JUPITER ENERGY LIMITED

ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

CORPORATE INFORMATION

Jupiter Energy Limited
ABN 65 084 918 481

Directors
Geoffrey Gander (Executive Chairman/Chief Executive Officer)
Baltabek Kuandykov (Non-Executive Director)
Alexey Kruzhkov (Non-Executive Director)
Alexander Kuzev (Non-Executive Director)
Phil Warren (Non-Executive Director)

Group Secretary
Emma Wates

Registered Office & Principal Place of Business
945 Wellington Street
West Perth WA 6005
PO Box 1282
Western Australia 6872

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

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

Auditors
Ernst & Young
11 Mounts Bay Road
Perth WA 6000

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

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

Telephone	1300 557 010 (only within Australia)
	+61 8 9323 2000
Facsimile	+61 8 9323 2033
Website	www.computershare.com

Stock Exchange Listing
Jupiter Energy Limited shares are listed on the Australian Securities Exchange under the code “JPR”.

Contents of Financial Report

CHAIRMAN'S LETTER

Dear Shareholder,

I am pleased to present the 2019 Annual Report for Jupiter Energy Limited ("Jupiter Energy" or "the Group").

The past year has seen continued progress with Kazakh operations with oil production reaching approximately 241,000 barrels, an increase of almost 270% on the previous year's production level. Sales revenue of $A8,963,533 was achieved for the 2018/19 Financial Year, representing an increase of 207% over the previous year.

Kazakhstan continues to be a difficult jurisdiction in which to operate. During the financial year the company had continued discussions with the Kazakh authorities to seek clarity over a range of operational issues and work programs. The primary focus for the Company at the time of this report is to seek an extension for a further three years to its Exploration Licence, which currently runs through to 29 December 2019.

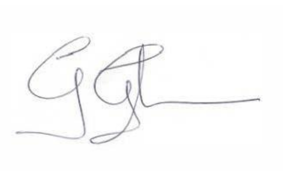
The introduction during the year of a new code governing Sub Surface Users has meant that the licence extension process has changed and getting clarity from the authorities on the definitive outcome of the application for an extension is proving difficult. The Company will continue to work with the relevant authorities and is preparing all the requisite paperwork required under the new law to get the process completed by year end but at the time of writing this letter, the Company cannot be certain that the matter will be resolved by the 29 December 2019 deadline.

Details on potential next steps in the event of the Exploration Licence extension not having been received by 29 December 2019 are contained in the Operations Report.

That said, the Board remains confident in the prospectivity of the Block 31 permit area and hopes to conclude negotiations with the authorities in the coming months.

Finally, may I take this opportunity to thank all our employees and shareholders for their continued support over the past twelve months and encourage shareholders to attend the Annual General Meeting to be held in Perth on 27 November 2019.

Sincerely



Geoff Gander
Chairman/CEO

DIRECTORS' REPORT

Your Directors submit their report together with the financial statements for Jupiter Energy Limited ("Company") and its wholly owned subsidiaries ("Jupiter Energy" or "Group") for the financial year ended 30 June 2019.

Jupiter Energy Limited is a company limited by shares that is incorporated and domiciled in Australia.

DIRECTORS

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

Names, qualifications experience and special responsibilities

Geoffrey Anthony Gander (56)

B.Com
Executive Chairman/CEO

Appointed 27 January 2005

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

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

Other Current Directorships of Listed Companies
Powerhouse Ventures Limited (ASX)

Former Directorships of Listed Companies in last three years
Zyber Holdings Limited (ASX)

Baltabek Kuandykov (71)

Independent Non-Executive Director

Appointed 5 October 2010

Mr Kuandykov has considerable experience in the oil and gas industry in the region, having served as President of Kazakhoil (predecessor of the Kazakh State oil company KazMunaiGas). He was also seconded by the Kazakh Government to work with Chevron Overseas Petroleum on CIS projects. Mr Kuandykov also has extensive government experience in Kazakhstan, having served as Deputy Minister of Geology, Head of the Oil and Gas Directorate at the Ministry of Geology, and was Deputy Minister of Energy and Fuel Resources.

Other Current Directorships of Listed Companies
None

Former Directorships of Listed Companies in last three years
None

Alexander Kuzev (54)

Independent Non-Executive Director
Appointed 12 September 2017

Mr Kuzev is an oil industry professional with over 27 years of experience.

Most of Alexander's career has been spent working in the Former Soviet Union (FSU) with much of that time responsible for the overall management of field operations with a focus on production sustainability, technology and field maintenance. He has worked with a range of oil and gas companies including Schlumberger and Gazprom Drilling.

Alexander brings an important technical skill set to the Jupiter Energy Board as well as in country experience, having been involved with various Kazakhstan based oil and gas operations since the late 1990's.

Other Current Directorships of Listed Companies
None

Former Directorships of Listed Companies in last three years
None

Phil Warren (45)

B.Com., CA
Independent Non-Executive Director
Appointed 20 April 2018

Mr Warren is a Chartered Accountant and has over 20 years experience in finance and corporate roles in Australia and Europe.

He is Managing Director of a corporate advisory services firm and has extensive experience in mergers and acquisitions, debt financing, equity raisings and corporate governance.

Other Current Directorships of Listed Companies
Cassini Resources Limited, Rent.com.au Limited, Family Zone Cyber Safety Limited

Former Directorships of Listed Companies in last three years
None

Alexey Kruzhkov (52)

Non-Executive Director
Appointed 29 August 2016

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

Other Current Directorships of Listed Companies
None

Former Directorships of Listed Companies in last three years
None

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

At the date of this report, the interests of the Directors in the shares of the Company are outlined below. The Company does not have any options on issue as at the date of this report:

Director	Number of ordinary shares
G Gander	811,112
B Kuandykov	-
A Kruzhkov	-
A Kuzev	-
P Warren	-

Each Director must disclose any changes via formal ASX announcement in accordance with regulatory requirements. Any changes in Directors' shareholdings are also confirmed at each Board meeting.

PRINCIPAL ACTIVITIES

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

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

FINANCIAL REVIEW

Operating Results

The consolidated loss for the year after income tax was $8,927,775 (2018: $10,023,725).

Review of Financial Condition

At the end of the 2019 financial year, cash resources were $534,690 (2018: $408,241). These accounts have been prepared on a going concern basis, predicated on the Group's ability to raise additional cash. Refer to note 2(a) for additional information surrounding going concern.

Assets increased to $54,478,718 (2018: $50,182,659) and equity decreased to negative $24,713,787 (2018: negative $14,348,305).

Funding and Capital Management:

As at 30 June 2019, the Group had 153,377,693 listed shares trading under the ASX ticker "JPR". During the year the company made a decision to delist from the Kazakhstan Stock Exchange (KASE). The delisting was successful on 10 June 2019.

During the year the Company funded operations primarily from oil sales with small amounts being drawn down on a monthly basis from existing credit facilities to cover corporate expenses.

As at 30 June 2019 the Company had $US2.51m available to it under the 2016 and 2017 Funding Agreements. The Group is still reviewing its ongoing funding requirements to enable it to complete any work program associated with an extension to its Exploration Licence beyond 29 December 2019.

This extension will be required to develop Block 31 to the stage where export oil sales are being achieved and further development of the field is self-funding.

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

OPERATING REVIEW

The financial year saw continued oil production from the Akkar East and West Zhetybai oilfileds and a return to Trial Production from the Akkar North (East Block) field.

Production Report/Status of Well Licences:

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

During the financial year, oil was produced from the Akkar East J-51, J-52 and 19 wells under their respective Trial Production Licences (TPL's). These three wells are all located on the northern section of the permit and are part of the Akkar East oilfield.

The J-53 well, which is also located on the Akkar East oilfield, was shut in for the entire financial year, awaiting further remedial work before potentially coming back onto production.

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

The J-50 well returned to Trial Production during the financial year after the successful resolution of a dispute with neighbour MangistauMunaiGas involving the division of reserves on the Akkar North oilfield.

Production- West Zhetybai (J-55, 58, 59 wells):

During the year oil was produced from the J-58 well. A workover of the J-59 well commenced in June 2019 and initial results have been positive with the well expected to contribute to oil production in the 4th Quarter of calendar year 2019.

A summary of the oil produced from the all wells during the financial year, broken down by quarter, is as follows:

Well Number	Production (1Q) (bbls)	Production (2Q) (bbls)	Production (3Q) (bbls)	Production (4Q) (bbls)	TOTAL bbls for the 2018/19 Financial Year
J-50	-	-	1,300	10,100	11,400
J-51	9,000	7,000	6,800	11,800	34,600
J-52	11,000	13,000	11,500	14,200	49,700
Well 19	14,250	6,000	7,300	9,250	36,800
J-58	6,500	46,000	34,300	21,800	108,600
ALL PRODUCING WELLS	**40,750**	**72,000**	**61,200**	**67,150**	**241,100**

Drilling Report:

During the financial year the Company drilled the J-57 well, situated on the Akkar East oilfield.

Well J-57 is located in the previously undrilled faulted block (Block IV) on the south-eastern extension of the Akkar East oilfield. It was the Company's ninth well on its overall contracted area that covers the Akkar North (East Block), the Akkar East and the West Zhetybai oilfields.

The main risk involved with the drilling of well J-57 was the presence of a 3D mapped fault between the oil producing Block III of the Akkar East field and the prospective Block IV, where well J-57 is located.

The reason for drilling well J-57 in the Block IV location was to attempt to prove up the probable reserves that formed part of the Preliminary Reserves Report of the Akkar East field, approved in 2012 by the Kazakh State Authorities, prior to the submission, by the Company, of the Akkar East Final Reserves Report.

An approved Final Reserves Report is a key requirement before the Company can move the Akkar East field to commercial production and be permitted to sell oil from the oilfield into the export market. Currently all oil produced from the Akkar East field is sold into the Kazakh domestic oil market.

