



JUPITER MINES LIMITED

ABN 51 105 991 740

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Jupiter asx041 05-09-23

23 September 2005

The Manager
Company Announcements Office
Australian Stock Exchange Limited
Level 4
20 Bridge Street
SYDNEY NSW 2000

Via ASX Online

Number of pages – 34

Dear Sir,

Re: Annual financial report

Enclosed for release to the market is the audited financial report for Jupiter Mines Limited and its controlled entity for the year ended 30 June 2005.

We advise that the 2005 annual general meeting of the Company will be held at the offices of Grant Thornton, Level 17, 383 Kent Street, Sydney on Tuesday 22 November 2005 at 11am.

For and on behalf of the directors of
Jupiter Mines Limited

A handwritten signature in black ink, appearing to read 'P. Hewson'.

Paul S Hewson
Secretary

JUPITER MINES LIMITED

ABN 51 105 991 740

AND CONTROLLED ENTITY

ANNUAL FINANCIAL REPORT for the year ended 30 June 2005

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DIRECTORS' REPORT

Your directors have pleasure in submitting the statement of financial position of the Company and its controlled entities at 30 June 2005 together with related statement of financial performance, statement of cash flows and notes thereto for the year ended 30 June 2005 and report as follows:

Directors

The names of the directors in office at the date of this report and throughout the year are:

Mr A J Broome AM
Mr P R Murray
Mr W J Ryan (appointed 20 July 04)
Mr W J Staude
Mr D A Evans (resigned 20 July 2004)
Mr J D Snaith (resigned 20 July 2004)

Company secretary

The name of the company secretary in office at the date of this report and throughout the year is:

Mr P S Hewson

Principal activities

The principal activities of the Company during the year have been the completion of an initial public offer (IPO) and stock exchange listing in December 2004 followed by the completion of agreements for the acquisition of various mineral exploration interests and the commencement of evaluation and exploration of those mineral exploration interests.

There were no significant changes in the nature of the activities of the Company that occurred during the year.

Results

The result for the financial year was a loss of \$673,920 after income tax expense of \$nil.

Dividend

No dividends were paid or declared during the year by the Company and no recommendation is made as to dividend.

Review of operations

During the year ended 30 June 2005:

- From the issue of a further 6,706,500 ordinary fully paid shares in the period from 1 July 2004 to 14 September 2004 the Company raised \$536,500 additional seed capital to fund the acquisition of rights to various mineral properties, operating expenses and the proposed initial public offer and stock exchange listing.
- The Company issued a prospectus dated 22 October 2004 for an initial public offer and subsequently allotted a total of 19,005,000 shares to raise \$3.801 million before issue expenses of \$789,000.
- On 17 December 2004 the Company completed the agreements to acquire the Klondyke and Widgiemooltha tenements and issued 6,500,000 ordinary fully paid shares and 3,000,000 options over fully paid shares to the vendors as part consideration.
- The Company was admitted to the official list of ASX on 21 December 2004 and trading in the Company's shares commenced on 22 December 2004.
- Immediately following the IPO the Company commenced its first exploration drilling program at the Cassini nickel prospect in the Widgiemooltha tenement block. A reverse circulation (RC) drilling program was commenced to follow up on nickel sulphide mineralisation identified in some previous air-core drilling. The program returned encouraging assay results which were announced to ASX on 13 January 2005.
- On 30 December 2004 the agreement for the acquisition of exploration licence application ELA 45/2292 (Klondyke East) was completed and the Company allotted 300,000 ordinary fully paid shares to the vendor as part consideration.
- On 12 January 2005 the agreement for the acquisition of Future Resources Australia Limited was completed and

the Company allotted 250,000 ordinary fully paid shares to the vendor as part consideration. Future Resources Australia Limited is now a wholly owned subsidiary of Jupiter Mines Limited.

