue of AASB 2007-4 this standard will have no impact on the amounts included in the Group's financial statements. Changes to disclosure requirement will have no direct impact on the amounts included in the Group's financial statements. However the new standards may have an impact on the Group's financial report.	l July 2007
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 Interpretation 1 & 12]	Amending standard issued as a consequence of AASB 123 (revised) Borrowing Costs.	1 January 2009	As the Group does not currently construct or produce any qualifying assets which are financed by borrowings the revised standard will have no impact.	1 July 2009
AASB 2007-7	Amendments to Australian Accounting Standards [AASB 1, AASB 2, AASB 4, AASB 5, AASB 107 & AASB 128]	Amending standard issued as a consequence of AASB 2007-4	1 July 2007	Refer to AASB 2007-4 above.	1 July 2007
AASB 7	*Financial Instruments: Disclosure*	New standard replacing disclosure requirements of AASB 132.	1 January 2007	Refer to AASB 2005-10 above.	1 July 2007

Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2007

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 8	*Operating Segments*	This new standard will replace AASB 114 *Segment Reporting* and adopts a management approach to segment reporting.	1 January 2009	Refer to AASB 2007-3 above.	1 July 2009
AASB 101 (revised October 2006)	*Presentation of Financial statements*	The revised standard includes some text from IAS 1 that is not in the existing AASB 101 and has fewer additional Australian disclosure requirements than the existing AASB 101.	1 January 2007	AASB 101is a disclosure standard so will have no direct impact on the amounts included in the Group's financial statements. The revised standard may result in changes to the disclosures included in the Group's financial report.	I July 200
AASB 123 (revised June 2007)	*Borrowing Cost*	The revised version of AASB 123 requires borrowing costs to be capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset.	1 January 2009	Refer to AASB 2007-6 above.	1 July 2009
AASB Interpretation 10	*Interim Financial Reporting and Impairment*	Addresses an inconsistency between AASB 134 Interim Financial Reporting and the impairment requirements related to goodwill in AASB 136 Impairment of Assets and equity instruments classified as available for sale in AASB 139 Financial Instruments: Recognition and Measurement.	1 November 2006	The prohibitions on reversing impairment losses in AASB 136 and AASB 139 to take precedence over the more general statement in AASB 134 that interim reporting is not expected to have any impact on the Group's financial report.	1 July 2007
AASB Interpretation 11	*Group and Treasury Share Transactions*	Specifies that a share-based payment transaction in which an entity receives services as consideration for its own equity instruments shall be accounted for as equity-settled.	1 March 2007	Refer to AASB 2007 -1 above.	1 July 2007

Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2007

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB Interpretation 12	*Service Concession Arrangements*	Clarifies how operators recognise the infrastructure as a financial asset and/or an intangible asset – not as property, plant and equipment	1 January 2008	Refer to AASB 2007-2 above	l July 2008
AASB Interpretation 12 (revised June 2007)	*Service Concession Arrangements: Disclosures*	The revised interpretation was issued as a result of the issue of Interpretation 12 and requires specific disclosures about services concession arrangements entered into by an entity, whether as a concession operator or a concession provider.	1 January 2008	Refer to AASB 2007-2 above	1 July 2008
IFRIC Interpretation 13	*Customer Loyalty Programmes*	Deals with the accounting for customer loyalty programmes, which are used by companies to provide incentives to their customers to buy their products or use their services.	1 July 2008	The Company does not have any customers loyalty programmes and as such this interpretation is not excepted to have any impact on the Company's financial report.	1 July 2008
IFRIC Interpretation 14	*IAS 19 – The Asset Ceiling: Availability of Economic Benefits and Minimum Funding Requirements*	Aims to clarify how to determine in normal circumstances the limit on the asset that an employer's balance sheet may contain in respect of its defined benefit pension plan.	1 January 2008	The Company does not have a defined benefit pension plan and as such this interpretation is not expected to have any impact on the Company's financial report.	1 July 2008

Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2007

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 Black-Scholes model, using the assumptions detailed in note 17.

Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2007

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 reviews, 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 the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2007

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 divided yield and the risk-free interest rate for the term of the option.

Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2007
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 the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2007

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 the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2007
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.

(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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
NOTE 3. REVENUE				
Revenue from continuing operations				
Interest Received	173,650	-	172,322	-
Other Income	806	-	806	-
Sale of Cyanide	-	-	-	-
	174,456	-	173,128	-
Revenue from discontinued operations				
Interest Received	-	65,754	-	65,754
Other Income	50,000	20,110	-	20,110
Sale of Cyanide	-	7,000	-	7,000
	50,000	92,864	-	92,864

NOTE 4. OPERATING (LOSS)

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

	Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
Net gains (loss)				
Net gain/(loss) on disposal of fixed assets	(1,391)	-	(1,391)	-

NOTE 5. TAXATION

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

	Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
Prima facie income tax benefit on operating (loss) at 30% (2006:30%)	(1,160,571)	(665,066)	(1,160,571)	(665,066)
Non deductible expenditure:				
- Sundry items	-	335	-	335
- Loan impairment non-controlled entity	402,780	-	402,780	-
- Exploration expenditure written off	-	561,001	-	-
- Share Based payments	36,123	1,500	36,123	1,500
Deductible expenditure				
- Capital raising costs	-	(77,043)	-	(77,043)
- Exploration and biodiesel expenditure incurred	-	(671,784)	-	-
Temporary differences and tax losses not bought to account as a deferred tax asset	721,667	851,057	721,667	740,274
Income tax expense	-	-	-	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$

NOTE 5. TAXATION (Continued)

Deferred tax asset calculated at 30% (2006:30%) 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	3,127,368	2,685,000	3,127,368	2,685,000
Temporary differences	430,372	151,073	430,372	151,073
	3,557,740	2,836,073	3,557,740	2,836,073

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.

NOTE 6. DISCONTINUED OPERATIONS

In January 2007 the board decided to cease the biodiesel project based in Malaysia and look for new business opportunities. In May 2007 the Company sold 100% of the issued capital of Jupiter Biofuels Sdn Bhd.

In March 2007 the board decided to cease oil and gas exploration on PEP 163 and PEP 164 in Victoria

These segments were not discontinued operations or classified as held for sale as at 30 June 2006 and the comparative income statement has been re-presented to show the discontinued operation separately from continuing operations.

Financial performance and cash flow information

The results of the discontinued operations for the year until disposal are presented below:

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
Results of discontinued operation				
Revenue	50,000	92,864	-	92,864
Expenses	(3,207,613)	(2,309,752)	(3,156,723)	(2,309,752)
Results from operating activities	(3,157,613)	(2,216,888)	(3,156,723)	(2,216,888)
The net cash flows from the discontinuing operations which has been incorporated into the cash flow statement are as follows:				
Net cash inflow/(outflow) from operating activities	(211,367)	(294,948)	(261,367)	(294,948)
Net cash inflow/(outflow) from investing activities	(2,463,287)	(1,378,036)	(2,440,960)	(1,398,007)
Net cash inflow/(outflow) from financing activities	-	1,867,329	-	1,867,329
Net cash (used) by the discontinuing operations	(2,674,654)	194,345	(2,702,327)	174,374

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
NOTE 7. CASH ASSETS				
Cash at bank and in hand	3,251,677	1,346,195	3,251,575	1,326,123
Short-term deposits	4,363,380	515,398	4,363,380	515,398
	7,615,057	1,861,593	7,614,955	1,841,521

The bank accounts are at call and pay interest at a weighted average interest rate of 5.68% at 30 June 2007 (2006: 5.58%)

	Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
NOTE 8. RECEIVABLES				
Other debtors	17,747	12,387	17,747	12,387
Loan to controlled entities	-	-	4,652,188	2,253,987
Less provision for non recovery	-	-	(4,652,188)	(1,870,004)
	17,747	12,387	17,747	396,370
NOTE 9. OTHER CURRENT ASSETS				
Environmental bond	-	25,000	-	25,000
Rental bond	7,220	7,220	7,220	7,220
	7,220	32,220	7,220	32,220
NOTE 10. PLANT AND EQUIPMENT				
Plant and equipment	103,526	101,563	103,526	99,587
Accumulated depreciation	(84,245)	(76,201)	(84,245)	(76,201)
	19,281	25,362	19,281	23,386
Movements during the Year				
Plant and Equipment				
Carrying amount at beginning of year	25,362	33,209	23,386	33,209
Additions	3,937	2,755	3,937	779
Disposals	(1,391)	-	(1,391)	-
Disposal of controlled entity	(1,538)	-	-	-
Depreciation	(7,089)	(10,602)	(6,651)	(10,602)
Carrying amount at end of year	19,281	25,362	19,281	23,386

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
NOTE 11. MINERAL EXPLORATION & DEVELOPMENT EXPENDITURE				
(i). MINERAL EXPLORATION				
Exploration expenditure carried forward in respect of areas of interest in:	-	50,000	-	-
Exploration (PEP 163/164) costs	-	50,000	-	-
Movements in mining tenements and exploration costs during the year				
Balance at beginning of year	50,000	-	-	-
Expenditure incurred during the year	-	1,920,004	-	-
Expenditure written off during the year	-	(1,870,004)	-	-
Decrease due to sale	(50,000)	-		
Balance at end of year	-	50,000	-	-

The write off is after 'unsuccessful efforts' in drilling and seismic expenses from the PEP163 and PEP164 activities.

	Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
(ii) BIODIESEL DEVELOPMENT				
Biodiesel expenditure carried forward in respect of areas of interest in:				
Biodiesel development costs	-	312,548	-	-
	-	312,548	-	-
Movements in Biodiesel development costs during the year				
Balance at beginning of year	312,548	-	-	-
Expenditure incurred during the year	2,513,287	312,548	-	-
Expenditure written off during the year	(2,825,835)	-	-	-
Balance at end of year	-	312,548	-	-
NOTE 12. OTHER FINANCIAL ASSETS				
Shares in controlled entities at cost	-	-	102	101
	-	-	102	101

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
NOTE 13. PAYABLES				
Trade creditors	216,281	100,488	216,281	99,976
Trade creditors – related parties	-	2,750	-	2,750
Accrued expenses	82,400	10,500	82,400	10,500
Other payables	3,117	-	3,117	-
	301,798	113,738	301,798	113,226
NOTE 14. PROVISIONS				
Annual leave entitlements	1,841	-	1,841	-
	1,841	-	1,841	-
NOTE 15. CONTRIBUTED EQUITY				
Issued Capital				
Ordinary shares	19,702,913	10,879,459	19,702,913	10,279,459
Share options	304,610	84,198	304,610	84,198
	20,007,523	10,963,658	20,007,523	10,963,658

(a) Movements in ordinary share capital:

	Number of Shares	$
Balance 30 June 2005	59,560,677	9,017,131
Share Placement - $0.065 - Sept 2005	4,151,846	269,870
Share Placement - $0.06 - April 2006	9,500,000	570,000
Share Placement - $0.125 - June 2006	8,338,000	1,042,250
Capital raising expenses		(19,792)
Balance 30 June 2006	81,250,523	10,879,459
Share Placement	31,662,000	3,957,750
Exercise of Options - 31st Oct 2006	11,666	2,334
Exercise of Options - 31st Dec 2006	4,937,200	394,976
Share Placement - $0.04 – April 2007	17,500,000	700,000
Exercise of Options	26,000	2,080
Exercise of Options	176,000	14,080
Exercise of Options	8,000	640
Share Placement - $0.04 – June 2007	100,000,000	4,000,000
Capital raising expenses		(248,406)
Balance 30 June 2007	235,571,389	19,702,913

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

NOTE 14. CONTRIBUTED EQUITY (Continued)