Well J-57 took a total of 61 days to drill and reached a total depth of 3120 m on December 5th, 2018; the primary target Mid Triassic was intersected at 2780m - some 7m lower than it was intersected at the closest production well (J-52). The target reservoir was 120m thick, which again was similar to that which was found when drilling the J-52 well. Hydrocarbon shows whilst drilling and subsequent open-hole logs indicated possible hydrocarbons in the Mid Triassic reservoirs (both T^2A & T^2B).

The completion and testing of J-57 took place during the 1st quarter of 2019 and included perforating the well underbalanced with tubing conveyed perforating guns, monitoring fluid levels and running pressure gauges. Acid treatment was then used to try and stimulate the saturated formation and facilitate the flow of oil into the wellbore. The resultant flow from the lower reservoir T^2B was ~360 barrels per day of water and oil film. Analysis of the recovered water was tested and confirmed as formation water and it was concluded the whole reservoir T^2B was water wet.

The most likely reason for this result is a fault sealing between Blocks III and IV on Akkar East field - and whilst there is a thick column of oil on the northwest Block III, the reservoir T^2B southeast Block IV is wet.

This is the first clear indication of the existence of such a fault seal in oil reservoir T^2B and whilst the occurrence of such a seal is not uncommon in oil fields, it does now identify a target T^2B reservoir on the Akkar East field where hydrocarbons are likely not to be present.

The fluid flow after perforating from upper reservoir T^2A was slow, but surface oil samples were taken. Visually oil from the T^2A reservoir had more viscosity and density than oil taken from the T^2B reservoir.

Well J-57 is still undergoing fluid monitoring and when this work is completed the well will be plugged and abandoned as per Kazakh regulatory requirements.

The drilling of any other new wells will require access to additional working capital and/or agreement to deferred payment terms with a turnkey drilling operator.

Oil Production and Revenues:

There were approximately 241,000 barrels of oil produced during the year for revenues of $8,963,533. There were 90,000 barrels produced in the previous reporting period, generating revenues of $2,922,167. All oil produced during the year was sold into the domestic market (as per the terms of the Block 31 Exploration Period Licence) to a local trader. Oil was paid for on a prepayment basis and oil collected by the trader from the well head.

Status of Exploration Licence:

The Company currently operates all three of its oilfields under an Exploration Licence that expires on 29 December 2019.

The Company has opened discussions with the relevant Kazakh authorities regarding an extension of the Company's Exploration Licence. There are several potential avenues available for an extension to the Exploration Licence beyond this date and the Company is reviewing which may be the most appropriate.

Kazakhstan introduced new Sub Surface laws during the financial year and these new laws have made significant changes to a range of areas including application for licence extensions. Whilst the Company is still regulated by the old laws, there is a desire by the Kazakh authorities for all sub surface users to migrate to the new code and this is an important part of the current discussions.

The preferred approach will be to see the Block 31 permit broken into two areas. One will contain the Akkar East oilfield and this field will move from Trial Production to Commercial Production. This reflects the fact that five wells have already been drilled on this field (J-51, J-52, J-53, J-57 and Well 19) and the area is now ready for its Final Reserves Report and the move from the exploration stage to full field development.

The issue facing the Company is that in order to move Akkar East into Commercial Production, the oilfield must have access to infrastructure that enables it to achieve 100% gas utilization – ie the flaring of excess gas produced during oil production, that is allowed during Trial Production, is not allowed when producing under Commercial Production.

The Company is looking at various alternatives to enable it to meet this mandatory requirement but it is almost certain that this will not be achieved by 29 December 2019 and therefore the wells of Akkar East will be shut in from 29 December 2019 until such time that access to infrastructure that provides for 100% gas utilization is in place.

The other two fields will continue to operate under an extended Exploration Licence and produce oil in a Trial Production environment.

Akkar North (East Block) was shut in for several years whilst the dispute over reserves with MangistauMunaiGas was resolved and therefore still needs a further well drilled on the oilfield before a Final Reserves Report can be completed. This will be the focus during the extended Exploration Period and oil will continue to be produced from the J-50 well, with excess gas being flared as is allowed when wells are operating in Trial Production.

The development of the West Zhetybai field was also delayed for several years due to issues regarding the approval of its Preliminary Reserve Reports and the extension of Trial Production Licences for the J-58 and J-59 wells, so again further wells need to be drilled on this oilfield before a Final Reserves Report can be completed. This will also be the focus during the extended Exploration Period and oil will continue to be produced from the J-58 well and, potentially, the J-59 well, with excess gas being flared as is allowed when wells are operating in Trial Production.

It is hoped that the Company will complete all the various paperwork and associated approvals over the coming months to achieve the above scenarios. Three local institutes have been engaged to assist in the preparation of the various documents required and the Ministry of Energy has given in principle support for the extensions as outlined above.

That said, there are several regulatory bodies that need to review and sign off on the documents and each of these groups take time. In the event that all the sign offs have not been received by 29 December 2019, it is possible that the Company would have to shut in all operations until such time that the various Addendums have been signed and fall back plans have been drawn up to ensure the business can sustain such a shutdown.

In the event that an extension to the Exploration Licence is not approved at all, the Company would need to review its underlying project cashflow and an impairment of the carrying value of the asset may be required.

It is important to note that the Company currently has a 25 year Commercial Production Licence so in theory could continue operations under this licence from 30 December 2019, but there are a number of key requirements that are needed before commercial production can commence, the most critical of which is providing infrastructure to allow all three oilfields to produce oil with 100% gas utilization. As already discussed above, this infrastructure is not currently in place and will not be by 29 December 2019.

As such, the best way forward will be an extension to the Exploration Licence for at least another 2 years, allowing the Company time to complete exploration and appraisal drilling on the Akkar North (East Block) and West Zhetybai fields whilst producing under Trial Production. At the same time, the Company will need to focus on getting access to the necessary infrastructure to enable 100% gas utilization and thus commence commercial production on the Akkar East field.

Go Forward Drilling Program:

With the current uncertainty regarding production revenues beyond 29 December 2019, the Board has resolved to suspend further drilling work for the remainder of 2019 which means that the planned J-53 side track on Akkar East and the drilling of the J-60 well on West Zhetybai will not occur until 2020, when funding for this work will be more certain.

2015 Work Program Under Performance Fine:

In July 2019, the Company was served a notice by the Kazakh Ministry of Energy to pay a fine of approximately $US900,000 in relation to under performance of its 2015 Work Program.

The Company believes that it has legitimate grounds as to why it did not complete 100% of its 2015 Work Program and has lodged an appeal to that effect.

As announced on 20 September 2019, this fine has now been paid in full and the Company continues to await the outcome of its appeal.

KASE Listing:

On 10 June 2019 the Company was delisted from the Kazakhstan Stock Exchange (KASE).

Corporate Hiring:

The Company continued to grow its staff in Aktau during the financial year and ended the year with 39 employees, an increase of 9 over the year.

Board Additions and Changes:

There were no changes to the Board during the financial year.

Annual General Meetings:

The 2018 AGM was held in Perth on 12 November 2018 and all Resolutions were passed. The 2019 AGM will be held in Perth on 27 November 2019 and shareholders are encouraged to attend. A Notice of Meeting outlining business to be covered at the 2019 AGM will be mailed to shareholders in early October 2019.

Directors Renumeration:

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

Summary:

The 2018/19 Financial Year saw the Group make continued progress with almost a 270% increase in the number of barrels of oil produced and a 207% increase in revenues.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

SUBSEQUENT EVENTS

Other than the payment of the 2015 Under Performance Fine documented above, there are no material after balance dates events to report as at the date of this report.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

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

As Jupiter Energy Limited is listed on the Australian Stock Exchange it is subject to the continuous disclosure requirements of the ASX Listing Rules for Companies which require immediate disclosure to the market of information that is likely to have a material effect on the price or value of Jupiter Energy Limited's securities.

ENVIRONMENTAL REGULATION

The consolidated entity is committed to achieving the highest standards of environmental performance. Standards set by the Government of Kazakhstan are comprehensive and highly regulated. The consolidated entity strives to comply not only with all Kazakh government regulations, but also maintain worldwide industry standards.

To maintain these high standards the Group is committed to a locally developed environmental monitoring program. This monitoring program will continue to expand as and when new regulations are implemented and adopted in Kazakhstan.

HEALTH & SAFETY

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

MEETINGS OF DIRECTORS

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

	Board of Directors	
	Number attended	Number eligible to attend
Current Directors		
G Gander	4	4
B Kuandykov	4	4
A Kruzhkov	4	4
P Warren	4	4
A Kuzev	4	4

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

COMPETENT PERSONS STATEMENT

General

Alexey Glebov, PhD, with over 33 years' oil & gas industry experience, is the qualified person who has reviewed and approved the technical information contained in this report. Alexey PhD's in technical science (1992) and geology science (2006), an Honors Degree in Geology and Geophysics (1984) from Novosibirsk State University and a Gold Medal (1985) from USSR Academy of Sciences. He is a member since 2001 of the European Association of Geoscientists & Engineers (EAGE #M2001-097) and was made an Honorary Oilman in 2011 by the Ministry of Energy of the Russian Federation. Alexey Glebov is qualified in accordance with ASX Listing Rule 5.41.

Kazakh State Approved Reserves

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

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

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

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

INDEMNIFICATION OF AUDITORS

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

AUDITOR INDEPENDENCE

The Directors received the declaration included on page 20 of this annual report from the auditor of Jupiter Energy Limited.

NON-AUDIT SERVICES

During the year, the Group paid $14,953 to Ernst & Young Kazakhstan LLP for taxation advisory services.

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

UNISSUED SHARES UNDER OPTION

At the date of this report, there were no share options on issue and no shares were issued as a result of exercise of options during the year.