- On 22 February 2005 agreements with Western Resources and Exploration Pty Limited (WRE) and Russell Frederick Evans were completed and the Company allotted 250,000 ordinary fully paid shares to WRE.
- On 22 March 2005 the consultancy agreements with Australasian Mineral Investments Pty Limited and Pendhill Securities Pty Limited (companies associated with principal consultants David Evans and Jeremy Snaith) were terminated and a total of 1,000,000 ordinary fully paid shares were allotted as consideration.
- During the quarter ended 31 March 2005, following the encouraging results at the Cassini nickel prospect, a geophysical survey was conducted over the area to assist in refining drill target selection and assist in better locating potential nickel sulphide targets. A revision and reprocessing of magnetic geophysical data covering the project area was also completed. This geophysical work identified two significant anomalous zones and a 6-hole RC drilling program was subsequently completed.
- On 7 April 2005 the Company lodged a prospectus with ASIC for an entitlement issue of options and pursuant to that prospectus a total of 11,291,616 options over ordinary fully paid shares in the Company were issued on 18 May 2005.
- During the quarter ended 30 June 2005 the Company continued its exploration activity for sulphide nickel at the Cassini nickel prospect. An additional five RC drill holes were completed in June 2005. As well as producing encouraging nickel values, the drilling provided an insight into the geology and geochemistry of the Cassini area and allowed a conceptual geological model to be formulated. The model identified two target horizons that may be favourable for nickel sulphide deposits.
- Exploration of the Klondyke project during the quarter ended 30 June 2005

included a detailed rock chip sampling program on the Kopkes gold mineralisation. A total of 187 samples were collected and analysed for gold and base metal. Results indicate narrow zones of high grade gold mineralisation (greater than 1g/t gold) within a lower grade mineralised envelope, typically assaying between 0.2 and 0.7 g/t gold. A field reassessment was also undertaken on the Western Lease of the Klondyke project and an initial RC percussion drilling program was prepared for completion during the September quarter.

- During the year the Company earned interest income of \$55,000, expended \$674,000 on administration costs and capitalised \$3,689,000 of exploration costs.

Financial position

During the year the Company issued shares to a value of \$5.242 million net and acquired exploration interests or capitalised exploration costs to a value of \$3.189 million. At 30 June 2005 the Company held \$1.94 million in cash and receivables compared with \$43,000 at 30 June 2004 and had carry forward exploration expenditure of \$4,178,000 compared with \$489,000 at 30 June 2004.

Significant changes

Apart from the raising of additional capital from the IPO and options issues and the cash outlays and issues of shares to acquire mineral tenements as set out above under the heading "review of operations" there were no significant changes to the state of affairs of the Company which occurred during the year ended 30 June 2005.

Events subsequent to balance date

Except for entering into an agreement on 30 August 2005 with L'Hayyim Pty Limited whereby the Company acquired an option over a mineral tenement in Western Australia covering an iron pisolite resource and the issue of 1,000,000 ordinary fully paid shares as part consideration, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations, the result of those operations,

or the state of affairs of the Company in financial years subsequent to the financial year ended 30 June 2005.

Likely developments

The directors intend the Company to proceed with evaluation and exploration of the Company's mineral interests, and to consider participation in any complementary exploration and mining opportunities which may arise otherwise there are no known likely developments in the operations of the Company.

Information on directors

Alan John BROOME, AM

(non-executive chairman of directors and member of the audit committee)

- Appointed as director and non-executive chairman on 6 November 2003.
- Qualified metallurgist with 35 years experience in the secondary metals and mining industries.
- Director and chairman of a number of Australian mining technology companies.
- Chairman of the Australian Government Action Agenda promoting mining technology.
- Deputy chairman of the world's largest Internet based mining procurement company.
- In 1999 awarded the Westpac export award for mining; in 2000 the Order of Australia (AM) for services to mining; and in 2005 the AusIMM President's Award.
- Beneficially holds 1,000,000 unquoted options over unissued ordinary shares in the Company and has an indirect relevant interest in a further 250,000 shares and 125,000 options over unissued ordinary shares in the Company.
- During the past three years has not acted as director of any other Australian listed public company.

Paul Raymond MURRAY

(non-executive director, deputy chairman of directors, chairman of the audit committee and overseer of risk management)

- Appointed a director on 20 August 2003.
- Certified Practising Accountant (CPA) and an Associate of the Securities Institute of Australia (ASIA).
- Business career of 45 years.