	Number of Options	$
(b) Movements in options		
Balance 30 June 2005	22,338,004	79,198
Issue of Options to Director	5,000,000	5,000
Issue of Options attaching to Share Placement (1 for 5) – June 2006	1,667,600	-
Balance 30 June 2006	29,005,604	84,198
Issue of Options – 30 June 2008	3,250,000	120,412
Issue of Options – 31 Dec 2008	6,332,400	-
Exercise of Options - 31 Oct 2006	(11,666)	-
Exercise of Options - 31 Dec 2006	(4,937,200)	-
Lapsing of Options - 31 Oct 2006	(22,326,338)	-
Exercise of Options	(26,000)	-
Exercise of Options	(176,000)	-
Exercise of Options	(8,000)	-
Issue of Options – 30 June 2010	100,000,000	100,000
Issue of Options – 30 June 2010	100,000,000	-
Balance 30 June 2007	211,102,800	304,610

Terms and conditions

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 2008 unlisted options exercisable at 12 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 2008;

c) the exercise price of the Options is $0.12;

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. The options do not expire upon Geoff Gander ceasing to be a Director of the Company.

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 charge 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 2007

Terms and conditions of 31 December 2008 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 31 December 2008;

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. The Options do not expire upon Geoff Gander ceasing to be a Director of the Company.

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 30 June 2010 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 31 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)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

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 20 to 26.

Details of compensation

The company has taken advantage of the relief provided by the Corporations Regulations and has transferred the detailed remuneration disclosures to the directors' report. The relevant information can be found in sections A-C of the remuneration report on pages 20 to 26.

Share holdings

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

	Held at 1 July 2006	Purchases / Issued	Exercised	Lapsed	Held at 30 June 2007
Directors					
E S Smith (resigned 9 July 2007)	8,092,409	200,000	-	-	8,292,409
G A Gander	1,335,000	2,165,000	-	-	3,500,000
D Quinlivan (resigned 9 July 2007)	-	-	-	-	-

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.

	Held at 1 July 2006	Purchases / Issued	Exercised	Lapsed	Held at 30 June 2007
Directors					
E S Smith (resigned 9 July 2007)	466,666	-	245,400	221,266	-
G A Gander	5,481,484	-	-	481,484	5,000,000
D Quinlivan (resigned 9 July 2007)	-	-	-	-	-

Service Agreements

Refer to page 25 of the Remuneration Report for details of service agreements with the Directors.

Transactions with Key Management Personnel

Mr E S Smith is a Director of Impress Energy Limited which provided accounting and company secretarial services to Jupiter Energy Limited during the year ended 30 June 2007 amounting to $35,708 (2006:$29,495).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

NOTE 17. SHARE BASED PAYMENTS

On 15 September 2006, 3,250,000 unlisted share options were granted to Petro Technology Australia Pty Ltd and FEI Resources (M)Sdn Bhd after approval by shareholders at the 2006 Annual General Meeting.

	2007 Number of Options	2007 Weighted Average Exercise $
Outstanding at the beginning of the year	-	-
Granted	3,250,000	0.12
Forfeited	-	-
Exercised	-	-
Expired	-	-
Outstanding at year end	3,250,000	0.12
Exercisable at year end	3,250,000	0.12

The price was calculated by using the Binomial option pricing model applying the following inputs:

Weighted average exercise price	-	-	-	0.12
Weighted average life of the options	-	-	-	21 months
Underlying share price	-	-	-	0.13
Expected share price volatility	-	-	-	75%
Risk free interest rate	-	-	-	5.87%

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future tender, which may not eventuate.

The life of the options is based on the historical exercise patterns, which may not eventuate in the future.

Included under expenses in the income statement is $120,412 (2006: $5,000), and relates, in full, to equity-settled share-based payment transactions.

NOTE 18. RELATED PARTY TRANSACTIONS

Wholly Owned/Controlled Group

The wholly owned/controlled group consists of Jupiter Energy Limited and its controlled entities, Jupiter Energy (Victoria) Pty Ltd and Jupiter Biofuels Limited. 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 2007 and 2006 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 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
Loan to controlled entities	-	-	4,652,188	2,261,227
Less provision for non recovery	-	-	(4,652,188)	(1,877,244)
	-	-	-	383,983