ROUNDING OF AMOUNTS

The Company has applied the relief available to it in ASIC Legislative Instrument 2016/191, and accordingly certain amounts included in this report and in the financial report have been rounded off to the nearest $1 (where rounding is applicable), under the option available to the Company under ASIC Corporations.

REMUNERATION REPORT (Audited)

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

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

DETAILS OF KEY MANAGEMENT PERSONNEL

Directors

Geoff Gander	Chairman / CEO (Executive)
Alexey Kruzhkov	Director (Non-Executive)
Baltabek Kuandykov	Independent Director (Non-Executive)
Alexander Kuzev	Independent Director (Non-Executive)
Phil Warren	Independent Director (Non Executive)

Remuneration Philosophy

The remuneration policy of the Group has been designed to align Directors and executives interests with the shareholder and business objectives by providing a fixed remuneration component and offering long term incentives based on a key performance area – with a focus to the material improvement in share price performance. The Board of the Group believes the remuneration policy to be appropriate to attract and retain the best executives and Directors to run and manage the Group, as well as create goal congruence between Directors, executives and shareholders.

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

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

The executive Directors receive a superannuation guarantee contribution as required by the government which is currently 9.5%, and do not receive any other retirement benefits. This contribution forms part of their total remuneration package.

REMUNERATION REPORT (Audited) (continued)

REMUNERATION STRUCTURE

Non-Executive Director Remuneration

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

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

Directors who are called upon to perform extra services beyond the director's ordinary duties may be paid additional fees for those services.

Executive Remuneration

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

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

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

Fixed Remuneration

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

Variable remuneration – Short Term Incentives (STI)

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

REMUNERATION REPORT (Audited) (continued)

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

Directors are not eligible for participation in the STI program.

The CEO may be awarded a one off annual bonus payment by mutual agreement and at the discretion of the Board. In the year ended 30 June 2019, the CEO was paid a cash bonus of $37,105, equivalent to 10% of the CEO salary.

Variable Remuneration – Long Term Incentives (LTI)

Objective
The objectives of long term incentives are to:

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

Structure
Long term incentives granted to Directors and senior executives are delivered either in the form of a defined bonus or via the issue of Performance Rights, issued under the Performance Rights Plan. There were no performance rights issued during the current financial year or prior financial year. There is a bonus that forms part of the CEO package which is linked to the sale of the permit area. Under the terms of the package, the CEO is entitled to $US 350,000 or 0.5% (whichever is greater) of the value of the consideration received if Jupiter or Contract 2275 (pertaining to the main project) is assigned, transferred or sold to a third party during the term of the agreement.

Group Performance

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

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

	2019 $	2018 $	2017 $	2016 $	2015 $
Revenue	8,963,533	2,922,167	-	-	3,896,359
Loss before income tax	(8,927,775)	(10,023,725)	(8,076,857)	(10,474,870)	(10,982,261)
Earnings per share (cents)	(5.82)	(6.54)	(5.27)	(6.81)	(7.16)
Last share price at Balance Date	0.011	0.041	0.25	0.25	0.25
Market capitalization	0.942m	6.3m	38.3m	38.3m	38.3m

REMUNERATION REPORT (Audited) (continued)

Remuneration of Directors and Executives

Table 1: Remuneration for the year ended 30 June 2019

	Short-term benefits			Post-employment benefits		
Name	Cash salary and Consulting fees $	Cash bonus $	Other $	Super-annuation $	Total $	Performance related %
Non-executive director		-	-	-		
A Kruzhkov*	55,901	-	-	-	55,901	-
B Kuandykov* (a)	508,588	-	-	-	508,588	-
P Warren (b)	-	-	-	-	-	-
A Kuzev* (c)	83,851				83,851	-
Total non-executive director	**648,340**	**-**	**-**	**-**	**648,340**	**-**
Executive director						
G Gander* (d)	312,884	37,105	-	40,000	389,989	11.86%
Total executives	**312,884**	**37,105**	**-**	**40,000**	**389,989**	**-**
Totals	**961,224**	**37,105**	**-**	**40,000**	**1,038,329**	**3.57%**

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

a) Amount includes Non Executive Director fee of US$40,000 (A$55,901), Consulting Fees of US$120,000 (A$167,702) and consulting fees of A$284,985 (2018: A$258,414) which are accrued and paid under normal terms and conditions to Meridian Petroleum LLP, of which Mr. Kuandykov is a director, for the provision of geological services at normal commercial rates.
b) In accordance with the agreement between Grange Consulting Group Pty Ltd ("Grange") and the Group, the Group incurred A$151,000 in corporate consulting fees and office rent charged by Grange on normal commercial terms. Of this amount, A$42,000 was incurred by the Group for services provided by Mr. Warren who is a Director of Grange Consulting. This amount is not included in the remuneration of Mr Warren and is not payable to Mr Warren.
c) Amount includes Non Executive Director fee of US$30,000 (A$41,926) and Consulting Fees of US$30,000 (A$41,926) which are paid on normal commercial terms.
d) During the year, consulting fees of A$349,989 were accrued and paid under normal terms and conditions to Symdean Pty Ltd, of which Mr Gander is a director for his role as CEO.

REMUNERATION REPORT (Audited) (continued)

Table 2: Remuneration for the year ended 30 June 2018

	Short-term benefits			Post-employment benefits		
Name	Cash salary and Consulting fees $	Cash bonus $	Other $	Super-annuation $	Total $	Performance related %
Non-executive director		-	-	-		
A Kruzhkov*	52,154	-	-	-	52,154	
B Kuandykov* (a)	478,525	-	-	-	478,525	
P Warren (b)	-	-	-	-	-	
A Kuzev* (c)	30,966				30,966	
Total non-executive director	**561,645**	**-**	**-**	**-**	**561,645**	
Executive director						
G Gander* (d)	316,970	-	-	40,000	356,970	
S Mison* (e)	90,000	-	-	-	90,000	-
Total executives	**406,970**			**40,000**	**446,970**	
Totals	**968,615**			**40,000**	**1,008,615**	

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

a) Amount includes Non Executive Director fee of US$40,000 (A$52,154), Consulting Fees of US$120,000 (A$167,957) and consulting fees of A$258,414 (2017: A$40,599) which are accrued and paid under normal terms and conditions to Meridian Petroleum LLP, of which Mr. Kuandykov is a director, for the provision of geological services at normal commercial rates.
b) Appointed 20 April 2018. For the period since appointment and in accordance with the agreement between Grange Consulting Group Pty Ltd ("Grange") and the Group, the Group incurred A$24,483 in corporate consulting fees and office rent charged by Grange. Of this amount, A$8,283 was incurred by the Group for services provided by Mr. Warren who is a Director of Grange Consulting. This amount is not included in the remuneration of Mr Warren and is not payable to Mr Warren.
c) Appointed 12 September 2017.
d) During the year, consulting fees of A$316,970 were accrued and paid under normal terms and conditions to Symdean Pty Ltd, of which Mr Gander is a director for his role as CEO.
e) Fees relate to CFO / Company Secretary (A$65,000) and Director Fees (A$25,000).

Compensation Options: Granted and vested during the year ended 30 June 2019

During the 2019 and 2018 financial years, there were no options granted. No options, listed or unlisted, were exercised during the year.

REMUNERATION REPORT (Audited) (continued)

Performance Rights

During the 2019 and 2018 financial years, there were no performance rights granted.

Shares issued on Exercise of Compensation Options

There were no shares issued on the exercise of compensation options during the financial years ended 30 June 2019 or 30 June 2018.

Compensation Performance Rights: Granted and vested during the year ended 30 June 2018

During the 2019 and 2018 year, there were no performance rights vested and no additional performance rights were granted.

Shareholdings

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

2019	Balance 1 July 2018	Granted as Remuneration	On Exercise of Options	Net Change Other	Balance 30 June 2019
Directors					
G Gander	811,112	-	-	-	811,112
A Kruzhkov	-	-	-	-	-
A Kuzev	-	-	-	-	-
B Kuandykov	-	-	-	-	-
P Warren	-	-	-	-	-

2018	Balance 1 July 2017	Granted as Remuneration	On Exercise of Options	Net Change Other	Balance 30 June 2018
Directors					
G Gander	811,112	-	-	-	811,112
A Kruzhkov	-	-	-	-	-
A Kuzev	-	-	-	-	-
B Kuandykov	-	-	-	-	-
P Warren	-	-	-	-	-

Performance Rights Holdings

There were no performance rights held by, granted to or exercised by Key Management Personnel during the financial years ended 30 June 2019 or 30 June 2018.

Option Holdings

There were no options held by, granted to or exercised by Key Management Personnel during the financial years ended 30 June 2019 or 30 June 2018.

REMUNERATION REPORT (Audited) (continued)

Service agreements

The Group has an Executive services agreement with its Executive Director and has non-executive appointment letters outlining the policies and terms of appointment, including compensation, for each non-executive Director. These represent the service agreements for all KMP's of the group. The main provisions of the agreements in relation to Directors holding management roles are set out below:

Geoff Gander, Executive Chairman (Effective – 8 September 2017)

Base Terms

- This agreement was effective from 8 September 2017 and has no set term.
- Base Salary of GBP200,000 (A$340,000) including Director Fees and the current Superannuation Levy of 9.5%.
- Mr Gander will be paid a Bonus of $US350,000 or 0.5% (whichever is greater) of the value of the consideration received by the Group if the Company or Contract 2275 is assigned, transferred or sold to a third party during the term of the Agreement.
- Director fees of A$3,333 per month (included in Base Salary figure above), deferred until such time that at least US$5,000,000 in new equity is raised or alternatively the Group sells the Block 31 licence and receives the funds associated with that sale.