- Responsible for successful listing on the ASX of a number of public companies, including resource exploration floats.
- Resource experience includes establishment of Emmaville tin mine, founding director of oil and gas producers Basin Oil NL and Reef Oil NL.
- Beneficially holds 1,250,000 fully paid ordinary shares and 1,125,000 options over unissued ordinary shares in the capital of the Company and has an indirect relevant interest in a further 781,250 shares and 703,125 options.
- During the past three years has not acted as director of any other Australian listed public company.

Warren John STAUDE

(executive director – CEO and attendee at audit committee meetings)

- Appointed a director on 14 April 2004 and CEO on 25 June 2004.
- Holds a BSc in geology, an MSc in mineral economics and a graduate diploma from the Securities Institute of Australia.
- Has 40 years experience in the mining, exploration and resource finance industries.
- Has had extensive experience in resource investment and portfolio management with major Australian investment institutions.
- Member of the Joint Ore Reserves Committee (JORC) and the Valmin Committee.
- Non-executive director of Central West Gold NL, Malachite Resources NL and Tasgold Ltd.
- Beneficially owns 156,250 fully paid ordinary shares in the capital of the Company and 640,625 options over unissued ordinary shares in the Company and has an indirect relevant interest in a further 20,000 shares and 10,000 options over unissued ordinary shares in the Company.
- Over the past three years has acted as a non-executive director of other Australian listed public companies as follows:
 - Central West Gold NL (24 February 2002 to date)
 - Malachite Resources NL (9 July 2002 to date)
 - Tasgold Ltd (31 December 2002 to date)
 - Mount Conqueror Minerals NL (from 24 February 2002 to 30 April 2004)

Information on directors (continued)

William James RYAN

(non-executive director and member of the audit committee)

- Appointed a director on 20 July 2004.
- Chemical engineer with 40 years experience in mining and metallurgy and a keen interest in mineral exploration.
- Operating and management experience in several public companies and his own metallurgical consultancy.
- Managing director of Titan Resources Limited from mid 1987 to mid 2004.
- Chairman and CEO of Vital Metals Limited which is currently in the process of an IPO and ASX listing.
- Past president of AMEC (5 years), previously Councillor of the WA Chamber of Minerals and Energy (2 years), and an inaugural Councillor of the Australian Gold Council (1 year).
- Extensive experience in the development and management of mid-scale mining operations.
- Beneficially holds 312,500 fully paid ordinary shares and 781,250 options over unissued ordinary shares in the capital of the Company.
- Over the past three years has been a director of other Australian listed public companies as follows:
 - Titan Resources Limited
(managing director until 4 June 2004)
 - Gindalbie Metals Limited
(currently non-executive director)

Information on Company secretary

Paul Stewart HEWSON, BEc CPA ASIA

- Appointed Secretary of the Company on 6 November 2003 on an outsourced basis.
- An economics graduate from Sydney University, a qualified accountant and a foundation graduate member of the Securities Institute of Australia.
- Has over 25 years experience in administration of listed public companies.
- Has held the positions of Executive Director, Non-Executive Director and Company Secretary of a number of Australian listed public companies both in the mining and industrial sectors.
- Is currently a principal of a corporate services business which provides company secretarial and corporate

governance services to a number of listed public companies.

- Holds an indirect relevant interest in 562,500 ordinary shares and 406,250 quoted options over unissued ordinary shares in the capital of the Company.

Non-audit services

During the year the Company paid \$20,900 to the independent auditor Grant Thornton for non-audit services provided in relation to the independent accountants report in the Company's IPO prospectus. The board is satisfied that the provision of these non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 and has resolved that it did not compromise the external auditors' independence as it was a non-recurring service provided prior to the Company becoming listed on ASX.

Audit independence declaration

An independence declaration has been provided by the Company's auditor, Grant Thornton, in relation to their audit of the Company's financial report for the year ended 30 June 2005. A copy of the declaration is attached to and forms part of this report.