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
NOTE 19. COMMITMENTS FOR EXPENDITURE				
Operating Lease Commitments				
Non cancellable operating lease commitments contracted for (but not capitalised in the accounts) that are payable:				
- not later than one year	12,541	35,332	12,541	28,665
- later than one year but not later than five years	-	21,002	-	14,335
	12,541	56,334	12,541	43,000
NOTE 20. AUDITORS RENUMERATION				
Amounts received or due and receivable by RSM Bird Cameron Partners:				
- auditing or reviewing the financial report	26,000	15,800	26,000	15,500
- other services	53,000	965	53,000	965
	79,000	16,765	79,000	16,465

	Consolidated	
	2007	2006
	$	$
NOTE 21. EARNINGS PER SHARE		
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	123,822,136	68,639,676

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

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.

2007		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	7,615,057	-	-	-	-	7,615,057
Receivables	-	-	-	-	17,747	17,747
Bonds	7,220	-	-	-	-	7,220
	7,622,277	-	-	-	17,747	7,640,027
Weighted average interest rate	5.91%	-	-	-	-	-
Financial Liabilities						
Payables	-	-	-	-	301,798	301,798
Provisions	-	-	-	-	-	-
	-	-	-	-	301,798	301,798
Weighted average interest rate	-	-	-	-	-	-

2006		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	1,861,241	-	-	-	352	1,861,593
Receivables	-	-	-	-	12,387	12,387
Bonds	32,220	-	-	-	-	32,220
	1,893,461	-	-	-	12,739	1,906,200
Weighted average interest rate	5.58%	-	-	-	-	-
Financial Liabilities						
Payables	-	-	-	-	113,738	113,738
Provisions	-	-	-	-	-	-
	-	-	-	-	113,738	113,738
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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

NOTE 23. SEGMENT REPORTING

Business Segments
The consolidated entity during the year had the following two business segments:

- Oil and gas exploration near Geelong Victoria which was sold during the year.
- The development of a Biodiesel plant in Kuantan Port, Malaysia.

Primary Reporting - Business Segments

2007	Discontinued operations			Continuing Operations	Consolidated
	Biodiesel	Oil & Gas (Australia)	Gold Mining	Oil & Gas (Kazakhstan)	Total
	$	$	$	$	$
Revenue	50,000	-	-	174,456	224,456
Profit / (loss)	(3,157,612)	-	-	(710,959)	(3,868,571)
Assets	-	-	-	7,659,305	7,659,305
Liabilities	-	-	-	303,639	303,639
Other					
Depreciation and amortisation	-	-	-	7,074	7,074
Other non-cash segment expenses	(2,946,247)	-	-	-	(2,946,247)

2006	Discontinued operations			Continuing Operations	Consolidated
	Biodiesel	Oil & Gas (Australia)	Gold Mining	Oil & Gas (Kazakhstan)	Total
	$	$	$	$	$
Revenue	65,754	-	27,110	-	92,864
Profit / (loss)	(373,994)	(1,870,004)	27,110	-	(2,216,888)
Assets	2,218,748	50,000	25,362	-	2,294,110
Liabilities	87,932	-	25,806	-	113,738
Other					
Depreciation and amortisation	10,602	-	-	-	10,602
Other non-cash segment expenses	-	1,870,004	-	-	1,870,004

Geographical segments
The economic entity's business segments are located in Australia for oil and gas exploration and the biodiesel development was in Malaysia.

Secondary Reporting – Geographical Segments

	Carrying Amount Of Segment Assets		Contribution To Net Profit (loss)	
	2007	2006	2007	2006
	$	$	$	$
Geographical Location				
Australia	7,659,305	1,902,887	(590,547)	(2,216,888)
Malaysia	-	391,223	(3,278,024)	-
	7,659,304	2,294,110	(3,868,571)	(2,216,888)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

NOTE 24. INVESTMENT IN CONTROLLED ENTITIES

	Country of incorporation	Equity Holding 2007 %	Equity Holding 2006 %
Name of Entity			
Jupiter Energy (Victoria) Pty Ltd	Australia	100	100
Jupiter Biofuels Pty Ltd	Australia	100	100
Jupiter Energy (Kazakhstan) Pty Ltd	Australia	100	-
Jupiter Biofuels Sdn Bhd	Malaysia	-	100

Jupiter Energy (Kazakhstan) Pty Ltd was incorporated on 13 June 2007.