The main provisions of the agreements in relation to non-executive Directors are set out below:

Baltabek Kuandykov, Non-Executive Director (Effective – 5 October 2010)

Mr Kuandykov is entitled to a base fee of US$ 40,000 per annum. Mr Kuandykov's fees are deferred until such time that at least US$5,000,000 in new equity is raised or alternatively the Group sells the Block 31 licence and receives the funds associated with that sale. Mr Kuandykov will be reimbursed any expenses properly incurred concerning the Group's affairs. Mr Kuandykov has entered in to a management consulting agreement for which he is entitled to US$ 10,000 per month for services to the Groups Kazakhstan operations. The appointment of Mr Kruzhkov as a non-executive Director is otherwise on terms that are customary for an appointment of this nature.

Alexey Kruzhkov, Non-Executive Director (Effective – 18 June 2016)

Mr Kruzhkov is entitled to a base fee of US$ 40,000 per annum. Mr Kruzhkov's fees are deferred until such time that at least US$5,000,000 in new equity is raised or alternatively the Group sells the Block 31 licence and receives the funds associated with that sale. Mr Kruzhkov will be reimbursed reasonable expenses incurred in performing his duties, including the cost of attending Board Meetings, travel, accommodation and entertainment where agreed to by the Board. The appointment of Mr Kruzhkov as a non-executive Director is otherwise on terms that are customary for an appointment of this nature.

Alexander Kuzev, Non-Executive Director (Effective – 12 September 2017)

Mr Kuzev is entitled to a base fee of US$ 30,000 per annum. Mr Kuzev's fees are deferred until such time that at least US$5,000,000 in new equity is raised or alternatively the Group sells the Block 31 licence and receives the funds associated with that sale. Mr Kuzev will be reimbursed reasonable expenses incurred in performing his duties, including the cost of attending Board Meetings, travel, accommodation and entertainment where agreed to by the Board. The appointment of Mr Kuzev as a non-executive Director is otherwise on terms that are customary for an appointment of this nature.

REMUNERATION REPORT (Audited) (continued)

Phil Warren, Non-Executive Director (Effective – 20 April 2018)

Mr Warren is paid a base fee of $nil and will be reimbursed reasonable expenses incurred in performing his duties, including the cost of attending Board Meetings, travel, accommodation and entertainment where agreed to by the Board. Mr Warren is the Managing Director of Grange Consulting Group Pty Ltd, with which the Group has entered in to a corporate consulting agreement for corporate compliance and financial management services. The appointment of Mr Warren as a non-executive Director is otherwise on terms that are customary for an appointment of this nature.

The termination provisions are as follows:

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

Other Transactions with Key Management Personnel

Baltabek Kuandykov	During the year, consulting fees of $284,985 (2018: $258,414) were accrued and paid under normal terms and conditions to Meridian Petroleum LLP, of which Mr. Kuandykov is a director, for the provision of geological services at normal commercial rates.
Phil Warren	During the year, consulting fees of A$151,000 (2018: A$24,483) were accrued and paid under normal terms and conditions to Grange Consulting, of which Mr. Warren is a director, for the provision of corporate consulting services and office rent at normal commercial rates.

End of Remuneration Report (Audited)

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

G A Gander
Director
Perth, Western Australia
27 September 2019

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

As lead auditor for the audit of Jupiter Energy Limited for the financial year ended 30 June 2019, I declare to the best of my knowledge and belief, there have been:

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

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

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

Ernst & Young

Darryn Hall
Partner
Perth
27 September 2019

Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	Note	Consolidated 2019 $	2018 $
Revenue from contracts with customers		8,963,533	2,922,167
Cost of sales		(3,403,531)	(1,595,649)
Gross profit		**5,560,002**	**1,326,518**
Foreign exchange gain / (loss)		(3,552,272)	(2,160,291)
General and administrative expenses	4	(3,403,807)	(2,423,427)
Operating loss		**(1,396,077)**	**(3,257,200)**
Finance income		20,449	18,925
Finance costs	17	(7,552,147)	(6,785,450)
Loss before tax		**(8,927,775)**	**(10,023,725)**
Income tax expense	5	-	-
Loss after income tax		**(8,927,775)**	**(10,023,725)**
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods net of tax			
Foreign currency translation		(1,437,707)	(740,377)
Total comprehensive (loss)/income for the period		**(10,365,482)**	**(10,764,102)**
Earnings per share for loss attributable to the ordinary equity holders of the Group:			
Basic loss per share (cents)	23	(5.82)	(6.54)
Diluted loss per share (cents)	23	(5.82)	(6.54)

The consolidated statement of comprehensive income is to be read in conjunction with the notes of the financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	Consolidated 2019 $	Consolidated 2018 $
ASSETS			
Current Assets			
Cash and cash equivalents	6	534,690	408,241
Trade and other receivables	7	79,950	164,367
Other current assets	8	166,184	148,945
Inventories	9	27,474	43,968
Total Current Assets		**808,298**	**765,521**
Non-Current Assets			
Trade and other receivables	7	2,277,059	2,599,429
Oil and gas properties	11	20,427,153	17,228,238
Plant and equipment	12	1,169,768	564,453
Exploration and evaluation expenditure	13	29,336,875	28,614,808
Other financial assets	10	459,565	410,210
Total Non-Current Assets		**53,670,420**	**49,417,138**
Total Assets		**54,478,718**	**50,182,659**
Current Liabilities			
Trade and other payables	14	3,347,098	1,734,647
Other financial liabilities	17	183,319	-
Contract liabilities	15	696,102	41,629
Total Current Liabilities		**4,226,519**	**1,776,276**
Non-current Liabilities			
Provisions	16	347,411	244,258
Other financial liabilities	17	74,618,575	62,510,430
Total Non-Current Liabilities		**74,965,986**	**62,754,688**
Total Liabilities		**79,192,505**	**64,530,964**
Net Liability		**(24,713,787)**	**(14,348,305)**
Equity			
Contributed equity	18	85,633,935	85,633,935
Share based payment reserve	19	5,764,014	5,764,014
Foreign currency translation reserve	19	(27,700,327)	(26,262,620)
Accumulated losses		(88,411,409)	(79,483,634)
Total Equity / (Deficit)		**(24,713,787)**	**(14,348,305)**

The consolidated statement of financial position is to be read in conjunction with the notes of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	Consolidated 2019 $	Consolidated 2018 $
Cash flow from operating activities			
Receipts from customers		10,781,020	3,209,873
Payments to suppliers and employees		(5,211,971)	(3,053,793)
Interest received		20,449	18,925
Net cash flows (used in) operating activities	25	**5,589,498**	**175,005**
Cash flows from investing activities			
Payments for exploration and evaluation expenditure		(6,321,647)	(1,908,594)
Payments for property, plant and equipment		(320,150)	(1,365)
Net Cash flows (used in) investing activities		**(6,641,797)**	**(1,909,959)**
Cash flows from financing activities			
Proceeds from unsecured loan		1,192,369	1,773,172
Net cash flows from financing activities		**1,192,369**	**1,773,172**
Net (decrease) in cash held		140,070	38,218
Effects of exchange rate changes		(13,621)	(27,086)
Cash at beginning of the year		408,241	397,109
Cash at end of the year	6	**534,690**	**408,241**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Note	*Contributed Equity*	*Share Based Payment Reserve*	*Foreign Currency Translation Reserve*	*Accumulated Losses*	*Total*
		$	*$*	*$*	*$*	*$*
CONSOLIDATED						
As at 1 July 2017		85,633,935	5,764,014	(25,522,243)	(69,459,909)	(3,584,203)
Loss for the period		-	-	-	(10,023,725)	(10,023,725)
Other comprehensive loss	19	-	-	(740,377)	-	(740,377)
Total comprehensive loss		-	-	(740,377)	(10,023,725)	(10,764,102)
At 30 June 2018		**85,633,935**	**5,764,014**	**(26,262,620)**	**(79,483,634)**	**(14,348,305)**
As at 1 July 2018		85,633,935	5,764,014	(26,262,620)	(79,483,634)	(14,348,305)
Loss for the period		-	-	-	(8,927,775)	(8,927,775)
Other comprehensive loss	19	-	-	(1,437,707)	-	(1,437,707)
Total comprehensive loss		-	-	(1,437,707)	(8,927,775)	(10,365,482)
At 30 June 2019		**85,633,935**	**5,764,014**	**(27,700,327)**	**(88,411,409)**	**(24,713,787)**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1 CORPORATE INFORMATION

The financial report of Jupiter Energy Limited for the year ended 30 June 2019 was authorised for issue in accordance with a resolution of the directors on 27 September 2019.

Jupiter Energy Limited is a Company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange. Jupiter Energy Limited is a for profit entity.

The nature of the operations and principal activities of the Group are described in the Directors Report on pages 2 to 19 of this report.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

The amounts contained within this report have been rounded to nearest $1 (where rounding is applicable) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191.

Going Concern

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

As at 30 June 2019, the Group had a net current liability position of A$3,418,221 and available funding of $US2,516,000 ($A3,587,622) under its two existing framework funding agreements (refer to note 17 for additional detail). The group is able to settle its short term obligations from available funding as, included in the net current liability position balance, are accrued director fees of $655,004 for which settlement has been deferred and contract liabilities of $696,102 that will be settled through the physical delivery of oil.

For the Group to be able to continue to carry out intended drilling and evaluation of Block 31 and to have sufficient working capital the group is required within the next 12 months to:

- secure additional funding;
- obtain an extension to the current exploration term for Block 31 contract 2275, with the current exploration term expiring in December 2019; and
- refinance existing promissory and convertible notes, that mature in July 2020 (refer to note 17).

The group's Block 31, 2275 contract, is currently operating under an extended exploration term. If a further extension to the exploration term is not obtained, a final reserve estimate will need to be submitted to the state committee of reserves of natural resources of the republic of Kazakhstan for approval and the required onsite infrastructure to provide for 100% gas utilization (i.e. no flaring of gas) from oil production will also need to be in place to be able to extract and sell oil under the commercial production license that forms part of the Block 31, 2275 contract. Due to the significant infrastructure required, which is not currently in place, and the confinement of production to approved reserves under the commercial production license, should an extension to the exploration term not be granted:

- the value of Block 31 may not be fully realised as intended and it could have implications on asset values currently recognised in the financial statements;

- the promissory and convertible note facility holders may have right to demand repayment prior to their current maturity date (to which such items are currently classified as non-current based on the terms and circumstances in existence at balance date which sets out a maturity date of July 2020).