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Directors' meetings

Attendance of individual directors at board meetings held whilst in office during the year ended 30 June 2005 was as follows:

Director	Meetings attended	Meetings held
Mr A J Broome AM	20	23
Mr P R Murray	20	23
Mr W J Ryan	18	20
Mr W J Staude	22	23
Mr D A Evans	0	3
Mr J D Snaith	3	3

Sub-committee meetings

Attendance of individual directors at audit sub-committee meetings held during the year ended 30 June 2005 was as follows:

Director	Meetings attended	Meetings held
Mr A J Broome AM	1	2
Mr P R Murray	2	2
Mr W J Ryan	2	2
Mr D A Evans	0	0
Mr J D Snaith	0	0

Options

At 30 June 2005 and at the date of this report there were 29,104,116 options over unissued shares in the capital of the Company, details of which are set out in Notes 5 and 17 to the attached financial statements. Of these options 19,791,616 were issued during the year. No options were exercised during the year or to the date of this report

Remuneration report

Directors' and officers' remuneration

The remuneration of the directors is established by the shareholders. This

remuneration is by way of a fixed annual fee which is supplemented by the issue of incentive options under the Directors' Option Plan. Details of the options issued to directors as part of their remuneration is set out below and in Notes 5(d) and 5(e) of the attached financial statements.

The remuneration of executive directors and executive officers of the Company is established by the board of directors. The directors have adopted a fixed fee or salary policy for remuneration of executive directors and executive officers. This remuneration is based on market factors. There is no relationship between executive remuneration and the performance of the Company.

Details of remuneration paid during the year ended 30 June 2005 to directors and the five most highly remunerated executive officers is set out in Table 1 below and in Note 5 to the attached financial statements.

Particulars of options issued as part of the remuneration of directors and specified executives for the year ended 30 June 2005 is set out in Table 2 below.

Table 1: Details of remuneration for the year ended 30 June 2005

	PRIMARY				EQUITY		OTHER	TOTAL
	Salary, fees & commissions \$	Super-annuation contribution \$	Cash bonus \$	Non-cash benefits \$	Shares \$	Options \$	\$	\$
<i>Directors:</i>								
Mr A J Broome AM	50,961	—	—	—	—	10,993	—	61,954
Mr W J Staude	116,000	—	—	—	—	21,986	—	137,986
Mr P R Murray	35,000	—	—	—	—	—	—	35,000
Mr W J Ryan (appointed 20 July 2004)	35,000	—	—	—	—	10,870	—	45,870
Mr D A Evans (resigned 20 July 2004)	42,000	—	—	—	65,000	27,962	—	134,962
Mr J D Snaith (resigned 20 July 2004)	31,847	—	—	—	65,000	27,962	—	124,809
<i>Specified executives</i> There are no specified executives who are not also directors.	—	—	—	—	—	—	—	—
<i>Total remuneration</i>	310,808	—	—	—	130,000	99,773	—	540,581

Table 2: Options issued as part remuneration for the year ended 30 June 2005

	Number granted	Options granted as part of remuneration \$	Total remuneration represented by options %	Options exercised	Options lapsed	Total \$
<i>Directors</i>						
Mr A J Broome AM	1,000,000	10,993	17.74	—	—	10,993
Mr W J Staude	500,000	21,986	15.93	—	—	21,986
Mr W J Ryan (appointed 20 July 2004)	500,000	10,870	23.70	—	—	10,870
Mr D A Evans (resigned 20 July 2004)	1,500,000	27,962	20.72	—	—	27,962
Mr J D Snaith (resigned 20 July 2004)	1,500,000	27,962	22.40	—	—	27,962

Employment contracts

The Company has entered into a contract with Serrasalmin Pty Limited for the provision of the services of Mr Warren Staude as managing director and CEO of the Company. The Company is entitled to terminate the agreement upon giving six months written notice or upon the happening of various events in respect of Serrasalmin's solvency or other conduct, or if Mr Staude ceases to be a director of the Company.

Otherwise there are no service contracts in place with directors, employees or consultants which would render the Company liable for termination payments in excess of normal statutory entitlements.

Directors' and auditors' indemnification

During or since the end of the financial year the Company has given an indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

- Under the provisions of the constitution of the Company, to the extent permitted by law, the Company shall indemnify a person who is or has been an Officer of the Company against liability incurred by the person as such an Officer to another person (other than the Company or a related body corporate); and indemnify a person who is or has been an Officer or Auditor of the Company against liability for costs and expenses incurred by the person in

defending proceedings, whether civil or criminal, in which judgment is given in favour of the person or in which the person is acquitted or in connection with an application, in relation to such proceedings, in which the Court grants relief to the person under the Corporations Act 2001 (Cwlth).