NOTE 25. CONTINGENT LIABILITIES

There are no contingent liabilities as at 30 June 2007.

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

	Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
Operating (loss) after income tax:	(3,868,571)	(2,216,888)	(3,868,571)	(2,216,888)
Add/(less) non cash items:				
Depreciation	7,074	10,602	6,635	10,602
Share based payments	120,412	-	120,412	-
Loss on disposal of assets	1,391	-	1,391	-
Writedown exploration costs	-	1,870,004	-	-
Writedown of loan to controlled entities to recoverable value	2,825,835	-	2,774,943	1,877,244
Changes in assets and liabilities:				
(Increase)/decrease in receivables	(5,360)	18,338	(5,360)	18,338
(Increase)/decrease in other current assets	25,000	-	25,000	-
(Decrease)/increase in payables	189,614	24,815	188,588	15,756
Increase/(decrease) in provisions	1,841	(1,819)	1,841	-
	(702,765)	(294,948)	(755,121)	(294,948)

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 OCCURING 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:

1. On 3 July 2007, the Company announced that it had signed a binding terms sheet with the vendors of the Sub Surface Rights on a permit in the Mangistau Basin in South West Kazakhstan. The permit is located in the Zhetybai-Uzen step where government records indicate reserves are 6 Billion barrels of oil equivalent (BOE) of which 80% is oil. The two biggest oil fields are Uzen and Zhetybai which produce from both the Jurassic and the Triassic. The underlying terms of the transaction and details of the permit are contained in the Operations Report and under the section "Significant Changes in the State of Affairs."

2. On 9 July 2007, Directors Eddie Smith and David Quinlivan resigned from the Board. Andrew Childs joined the Board that same day as a Non Executive Director. Geoff Gander took on the role of Executive Chairman meaning that the new Board was made up of:

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

DIRECTORS' DECLARATION

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

In the opinion of the directors:

(a) the financial statements and notes of the company and of the consolidated entity are 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 2007 and of their performance for the year ended on that date; and

  (ii) complying with Accounting Standards and Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Geoff Gander
Executive Chairman

Perth, 28 September 2007

INDEPENDENT AUDITOR'S REPORT

RSM Bird Cameron Partners
Chartered Accountants

8 St Georges Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844
T +61 8 9261 9100 F +61 8 9261 9101
www.rsmi.com.au

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 2007 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.

We have also audited the remuneration disclosures contained in the directors' report. As permitted by the *Corporations Regulations 2001*, the company has disclosed information about the remuneration of directors and executives ("remuneration disclosures"), required by Accounting Standard AASB 124 *Related Party Disclosures*, under the heading "remuneration report" in the directors' report and not in the financial report.

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 1, 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.

The directors of the company are also responsible for the remuneration disclosures contained in the directors' report.

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. Our responsibility is to also express an opinion on the remuneration disclosures contained in the directors' report based on our audit.

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Major Offices in: Perth, Sydney, Melbourne, Adelaide and Canberra ABN 36 965 185 036

RSM Bird Cameron Partners is an independent member firm of RSM International, an affiliation of independent accounting and consulting firms.

INDEPENDENT AUDITOR'S REPORT(cont.)

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 company'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 company'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 and the remuneration disclosures contained in the directors' 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 on the Financial Report

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 2007 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 1.

Auditor's Opinion on the AASB 124 remuneration Disclosures Contained in the Directors' Report

In our opinion the remuneration disclosures that are contained in the directors' report comply with Accounting Standard AASB 124.

RSM Bird Cameron Partners
RSM BIRD CAMERON PARTNERS
Chartered Accountants

J A KOMNINOS
Partner

Perth, WA
Dated: 28 September 2007

ASX ADDITIONAL INFORMATION

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

SHAREHOLDINGS (as at 31 August 2007)

Substantial shareholders

The number of shares held by substantial shareholders and their associates are set out below:

	Ordinary Shares	%
Merrill Lynch (Australia) Nominees Pty Ltd <Berndale A/C>	45,450,000	19.28

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	13	-
1,001	–	5,000	85	-
5,001	–	10,000	169	2
10,001	–	100,000	823	44
100,001	and over		292	53
Total			**1,382**	**99**

The number of shareholders holding less than a marketable parcel of ordinary shares is 52.