The Directors, after consultation with the major shareholders, debt providers and the Kazakhstan ministry of oil and gas are confident of being able to secure the required funding, refinance existing promissory and convertible notes and obtain an extension to the exploration term for Block 31 however there remains uncertainty as to whether all of these matters will be achieved.

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

(b) Statement of compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

i. New or revised standards and interpretations that are first effective in the current reporting period

The financial report has been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2018 with the exception of the impact of new and amended standards and interpretations issued by the AASB and effective 1 July 2018.

AASB 9 Financial Instruments

AASB 9 supersedes AASB 139 'Financial Instruments: Recognition and Measurement' and was adopted by the Group from 1 July 2018. This, and the related amendments to other accounting standards, introduced three significant areas of change from AASB 139 Financial Instruments: Classification and Measurement:

- A new model for classification and measurement of financial assets and liabilities
- A new expected loss impairment model for determining impairment allowances; and
- A redesigned approach to hedge accounting.

The standard has been applied retrospectively as at 1 July 2018 without adjustment to comparatives.

Classification and Measurement:

For financial liabilities, the existing classification and measurement requirements of AASB 139 are largely retained.

For financial assets, under the new standard these are classified as measured at amortised cost, fair value through profit or loss, or fair value through other comprehensive income. The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Group's business model was made as of the date of initial application, 1 July 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 July 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

Trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. Thus, the Group has continued to measure these at amortised cost under AASB 9.

The classification and measurement requirements of AASB 9 did not have a significant impact on the Group. The adoption has impacted the classification of financial assets and liabilities as follows:

Class of financial instrument presented in the statement of financial position	Original measurement category under AASB 9 (i.e. prior to 1 July 2018)	New measurement category under AASB 9 (i.e. from 1 July 2018)
Cash and cash equivalents	Loans and receivables	Financial assets at amortised cost
Trade and other receivables	Loans and receivables	Financial assets at amortised cost
Other financial assets	Loans and receivables	Financial assets at amortised cost
Trade and other payables	Financial liability at amortised cost	Financial liability at amortised cost
Interest bearing loans and borrowings	Financial liability at amortised cost	Financial liability at amortised cost

Taxation receivables are considered statutory in nature and therefore not accounted for as financial assets under AASB 9. Taxation receivables are initially recognised at fair value and subsequently measured at amortised cost.

The Group has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Group's financial liabilities.

Impairment:

Under AASB 9, impairments of financial assets classified as measured at amortised cost are recognised on an expected loss basis which incorporates forward-looking information when assessing credit risk. Movements in the expected loss reserve are recognised in profit or loss.

The adoption of AASB 9 has required changes to the Group's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

AASB 9 requires the Group to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets. The expected credit losses on these financial assets are estimated based on the Group's historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current, as well as forecast, conditions at the reporting date.

For trade receivables, a simplified approach is used and for all other receivables, a general approach is used whereby the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for the financial instrument at an amount equal to expected credit losses within the next 12 months.

Due to the short-term nature and high quality of the Group's financial assets, the adoption of AASB 9 has had no material impact on the recognition of additional impairment.

Hedge Accounting:

The hedge accounting requirements of AASB 9 are not applicable to the Group as the Group has not entered in to any hedging arrangements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

AASB 15 Revenue from contracts with Customers

AASB 15 was adopted by the Group from 1 July 2018. AASB 15 supersedes AASB 111 Construction Contracts, AASB 118 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers.

The core principle of AASB 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The standard requires the Group to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted AASB 15 in accordance with the transition requirements in AASB 15, which permits Groups to transition to AASB 15 by applying the Standard:

- retrospectively to each prior reporting period presented; or
- retrospectively with the cumulative effect of initially applying the Standard recognised as at the date of initial application (i.e., at the beginning of the annual reporting period in which the entity first applies the Standard).

The Group adopted AASB 15 using the full retrospective method of adoption. The group applied the practical expedient whereby the contracts that are completed at the beginning of the earliest period presented need not to be restated. The new standards did not have a material impact on transition.

At the initial date of application, the effect of adopting AASB 15 did not have a material impact on the transactions and balances recognised in the financial statements, including comparatives, other than to reclassify amounts previously recorded as 'unearned revenue' to 'contract liabilities' for presentation purposes.

The Group's revenue accounting policy is detailed below:

<u>Sale of Oil:</u>

Revenue from the sale of oil is recognised at a point in time when the control of the product is transferred to the customer, which occurs at the well head. Revenue is recognised at the amount to which the Group expects to be entitled.

<u>Contract balances:</u>

Contract Assets:

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables:

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets under AASB 9: Financial Instruments above.

Contract liabilities:

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract. The Group applies a practical expedient available under AASB 15 by which the Group does not adjust the promised amount of consideration for the effects of a significant financing component because the Group expects, at contract inception, that the period between when the Group transfers the goods or services to a customer and when the customer pays for those goods or services will be one year or less.

Several other standard amendments and interpretations were applicable for the first time from 1 July 2018, but were not relevant to the Group and do not impact the Group's consolidated financial statements.

ii. Standards and interpretations issued or amended but not yet effective

The Group has not elected to apply any pronouncements before their effective date in the financial year ended 30 June 2019.

The Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and that have not been adopted by the Group are as follows:

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a lease liability will be capitalised in the statement of financial position, measured as the present value of the fixed lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A 'right-of-use' asset corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Group will adopt this standard from 1 July 2019. It is not expected that this standard will have a material impact.

IFRIC 23 Uncertainty Over Income Tax Treatments

IFRIC 23 clarifies how the recognition and measurement requirements of IAS 12 Income Taxes are applied where there is uncertainty over income tax treatments.

IFRIC 23 is applicable to annual reporting periods beginning on or after 1 January 2019. When this Interpretation is first adopted for the year ended 30 June 2020, the amendment is not expected to have a material impact on the transactions and balances recognised in the financial statements.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Jupiter Energy Limited and its subsidiaries (as outlined in Note 27). Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

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

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

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

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated on consolidation.

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

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

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

(d) Significant accounting estimates and assumptions

Judgments

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

Production start date

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

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

Impairment of assets

At each reporting date, the Group reviews the carrying values of its assets to determine whether there is any indication those assets have been impaired. The Group has determined that no such impairment indicators existed for the current reporting period, or subsequently. In making this judgement, management have considered internal and external sources of information including an assessment of operational performance as well as key modelling assumptions such as current and forecast oil price, discount rates, market valuations for similar assets and the market capitalisation of the group.

The Group currently operates all three of its oilfields under an Exploration Licence that expires on 29 December 2019.

The Group has opened discussions with the relevant Kazakh authorities regarding an extension of the Company's Exploration Licence. There are several potential avenues available for an extension to the Exploration Licence beyond this date and the Company is reviewing which may be the most appropriate.

Notwithstanding the Exploration Licence expiry date of 29 December 2019, the Group has a 25 year Commercial Production Licence which could allow continued operations from 30 December 2019, but there are a number of key requirements that are needed before commercial production can commence, the most critical of which is providing infrastructure to allow all three oilfields to produce oil with 100% gas utilization. This infrastructure is not currently in place and will not be in place by 29 December 2019.

Recognition of deferred tax assets

Judgement is required in determining whether deferred tax assets are recognised in the statement of financial position. Deferred tax assets, including those arising from unutilised tax losses, require the Group to assess the likelihood that the Group will generate sufficient taxable earnings in future periods, in order to utilise recognised deferred tax assets. Judgment is also required in respect of the application of existing tax laws in each jurisdiction.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These estimates of future taxable income are based on forecast cash flows from operations (which are impacted by production and sales volumes oil prices, reserves, operating costs, closure and rehabilitation costs, capital expenditure, and other capital management transactions). To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be impacted.

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

Estimates and assumptions

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

Exploration and evaluation

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

Provision for restoration

Costs of site restoration are provided over the life of the field and related facilities from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the permits.

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

Units of production depreciation of oil and gas properties

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

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

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

Changes are accounted for prospectively.

Recoverability of oil and gas properties

The Group assesses each asset or cash generating unit (CGU) (excluding goodwill, which is assessed annually regardless of indicators) every reporting period to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs of disposal and value in use. These assessments require the use of estimates and assumptions such as long-term oil prices (considering current and historical prices, price trends and related factors), discount rates, operating costs, future capital requirements, decommissioning costs, exploration potential, reserves operating performance (which includes production and sales volumes). These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of assets and/or CGUs. Management has assessed Block 31 as being an individual CGU, which is the lowest level for which cash inflows are largely independent.

Fair value measurement

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

(e) Plant and equipment

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

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

- Plant and equipment – over 3 to 10 years

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

Disposal

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected to be derived from its use or disposal on a prospective basis.
Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the year the asset is derecognised.

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(f) Exploration and evaluation expenditure

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

Unsuccessful exploration in the area of interest is expensed as incurred even if activities in this area of interest are continuing. Accumulated costs in relation to an abandoned area are written off in full to profit or loss in the year in which the decision to abandon the area is made.

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

(g) Oil and gas properties

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

Assets in development

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

Producing assets

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

(h) Impairment of assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets (excluding goodwill) to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the profit or loss.

(i) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at amortised cost amount less an allowance for expected credit losses.

Expected credit losses are a probability-weighted estimated of credit losses over the expected life of the financial instrument. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). Expected credit losses are discounted at the effective interest rate of the financial asset.

(j) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand.