- During the year the Company paid premiums totalling \$33,550 on a policy to insure each of the directors and executives of the Company against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director or executive of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

Environmental regulation

The Company's operations are subject to general environmental regulation under the laws of the states and territories of Australia in which it operates. In addition, the various exploration interests held by the Company impose environmental obligations on it in relation to site remediation following sampling and drilling programs. The board is aware of these requirements and management has been instructed to ensure that they are complied with. The directors are not aware of any breaches of these environmental regulations and licence obligations during the year.

Directors' benefits

Since the end of the previous financial year no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the annual accounts of the Company, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related entity with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest

Signed in accordance with a resolution of the board of directors.

P R Murray
Director

Sydney
23 September 2005

AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Jupiter Mines Limited for the year ended 30 June 2005, I declare that, 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.



A J ARCHER
Partner
Grant Thornton NSW

Sydney

23 September 2005

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STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2005

	Note	Economic entity		Parent entity	
		2005 \$	2004 \$	2005 \$	2004 \$
Revenues from ordinary activities	2	54,584	376	54,584	376
Depreciation and amortisation expense		(2,089)	(288)	(2,089)	(288)
Borrowing costs		(5,960)	(497)	(5,960)	(497)
Exploration costs written off		—	(20,000)	—	(20,000)
Director & secretarial fees		(204,106)	(110,404)	(204,106)	(110,404)
Insurance costs		(33,283)	(7,124)	(33,283)	(7,124)
Legal and professional costs		(100,092)	(49,880)	(100,092)	(49,880)
Travel and entertaining costs		(23,002)	(4,645)	(23,002)	(4,645)
Occupancy costs		(2,820)	(5,398)	(2,820)	(5,398)
Company formation costs		—	(2,308)	—	(2,308)
Consultancy fees		(218,555)	(90,513)	(218,555)	(90,513)
Administration expenses		(118,182)	(71,749)	(118,182)	(71,749)
Other expenses from ordinary activities		(20,415)	(13,437)	(20,415)	(13,437)
Loss from ordinary activities before income tax expense	3	(673,920)	(375,867)	(673,920)	(375,867)
Income tax expense relating to ordinary activities	4	—	—	—	—
Loss from ordinary activities after related income tax expense		(673,920)	(375,867)	(673,920)	(375,867)
Net loss attributable to members of the parent entity		(673,920)	(375,867)	(673,920)	(375,867)
Basic loss per share (cents per share)	7	(1.81)	(5.62)	(1.81)	(5.62)
Diluted loss per share (cents per share)	7	(1.81)	(5.62)	(1.81)	(5.62)

The financial statements should be read in conjunction with the accompanying notes.

AND CONTROLLED ENTITY

STATEMENT OF FINANCIAL POSITION
as at 30 June 2005

	Note	Economic entity		Parent entity	
		2005 \$	2004 \$	2005 \$	2004 \$
CURRENT ASSETS					
Cash assets	8	1,848,821	1,510	1,848,820	1,510
Receivables	9	95,762	41,949	95,762	41,949
Other	13	—	196,369	—	196,369
TOTAL CURRENT ASSETS		1,944,583	239,828	1,944,582	239,828
NON-CURRENT ASSETS					
Other financial assets	10	—	—	140,000	—
Property, plant and equipment	12	8,988	5,850	8,988	5,850
Other	13	4,182,988	493,777	4,042,989	493,777
TOTAL NON-CURRENT ASSETS		4,191,976	499,627	4,191,977	499,627
TOTAL ASSETS		6,136,559	739,455	6,136,559	739,455
CURRENT LIABILITIES					
Payables	14	492,042	308,097	492,042	308,097
Interest-bearing liabilities	15	4,560	—	4,560	—
TOTAL CURRENT LIABILITIES		496,602	308,097	496,602	308,097
NON-CURRENT LIABILITIES					
Payables	14	500,000	—	500,000	—
TOTAL NON-CURRENT LIABILITIES		500,000	—	500,000	—
TOTAL LIABILITIES		996,602	308,097	996,602	308,097
NET ASSETS		5,139,957	431,358	5,139,957	431,358
EQUITY					
Contributed equity	17	6,189,744	807,225	6,189,744	807,225
Accumulated losses	18	(1,049,787)	(375,867)	(1,049,787)	(375,867)
TOTAL EQUITY		5,139,957	431,358	5,139,957	431,358

The financial statements should be read in conjunction with the accompanying notes.