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	235,796,189
Listed Options - $0.08 expire 30 June 2010	200,000,000
Unlisted Options - $0.12 expire 30 June 2008	8,250,000
Unlisted Options - $0.08 expire 31 December 2008	2,668,000

TWENTY LARGEST SHAREHOLDERS

Name of Holder	No. of Ordinary Shares Held	% of Issued Capital
Merrill Lynch (Australia) Nominees Pty Ltd <Berndale A/C>	45,450,000	19.28
Petroleum Ventures Pty Ltd	7,850,280	3.33
Kapiri Holdings Pty Ltd	6,500,000	2.76
Perizia Investments Pty Ltd	4,250,000	1.80
Citicorp Nominees Pty Ltd	3,891,946	1.65
Kingstown Investments Pty Ltd	3,750,000	1.59
Lagral SCP	3,500,000	1.48
Mr Guiseppe John Marano + Mrs Chesia Marano <GJ Marano S/F A/C>	3,305,463	1.40
HSBC Custody Nominees (Australia) Limited	2,750,000	1.17
Goldcrest Corporation Pty Ltd < John Morris Super Fund A/C>	2,500,000	1.06
Mr Jo Patoir	2,350,000	1.00
Mr Jose Paredes Leviste	2,100,000	0.89
Blackmort Nominees Pty Ltd <45676 A/C>	2,062,043	0.87
ANZ Nominees Limited <Cash Income A/C>	2,055,000	0.87
Bluefind Pty Ltd	2,000,000	0.85
Pacifique Asset Management Ltd	2,000,000	0.85
HSBC Custody Nominees (Australia) Limited	1,955,000	0.83
Walthamstow Pty Ltd <PAPC A/C>	1,937,848	0.82
Canaccord Capital (Australia) Pty Ltd <The Raptor Fund A/C>	1,888,667	0.80
Australian African Global Investments Pty Ltd	1,503,000	0.64
Total	103,599,247	43.94%

TWENTY LARGEST LISTED OPTION HOLDERS

Name of Holder	No. of Ordinary Shares Held	% of Issued Capital
Merrill Lynch (Australia) Nominees Pty Ltd <Berndale A/C>	145,250,000	72.63
Petroleum Ventures Pty Ltd	7,625,000	3.81
Kapiri Holdings Pty Ltd	6,500,000	3.25
Perizia Investments Pty Ltd	4,250,000	2.13
Kingstown Investments Pty Ltd	3,750,000	1.88
Lagral SCP	3,500,000	1.75
Pacifique Asset Management Ltd	2,730,000	1.37
Bluffpoint Corporation Pty Ltd <A L Rigoll Family A/C>	2,500,000	1.25
Mr Jo Patoir	2,350,000	1.18
Bluefind Pty Ltd	2,000,000	1.00
Perizia Properties Pty Ltd	1,500,000	0.75
Canaccord Capital (Australia) Pty Ltd <The Raptor Fund A/C>	1,250,000	0.63
Waterford Investments Group Limited <Insinger TY 16264 A/C>	1,250,000	0.63
Mrs Luisa Berenice Leslie	1,200,000	0.60
Paso Holdings Pty Ltd	1,000,000	0.50
Summerset Investments Pty Ltd	800,000	0.40
Great Eastern Holdings Pty Ltd <Numbung Unit A/C>	750,000	0.38
Mr Michael Rigoll	625,000	0.31
Vitoria Pty Ltd	500,000	0.25
Bluebase Pty Ltd	450,000	0.23
Total	189,780,000	94.93%

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www.jupiterenergy.com.au

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Jupiter Energy Limited

Level 1, 1275 Hay Street
West Perth, WA 6005

Tel: **(08) 9322 8222**
Fax: (08) 9322 8244

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