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

(k) Inventories

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

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

(l) Trade and other payables

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

(m) Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss ('FVTPL'), loans and borrowings, or as derivatives, as appropriate. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables and loans and borrowings. The Group did not recognise any financial liabilities as at FVTPL.
Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(n) Income tax

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

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

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

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.
The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

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(o) Other taxes

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

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

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

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

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

(p) 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.

(q) Earnings per share

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

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

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

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

(r) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.
Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

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

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

Restoration

Costs of site restoration are provided over the life of the field or facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the permits. Such costs have been determined based on current legal requirements and technology. In calculating the provision the future estimated costs are discounted to present value.

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

(s) Employee leave benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled wholly within 12 months of the reporting date are recognised in provisions in respect of employees' services up to the reporting date. They are measured at the nominal amounts based on current wage and salary rates, and include related on-costs. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(t) Foreign currency transactions and balances

Functional and presentation currency

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

Transactions and balances

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

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

Translation of Group Companies' functional currency to presentation currency

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

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

On consolidation, exchange differences arising from the translation of the net investment in the Singapore subsidiaries and its Branch are taken to the foreign currency translation reserve. If a Singapore subsidiary was sold, the proportionate share of exchange differences would be reclassified to profit or loss

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(u) Segments

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

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

(v) Borrowing costs

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

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

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

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

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise receivables, borrowings, payables and cash.

Risk exposures and responses

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

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

Interest rate risk

The Group's exposure to market risk for changes in interest rates is only on cash and cash equivalents. Other financial liabilities in the form of Promissory notes carry fixed interest and are therefore not subject to interest rate risk.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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	Consolidated	
	2019	**2018**
	$	**$**
Financial Assets		
Cash and cash equivalents	534,690	408,241
Net exposure	**534,690**	**408,241**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of financial instruments affected. With all other variables held constant, the Group's profit before tax is affected as follows:

	Consolidated	
	2019	**2018**
	$	**$**
Pre–tax gain / (loss) and equity		
+1%	5,347	4,082
-1%	(5,347)	(4,082)

Foreign currency risk

The Group has transactional currency exposures. Such exposure arises from sales or purchases by an operating entity in currencies other than the functional currency.

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

	Consolidated	
	2019	**2018**
	$	**$**
Financial Assets		
Cash and cash equivalents		
USD	440,937	311,732
GBP	19,068	7,921
	460,005	319,653
Financial Liabilities		
Other financial liabilities		
USD	(74,801,895)	(62,510,430)
	(74,801,895)	(62,510,430)
Net exposure	**(74,341,890)**	**(62,190,777)**

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

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	Consolidated	
	2019	2018
	$	$
Post – tax gain / (loss)		
+5%	(3,718,048)	(3,109,935)
-5%	3,718,048	3,109,935

Credit risk

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

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

The Group continuously monitors the credit quality of counterparties. Where available, external credit ratings and/or reports on the counterparty are obtained and used. The group's policy is to deal only with credit worthy counterparties. Credit terms are subject to an internal approval process which considers the credit rating of the customer. The ongoing credit risk is managed through regular review of ageing analysis.

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

Liquidity Risk

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

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

	Consolidated	
	2019	2018
	$	$
Financial Assets		
Within one year		-
After one year but not more than five years		-
More than five years	459,565	410,210
	459,565	410,210
Financial Liabilities		
Loans and Borrowings:		
Within one year	(194,101)	-
After one year but not more than two years	(82,479,814)	(76,713,147)
More than two years	-	-
	(82,673,915)	(76,713,147)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Trade and other payables:		
Within one year	(3,347,098)	(1,734,647)
After one year but not more than two years	-	-
More than two years	-	-
	(3,347,098)	(1,734,647)
Net Exposure	**(85,561,448)**	**(78,037,584)**

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

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

Level 1 – the fair value is calculated using quoted prices in active markets.
Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

All of the Group's financial liabilities are carried at amortised cost, with the carrying value approximating the fair value.

4. GENERAL AND ADMINISTRATIVE EXPENSES

	Consolidated	
	2019	**2018**
	$	**$**
Administration and compliance expenses	775,065	1,200,693
Penalties and Fines	1,247,931	-
Employee benefits	405,517	361,148
Superannuation	36,667	40,000
Consulting fees	592,027	484,928
Directors Fees	201,989	190,611
Legal fees	77,840	38,599
Occupancy expenses	66,771	107,448
Total expenses	**3,403,807**	**2,423,427**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

5. TAXATION

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

	Consolidated 2019 $	2018 $
Prima facie income tax benefit on operating (loss) at the Australian tax rate of 27.5% (2018: 27.5%)	(2,455,138)	(2,756,524)
Non-deductible expenditure:		
- Effect of tax rates in foreign jurisdictions	(255,940)	(29,229)
- Interest expense	2,079,497	1,868,649
Temporary differences and tax losses not brought to account as a deferred tax asset	631,581	917,104
Income tax expense	-	-

Deferred Income Tax

Deferred income tax at 30 June relates to the following:

	2019 $	2018 $
Consolidated	-	-
Deferred tax liabilities	-	-
Deferred tax assets		
Unrealised FX (gain) / loss	(721,543)	(375,314)
Exploration and Evaluation Assets	2,517,948	1,213,256
Revenue tax losses – Australia	8,839,312	8,534,164
Deferred tax assets not recognized	(10,635,717)	(9,372,106)
Deferred tax (income)/expense	-	-
Net deferred tax recognised in Balance Sheet	-	-

The Consolidated Group has unrecognized tax losses of $32,142,952 (2018:$31,033,324) that are available indefinitely for offset against future taxable profits of the companies in which the losses arose.

The potential deferred tax asset will only be realised if:

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

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

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

6. CASH AND CASH EQUIVALENTS

	Consolidated	
	2019	**2018**
	$	**$**
Cash at bank and in hand	534,690	408,241
	534,690	**408,241**

The bank accounts are at call and pay interest at a weighted average interest rate of 0.04% at 30 June 2019 (2018: 0.04%)

7. TRADE AND OTHER RECEIVABLES

	Consolidated	
	2019	**2018**
	$	**$**
Current		
Trade receivables	10,335	23,743
Other debtors[(1)]	69,615	140,624
	79,950	164,367
Non-current		
VAT receivable	2,277,059	2,599,429

(1) Other debtors comprises recoverable VAT and other prepaid taxes.

The Group's exposure to credit and currency risks is disclosed in Note 3. All of the non-current other debtor balance is VAT receivable which will be offset against future taxes payable on oil revenue.

There are no receivables as at 30 June 2019 for which expected credit losses have been recognised (2018: nil)

8. OTHER CURRENT ASSETS

	Consolidated	
	2019	**2018**
	$	**$**
Prepayment	112,062	102,329
Other	54,122	46,616
	166,184	**148,945**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

9. INVENTORIES

	Consolidated	
	2019	**2018**
	$	**$**
Raw materials	27,474	43,968
	27,474	**43,968**

10. OTHER FINANCIAL ASSETS

	Consolidated	
	2019	**2018**
	$	**$**
Liquidation fund	459,565	410,210
	459,565	**410,210**

The Group has a deposit for the purpose of a Liquidation fund in the amount of $459,565. The deposit is to be used for land restoration when required. Under the laws of Kazakhstan, the deposit must be replenished in the amount of 1% of the annual investments.

11. OIL AND GAS PROPERTIES

	Consolidated	
	2019	**2018**
	$	**$**
Oil and Gas Properties carried forward:		
Oil and gas properties at cost	22,665,211	19,113,153
Depletion and impairment	(2,238,056)	(1,884,915)
Net Carrying Value	**20,427,153**	**17,228,238**
Movements during the year		
Opening Balance	17,228,238	15,112,180
Net exchange differences	(629,146)	(233,206)
Transfers from exploration and evaluation assets	4,311,210	2,453,341
Depletion Charge for the year	(483,149)	(104,077)
Closing Balance	**20,427,153**	**17,228,238**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

12. PLANT AND EQUIPMENT

	Consolidated	
	2019	2018
	$	$
Property, plant and equipment carried forward:		
Property, plant and equipment at cost	2,383,259	1,655,767
Accumulated depreciation	(1,213,491)	(1,091,314)
Net Carrying Value	**1,169,768**	**564,453**
Movements during the year		
Opening Balance	564,453	338,386
Net exchange differences	(10,733)	(41,180)
Transfers from exploration and evaluation assets	605,938	432,615
Additions	331,159	10,289
Disposals	(11,009)	(4,077)
Depreciation charge for the year	(310,040)	(171,580)
Closing Balance	**1,169,768**	**564,453**

13. EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	2019	2018
	$	$
Exploration expenditure carried forward:		
Exploration and evaluation expenditure at cost	**29,336,875**	**28,614,808**
Movements during the year		
Balance at beginning of year	28,614,808	29,930,249
Expenditure incurred during the year	6,321,648	1,908,594
Transferred to Oil and Gas Properties	(4,311,210)	(2,453,341)
Transferred to Property Plant and Equipment	(605,938)	(432,615)
Foreign exchange translation	(682,433)	(338,079)
Balance at end of year	**29,336,875**	**28,614,808**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

14. TRADE AND OTHER PAYABLES

	Consolidated	
	2019	**2018**
	$	**$**
Trade creditors	1,323,553	1,193,464
Accrued expenses	2,023,545	541,183
	3,347,098	**1,734,647**

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

15. CONTRACT LIABILITY

	Consolidated	
	2019	**2018**
	$	**$**
Contract liability	696,102	41,629

The contract liability refers to amounts received in advance for oil sales. As at 30 June 2019, there is approximately 2,522 tonnes of oil to be delivered under the contract (2018: 125 tonnes). This obligation is expected to be fulfilled within the quarter ending 30 September 2019.