AND CONTROLLED ENTITY

STATEMENT OF CASH FLOWS
for the year ended 30 June 2005

	Note	Economic entity		Parent entity	
		2005 \$	2004 \$	2005 \$	2004 \$
CASH FLOWS FROM OPERATING ACTIVITIES					
Payments to suppliers and employees		(740,735)	(117,315)	(740,735)	(117,315)
Interest received		28,584	376	28,584	376
Borrowing costs		(5,960)	(497)	(5,960)	(497)
Net cash used in operating activities	22a	(718,111)	(117,436)	(718,111)	(117,436)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payment of property, plant and equipment		(5,227)	(6,138)	(5,227)	(6,138)
Payments for exploration interests		(1,168,805)	(489,190)	(1,168,806)	(489,190)
Payment for subsidiary, net of cash acquired	22b	(80,000)	—	(80,000)	—
Net cash used in investing activities		(1,254,032)	(495,328)	(1,254,033)	(495,328)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		4,337,500	730,350	4,337,500	730,350
Proceeds from issue of options		113,820	76,875	113,820	76,875
Payments for IPO costs		(636,426)	(192,951)	(636,426)	(192,951)
Net cash provided by financing activities		3,814,894	614,274	3,814,894	614,274
Net increase in cash held		1,842,751	1,510	1,842,750	1,510
Cash at 1 July 2004		1,510	—	1,510	—
Cash at 30 June 2005	8	1,844,261	1,510	1,844,260	1,510

The financial statements should be read in conjunction with the accompanying notes..

AND CONTROLLED ENTITY

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2005****NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers the economic entity of Jupiter Mines Limited and controlled entities, and Jupiter Mines Limited as an individual parent entity. Jupiter Mines Limited is a listed public company, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

a. Principles of consolidation

A controlled entity is any entity controlled by Jupiter Mines Limited. Control exists where Jupiter Mines Limited has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Jupiter Mines Limited to achieve the objectives of Jupiter Mines Limited. A list of controlled entities is contained in Note 11 to the financial statements.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation.

Where controlled entities have entered or left the economic entity during the year, their operating results have been included from the date control was obtained or until the date control ceased.

Outside interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

b. Income tax

The economic entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income are brought to account as either a provision for deferred income tax or as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

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 economic 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.

c. Plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

Plant and equipment are measured on a cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the asset's employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

AND CONTROLLED ENTITY

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

d. Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

<i>Class of fixed asset</i>	<i>Depreciation rate</i>
Office equipment	33.33%
Furniture & fittings	7.50%

e. Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities in the economic entity, are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the economic entity will obtain ownership of the asset or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

f. Exploration and development expenditure

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

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis. Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site. The exploration phase has not been completed.

g. Cash

For the purpose of the statement of cash flows, cash includes:

- cash on hand and at call deposits with banks or financial institutions, net of credit cards; and
- investments in money market instruments with less than 14 days to maturity.

AND CONTROLLED ENTITY

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

h. Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

i. Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

j. Comparative figures

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

k. Impact of adoption of Australian equivalents to International Financial Reporting Standards

The Company is preparing and managing the transition to Australian equivalents to International Financial Reporting Standards (AIFRS) effective for the financial years commencing from 1 January 2005. The adoption of AIFRS will be reflected in the economic entity's and the parent entity's financial statements for the year ending 30 June 2006. On first time adoption of AIFRS, comparatives for the financial year ended 30 June 2005 are required to be restated. The majority of the AIFRS transitional adjustments will be made retrospectively against retained earnings at 1 July 2004.

The economic entity's management, with the assistance of external consultants, has assessed the significance of the expected changes and is preparing for their implementation. An AIFRS committee is overseeing and managing the economic entity's transition to AIFRS. The impact of the alternative treatments and elections under AASB 1: First Time Adoption of Australian Equivalents to International Financial Reporting Standards has been considered where applicable.

The directors are of the opinion that the key material differences in the economic entity's accounting policies on conversion to AIFRS and the financial effect of these differences, where known, are as follows. Users of the financial statements should note, however, that the amounts disclosed could change if there are any amendments by standard-setters to the current AIFRS or interpretation of the AIFRS requirements changes from the continuing work of the economic entity's AIFRS committee.

i. Impairment of assets

Under AASB 136: Impairment of Assets, the recoverable amount of an asset is determined as the higher of fair value less costs to sell, and value in use. In determining value in use, projected future cash flows are discounted using a risk adjusted pre-tax discount rate and impairment is assessed for the individual asset or at the 'cash generating unit' level. A 'cash generating unit' is determined as the smallest group of assets that generates cash flows that are largely independent of the cash inflows from other assets or groups of assets. The current policy is to determine the recoverable amount of an asset on the basis of undiscounted net cash flows that will be received from the asset's use and subsequent disposal. It is likely that this change in accounting policy will lead to impairments being recognised more often.

The economic entity has reassessed its impairment testing policy and tested all assets for impairment as at 1 July 2005. The impact of the change is estimated to be \$Nil (parent: \$Nil).

AND CONTROLLED ENTITY

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

k. Impact of adoption of Australian equivalents to International Financial Reporting Standards (continued)

ii. *Income tax*

Currently, the economic entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the accounting profit adjusted for any permanent differences. Timing differences are currently brought to account as either a provision for deferred income tax or future income tax benefit. Under AASB 112: Income Taxes, the entity will be required to adopt a balance sheet approach under which temporary differences are identified for each asset and liability rather than the effects of the timing and permanent differences between taxable income and accounting profit.

iii. *Extractive industries exposure draft and effect*

AASB 6 requires an entity to apply area of interest accounting to exploration and evaluation expenditure in the same manner as the existing accounting policy. However, exploration and evaluation expenditure will be required to be assessed for impairment in accordance with AASB 136 impairment of assets.

The economic entity has not identified a requirement for adjustment to exploration expenditure at 1 July 2005 on first adoption of AASB 6.

iv. *Share based payments*

Under AASB 2 share based payments, the Company will be required to determine the fair value of options issued to employees as remuneration and recognise as an expense in the statement of financial performance. This standard is not limited to options and also extends to other forms of equity based remuneration. It applies to all share-based payments issued after 7 November 2002 which have not vested as at 1 January 2005. Option expense recognised as directors' remuneration is \$99,773 (2004: \$4,521).

	Economic entity	Parent entity
	2005	2005
	\$	\$
Reconciliation of net loss		
Net loss reported under Australian Accounting Standards	(673,920)	(673,920)
Key transitional adjustments:		
— Option expense re directors' remuneration	(99,773)	(99,773)
Total transitional adjustments	(99,773)	(99,773)
Net loss under AIFRS	(773,693)	(773,693)
Reconciliation of equity		
Total equity reported under Australian Accounting Standards	5,139,957	5,139,957
Retrospective adjustments to equity at 1 July 2004:		
— Option expense re directors' remuneration	(4,521)	(4,521)
	5,135,436	5,135,436
Decrease in current year profit resulting from transition to AIFRS	(99,773)	(99,773)
Total equity under AIFRS	5,035,663	5,035,663

AND CONTROLLED ENTITY

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	Note	Economic entity		Parent entity	
		2005	2004	2005	2004
NOTE 2: REVENUE		\$	\$	\$	\$
Operating activities					
— interest received	2b	54,584	376	54,584	376
b. Interest revenue from:					
— other persons		54,584	376	54,584	376

NOTE 3: LOSS FROM ORDINARY ACTIVITIES

Loss from ordinary activities before
income tax has been determined after

(a) Expenses

Borrowing costs:

— other persons	5,960	497	5,960	497
Total borrowing costs	5,960	497	5,960	497

Depreciation of non-current assets:

— office equipment	1,852	248	1,852	248
— furniture and fittings	237	40	237	40
Total depreciation	2,089	288	2,089	288