16. PROVISIONS

	Consolidated	
	2019	**2018**
Non – current	**$**	**$**
Provision for rehabilitation	347,410	244,258
	347,410	**244,258**

The Group records a provision for the forthcoming costs of rehabilitation of the oilfields. The forecast cost of rehabilitation is $347,410 (2018: $244,258). The timing of rehabilitation is likely to depend on when the field ceases to produce at economically viable rates which is currently estimated to be 2044 (2018: 2044). This will depend upon future oil and gas prices, which are inherently uncertain. The underlying rehabilitation costs are denominated in Tenge and, in calculating the provision at 30 June 2019, a discount rate of 8.55% (2018: 8.55%) was used.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

Movements in rehabilitation provision

	2019 $	2018 $
Carrying amount at beginning of the year	244,258	234,680
Unwinding of discount rate	9,612	9,681
Foreign exchange translation	(13,000)	(6,059)
Re-measurement for changes in estimates[1]	74,397	5,956
Provision for new wells	32,144	-
Carrying amount at the end of year	**347,410**	**244,258**

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

17. OTHER FINANCIAL LIABILITIES

Other financial liabilities comprises the following promissory notes as at 30 June 2019:

	Accrued Principal and Interest	
	2019 $	2018 $
2017 Funding Agreement (max $US 5m)	3,746,743	2,038,656
2016 Funding Agreement (max $US 5m)	6,921,764	5,860,483
Refinanced Series B Promissory Note	20,666,478	17,598,057
Promissory Note – Discharge of Convertible Notes[1]	43,466,910	37,013,234
Total	**74,801,894**	**62,510,430**

1) In May 2016, the Group issued a series of promissory notes to discharge its obligations under a convertible note deed originally dated 20 September 2013. There is no conversion feature associated with this promissory note.

Movements in the balance and presentation of other financial liabilities during the year were as follows:

	Consolidated	
	2019 $	2018 $
Current		
Promissory notes (unsecured) - Opening Balance	**-**	**-**
Change in current/non-current classification[(1)]	171,611	-
Drawdowns during the financial year	-	-
Interest accrued	10,534	-
Impact of foreign exchange	1,173	-
Promissory Notes (Unsecured) - Closing balance	**183,319**	**-**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	Consolidated 2019 $	2018 $
Non-Current		
Promissory notes (unsecured) - Opening Balance	**62,510,430**	**51,672,210**
Change in current/non-current classification[1]	(171,611)	-
Drawdowns during the financial year	1,192,369	1,773,172
Interest accrued	7,541,612	6,785,450
Impact of foreign exchange	3,545,775	2,279,598
Promissory Notes (Unsecured) - Closing balance	**74,618,575**	**62,510,430**

(1) A principal amount of US$100,000, and any interest accrued there on, has a due date of 31 December 2019. It has therefore been classified as current as at 30 June 2019.

Promissory Notes

The key terms of the 2017 Funding Agreement are:

- Unsecured
- Effective 31 July 2017
- US$100,000 (and any interest thereon) repayable on 31 December 2019 (or such later date agreed by the parties in writing) (the "Repayment Date")
- US$4.9m (and any interest thereon) repayable on 31 July 2020 (or such later date agreed by the parties in writing) (the "Repayment Date")
- Interest rate of 15% pa
- Interest will accrue and be repayable with principal
- Lenders can elect to be repaid if there is a change of control in Jupiter Energy Limited or Jupiter Energy Pte Ltd or there is a change in control in contract 2275 covering the Block 31 Licence
- Bonus will be payable to the Lenders equivalent to 5% of the sale price of contract 2275 in the event that the contract is assigned, transferred or sold to a 3rd party during the period of the facility. No Liability has been recognized, as no sale agreement has been entered into. Interest rate of 15% pa

As at 30 June 2019, the Company had drawn down US$2.63m (A$3.75m) under the $US5.0m 2017 Funding Agreement meaning US$2.37m (A$3.38m) is still available under this funding agreement.

In addition, the Group has access to a further US$0.146m (A$0.208m) under the 2016 Funding agreement.

The key terms of the 2016 Funding Agreement (including the Refinanced Series B Promissory Note) are:

- Unsecured
- Effective 24 May 2016
- Drawdowns will roll into a Promissory Note
- Promissory Note is repayable on 1 July 2020
- Interest rate of 15% pa
- Interest will accrue and be repayable with principal
- Lender can elect to be repaid if there is a change of control in Jupiter Energy Limited or Jupiter Energy Pte Ltd or there is a change in control in contract 2275 covering the Block 31 Licence.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

The key terms of the Promissory Note – Discharge of Convertible Notes:

- Unsecured
- Effective 24 May 2016
- Note is repayable on 1 July 2020
- Interest rate of 15% pa
- Interest will accrue and be repayable with principal
- Lender can elect to be repaid if there is a change of control in Jupiter Energy Limited or Jupiter Energy Pte Ltd or there is a change in control in contract 2275 covering the Block 31 Licence

There are no covenants associated with the Promissory notes to which the Group would have to comply.

18. CONTRIBUTED EQUITY

	Consolidated	
	2019	**2018**
	$	**$**
Shares issued and fully paid		
Ordinary shares (a)	85,633,935	85,633,935
	85,633,935	**85,633,935**

(a) Movements in ordinary share capital:	**Number 2019**	**Number 2018**
Balance 30 June 2018	153,377,693	153,377,693
Balance 30 June 2019	**153,377,693**	**153,377,693**

Capital risk management

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

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

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

No dividends were paid in 2018 and none are expected to be paid in 2019.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

19. RESERVES

	CONSOLIDATED		
	Foreign currency translation reserve	Share based payments reserve	Total
	$	$	$
At 30 June 2017	**(25,522,243)**	**5,764,014**	**(19,758,229)**
Share based payment	-	-	-
Foreign currency translation	(740,377)	-	(740,377)
At 30 June 2018	**(26,262,620)**	**5,764,014**	**(20,498,606)**
Share based payment	-	-	-
Foreign currency translation	(1,437,707)	-	(1,437,707)
At 30 June 2019	**(27,700,327)**	**5,764,014**	**(21,936,313)**

Nature and purpose of reserves

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Share based payments reserve

The share based payments plan reserve is used to record the value of equity benefits provided to eligible employees as part of their remuneration. There have been no share based payments during the year ended 30 June 2019 (2018: none).

20. KEY MANAGEMENT PERSONNEL AND RELATED PARTY DISCLOSURE

This note is to be read in conjunction with the Remuneration Report, which is included in the Directors Report on pages 12 to 19.

(a) Key management personnel compensation

	Consolidated	
	2019	2018
	$	$
Short-term employee benefits	727,319	710,201
Post-employment benefits	40,000	40,000
	767,319	**750,201**

(b) Transactions between the Group and other related parties

Consultancy fees

During the year, consulting fees of $284,985 (2018: $258,414) were accrued and paid under normal terms and conditions to Meridian Petroleum LLP, of which Mr. Kuandykov is a director, for the provision of geological services at normal commercial rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

During the year, consulting fees of $151,000 (2018: $32,202) were accrued and paid under normal terms and conditions to Grange Consulting of which Mr Warren is a director.

As at 30 June 2019, the total deferred fees owing to each related party are as follows:

Geoff Gander	177,377
Baltabek Kuandykov	243,548
Alexey Kruzhkov	161,037
Alexander Kuzev	81,056

These are deferred until such time that at least US$5,000,000 in new equity is raised or alternatively the Group sells the Block 31 licence and receives the funds associated with that sale

21. COMMITMENTS FOR EXPENDITURE

Exploration Work Program Commitments

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

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

	2019 $	2018 $
- not later than one year	-	-
- later than one year but not later than five years	-	-
	-	-

22. AUDITORS REMUNERATION

The auditor of Jupiter Energy Limited is Ernst & Young.

Amounts received or due and receivable by Ernst & Young (Australia) for:		
- auditing or reviewing the financial report	88,680	84,618
	88,680	84,618
Amounts received or due and receivable by Ernst & Young (Kazakhstan) for:		
- auditing or reviewing the financial report	55,826	27,000
- Non-audit fees (tax advisory services)	14,953	
	70,779	27,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

Amounts received or due and receivable by Ernst & Young (Singapore) for:		
- auditing or reviewing the financial report	-	11,500
	-	11,500
Total paid to Ernst & Young	**159,459**	**123,118**

23. EARNINGS PER SHARE

Basic earnings per share

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

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

	Consolidated	
	2019	**2018**
Net loss attributable to ordinary equity holders of the Parent from continuing operations	(8,927,775)	(10,023,725)
	Number of shares	**Number of shares**
Weighted average number of ordinary shares for basic and diluted earnings per share	153,377,693	153,377,693
Basic and diluted loss per share	(5.82)	(6.54)

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

24. SEGMENT REPORTING

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are used by the chief operating decision makers in assessing performance and determining the allocation of resources.

The Group has identified that it has one operating segment being related to the activities in Kazakhstan, on the basis that the operations in Australia relate to running the Corporate Head Office only.

All significant Oil and Gas and Exploration and evaluation expenditure are domiciled in Kazakhstan. All oil sales are with one customer in Kazakhstan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

25. STATEMENT OF CASHFLOWS RECONCILIATION

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

	Consolidated 2019 $	2018 $
Operating (loss) after income tax:	(8,927,775)	(10,023,725)
Add/(less) non-cash items:		
Depreciation / Depletion	793,189	275,657
Finance costs	7,552,147	6,785,450
Effect of foreign exchange translation	3,474,045	2,279,598
Changes in assets and liabilities:		
Decrease (increase) in receivables	406,787	226,850
Decrease (increase) in inventories	16,494	(25,616)
Decrease (increase) in other current assets	(17,239)	(132,456)
Increase in payables	1,534,224	737,981
Increase in contract liabilities	654,473	41,629
Increase in Provisions	103,153	9,637
Net cash flows from operating activities	**5,589,498**	**175,005**

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.

26. EVENTS OCCURING AFTER THE BALANCE SHEET DATE

In July 2019, the Company was served a notice by the Kazakh Ministry of Energy to pay a fine of approximately $US900,000 in relation to under performance of its 2015 Work Program.

The Company believes that it has legitimate grounds as to why it did not complete 100% of its 2015 Work Program and has lodged an appeal to that effect.

The Company announced on 20 September 2019, that this fine has now been paid in full and the Company continues to await the outcome of its appeal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

27. INFORMATION ON PARENT ENTITY

	2019	2018
(a) Information relating to Jupiter Energy Limited:	**$**	**$**
Current assets	55,178,481	49,284,269
Total assets	55,178,585	49,291,614
Current liabilities	(1,061,707)	(831,802)
Total liabilities	(75,680,282)	(63,342,233)
Issued capital	85,633,935	85,633,935
Retained earnings	(105,746,254)	(94,982,156)
Share based payment reserve	5,764,014	5,764,014
Total shareholders' deficit	**(20,501,697)**	**(14,050,619)**
Profit or (loss) of the parent entity	**(6,153,392)**	**(10,466,412)**

	Country of incorporation	Equity Holding 2019	2018
		%	%
Name of Entity			
Jupiter Energy (Victoria) Pty Ltd	Australia	100	100
Jupiter Biofuels Pty Ltd	Australia	100	100
Jupiter Energy (Kazakhstan) Pty Ltd	Australia	100	100
Jupiter Energy Pte Ltd	Singapore	100	100
Jupiter Energy (Services) Pte Ltd	Singapore	100	100

(b) Details of any guarantees entered into by the parent entity in relation to the debts of its subsidiaries
There are no guarantees entered into by the parent entity.

(c) Details of any contingent liabilities of the parent entity
There are no contingent liabilities of the parent entity as at reporting date.

(d) Details of any contractual commitments by the parent entity
There are no contractual commitments by the parent entity

28. CONTINGENT LIABILITIES

The Group has no contingent liabilities as at 30 June 2019 (30 June 2018: Nil)

DIRECTORS' DECLARATION

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

1 In the opinion of the directors:

(a) the financial statements and notes of Jupiter Energy Limited for the financial year ended 30 June 2019 are in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of its financial position as at 30 June 2019 and performance for the year ended on that date.

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

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

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

3 This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2019.

On behalf of the Board

Geoff Gander

Executive Chairman

Perth, Western Australia
27 September 2019

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Independent auditor's report to the members of Jupiter Energy Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Jupiter Energy Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the director's declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2019 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2(a) of the financial report, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section of our report, we have determined the matter described below to be the key audit matter to be communicated in our report. Our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters, provide the basis for our audit opinion on the accompanying financial report.

Carrying value of non-current assets

Why significant	How our audit addressed the key audit matter
At 30 June 2019, the Group had non-current assets comprising its oil and gas properties of $20,427,153, property, plant and equipment of $1,169,768 and capitalised exploration and evaluation expenditure of $29,336,875. These non-current assets form part of the Block 31 cash-generating unit ("CGU") for impairment testing purposes. The Group is required to assess throughout the reporting period, whether there is any indication that an asset or CGU may be impaired. If any such indication exists, the Group is required to estimate the recoverable amount of the asset or CGU. The Group has performed an impairment indicator assessment, concluding no indicators of impairment exist at 30 June 2019. The Group operates in an industry with exposure to fluctuations in commodity prices, foreign exchange values and geological estimation of reserves, impacting the Group's revenues and operating cash flows. Impairment assessments involve forecasts in these areas, which are highly judgmental. Accordingly, this was considered a key audit matter. Disclosure regarding this matter can be found in Notes 11, 12 and 13 to the financial report.	We evaluated the Groups' assessment as to whether there were indicators of impairment and we performed the following: ► Assessed the Group's consideration of potential impairment triggers including forward commodity price assumptions and current and historical operational performance. ► Considered the Group's right to tenure in the relevant producing and exploration areas, which included obtaining and assessing supporting documentation such as license agreements. ► Considered the recoverability of the Group's oil and gas reserves and resources by agreeing to Group's reserves and resource estimates to third party reports and current year production. We also assessed the qualification, competence and objectivity of the third party expert used by the Group. ► Read the Group's operational reports, minutes of directors' meeting and market announcements for any indicators of impairment. ► Discussed with operational management the performance of the underlying assets and any indications of underperformance, obsolescence, significant future capital requirements or physical damage to the assets. ► Considered the relationship between the assets carrying value and the Group's market capitalisation. ► Considered the carrying value of the assets against recent comparable transactions (expressed as a dollar amount per barrel of oil reserve and resource). ► Considered the adequacy of disclosure in Note 11, 12 and 13 of the financial report.

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Promissory note facilities

Why significant	How our audit addressed the key audit matter
At 30 June 2019, as disclosed in Note 17, the Group had a financial liability of $74,618,575 comprised of promissory note facilities. The promissory notes are denominated in US dollars and are converted to the Company's functional currency of Australian dollars at period end. Any changes in the Australian dollar balance, due to movements in the foreign exchange rates, is recognised in the profit and loss as a foreign currency gain or loss. During the year, the Group continued to draw down on the available promissory note facilities to fund operations and repayment dates were extended for two facilities. Accordingly, due to the significance of the balance, the classification and measurement of promissory notes was considered to be a key audit matter.	We evaluated the appropriateness of the measurement and classification of amounts outstanding on the Group's promissory note facilities. Our procedures included the following: ► Considered the changes to the terms and conditions of each promissory note during the year and the impact of the reported balances at year end and the compliance with the requirements of Australian Accounting Standards. ► Checked the measurement of foreign currency gains or losses on promissory note balances. ► Confirmed the completeness and accuracy of outstanding balances with the Issuer of the promissory note facilities. ► Considered whether the Group had the unconditional right to defer repayment of the promissory note facilities by more than 12 months as at 30 June 2019. ► Considered the adequacy of disclosure in Note 17 to the financial report.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's Annual Report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 12 to 19 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Jupiter Energy Limited for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Darryn Hall
Partner
Perth
27 September 2019

ASX OTHER INFORMATION

Additional information required by the ASX Listing Rules and not disclosed elsewhere in this Annual Report is as follows.

1. Number of holders and voting rights of each class of securities

As at 24 September 2019 the Company has only one class of securities being fully paid ordinary shares as outlined below.

Equity Class	Number of Holders	Total on issue
Fully paid ordinary shares (Shares)	1,326	153,377,693

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

2. Substantial Shareholders

Substantial Holder	Number of Shares	% Total Shares
Waterford Petroleum Limited	45,246,108	29.5%
Arrow Business Limited	32,227,908	21.0%
Central Asian Oil Holdings Ltd	29,731,484	19.4%

3. Distribution of Shares as at 23 September 2019

Range	Total holders	Units	% of Issued Capital
1 - 1,000	419	158,217	0.10%
1,001 - 5,000	481	1,261,671	0.82%
5,001 - 10,000	187	1,372,896	0.90%
10,001 - 100,000	209	5,729,040	3.74%
100,001 - 9,999,999,999	30	144,855,869	94.44%
Total	**1,326**	**153,377,693**	**100.00%**

There were 1,259 holders with less than a marketable parcel of Shares based on the closing share price of $0.011 per Share on 23 September 2019.

4. On-market buy back

There is no current on-market buy back program for the Company's Shares and no Shares were purchased on-market during the financial period.

5. Restricted Securities

There are no restricted securities or securities subject to voluntary escrow on issue.

ASX OTHER INFORMATION

6. Top 20 Shareholders as at 24 September 2019

Rank	Name	Units	% of Total Shares
1.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	50,128,378	32.68
2.	FISKE NOMINEES LIMITED <FISKPOOL A/C>	45,505,678	29.67
3.	BNP PARIBAS NOMS PTY LTD <DRP>	32,731,941	21.34
4.	CITICORP NOMINEES PTY LIMITED	3,870,057	2.52
5.	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	1,975,700	1.29
6.	GLENNBROWN PTY LTD <G BROWN FAMILY A/C>	1,798,334	1.17
7.	SECURE NOMINEES LIMITED <SVCLT A/C>	1,610,357	1.05
8.	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	1,590,365	1.04
9.	BNP PARIBAS NOMINEES PTY LTD <PEEL HUNT CLTS ASSET DRP>	773,781	0.50
10.	MR GEOFFREY ANTHONY GANDER <THE GANDER SUPER A/C>	769,445	0.50
11.	MR JOHN NORMAN ACKLAND	523,923	0.34
12.	IRELAND RESOURCES	506,450	0.33
13.	FISKE NOMINEES LIMITED	416,666	0.27
14.	MR WARREN GILMOUR + MRS CATHERINE GILMOUR <W + C GILMOUR SUPER A/C>	282,753	0.18
15.	P H NOMINEES LIMITED <PECLT A/C>	250,001	0.16
16.	MR SCOTT MISON <THE SCOTT MISON FAMILY A/C>	207,038	0.13
17.	SOUTHAM INVESTMENTS 2003 PTY LTD <WARWICKSHIRE INVESTMENT A/C>	179,511	0.12
18.	CASA DOLCE PTY LTD <TODD RAPLEY FAMILY A/C>	175,467	0.11
19.	MR IAN SHERWOOD LOVE + MRS ANNE MARGARET LOVE	166,667	0.11
20.	MR HIPPOKRATIS RIGAS	164,444	0.11
TOTAL		**143,626,956**	**93.64**

CORPORATE GOVERNANCE POLICIES

In accordance with ASX Listing Rule 4.10.3 the Company's corporate governance statement can be found at the following URL:

http://www.jupiterenergy.com/files/files/767_Corporate_Governance_Statement-Jupiter_30June2019.pdf

The Board of Directors is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of Shareholders by whom they are elected and to whom they are accountable.

This statement outlines the main corporate governance practices in place throughout the financial year, which comply with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations with 2014 Amendments 3rd edition unless otherwise stated.