Rental expense on operating leases

— operating lease rental	4,034	1,869	4,034	1,869
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Write-off of capitalised exploration expenditure on
areas of interest abandoned during the period

	—	20,000	—	20,000
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AND CONTROLLED ENTITY

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	Economic entity		Parent entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
NOTE 4: INCOME TAX EXPENSE				
(a) The prima facie tax benefit on loss from ordinary activities is reconciled to the income tax as follows:				
Prima facie tax benefit on loss from ordinary activities before income tax at 30% (2004: 30%)				
— economic entity	(202,176)	(112,760)	—	—
— parent entity	—	—	(202,176)	(112,760)
Add:				
Tax effect of:				
— other non-deductible expenses	3,338	2,152	3,338	2,152
	(198,838)	(110,608)	(198,838)	(110,608)
Less:				
Tax effect of:				
— Other deductible expenses not included in operating loss.	(42,084)	—	(42,084)	—
Income tax benefit	(240,922)	(110,608)	(240,922)	(110,608)
Income tax benefit understated prior year	(13,902)	—	(13,902)	—
	(254,824)	(110,608)	(254,824)	(110,608)
Income tax benefit not brought to account	254,824	110,608	254,824	110,608
Income tax expense	—	—	—	—
(b) Future income tax benefit (net of deferred tax liability reduced – note c) in respect of tax losses not brought to account	364,879	110,055	364,879	110,055
Future income tax benefit attributable to timing differences not brought to account	415	554	415	554
Future income tax benefits will only be realised if the conditions for deductibility set out in Note 1 occur.				
(c) Deferred tax liabilities				
The deferred income tax liability which has been reduced to nil by the benefits attributable to tax losses not brought to account	1,194,421	146,757	1,194,421	146,757

AND CONTROLLED ENTITY

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

NOTE 5: DIRECTORS' AND EXECUTIVES' REMUNERATION

(a) Names and positions held of parent entity directors and specified executives in office at any time during the financial year are:

Parent entity directors

Mr A J Broome AM	Chairman — non-executive	
Mr W J Staude	Managing director — executive	
Mr P R Murray	Director — non-executive	
Mr W J Ryan	Director — non-executive	(appointed 20 July 2004)
Mr D A Evans	Director — executive	(resigned 20 July 2004)
Mr J D Snaith	Director — executive	(resigned 20 July 2004)

Specified executives

There are no specified executives who are not also directors.

(b) Parent entity directors' remuneration

2005	Primary				Equity		Other	Total
	Salary, fees & commissions	Super-annuation contribution	Cash bonus	Non-cash benefits	Shares	Options		
	\$	\$	\$	\$	\$	\$	\$	\$
Mr A J Broome AM	50,961	—	—	—	—	10,993	—	61,954
Mr W J Staude	116,000	—	—	—	—	21,986	—	137,986
Mr P R Murray	35,000	—	—	—	—	—	—	35,000
Mr W J Ryan (appointed 20 July 2004)	35,000	—	—	—	—	10,870	—	45,870
Mr D A Evans (resigned 20 July 2004)	42,000	—	—	—	65,000	27,962	—	134,962
Mr J D Snaith (resigned 20 July 2004)	31,847	—	—	—	65,000	27,962	—	124,809
	310,808	—	—	—	130,000	99,773	—	540,581

2004	Primary				Equity		Other	Total
	Salary, fees & commissions	Super-annuation contribution	Cash bonus	Non-cash benefits	Shares	Options		
	\$	\$	\$	\$	\$	\$	\$	\$
Mr A J Broome AM	26,442	—	—	—	—	1,507	—	27,949
Mr W J Staude	7,970	—	—	—	—	3,014	—	10,984
Mr P R Murray	35,916	—	—	—	—	—	—	35,916
Mr D A Evans	84,000	—	—	—	—	—	—	84,000
Mr J D Snaith	84,000	—	—	—	—	—	—	84,000
	238,328	—	—	—	—	4,521	—	242,849

A portion of directors' remuneration has been capitalised and included in the statement of financial position as capitalised exploration expenditure.

The service and performance criteria set to determine remuneration are included per Note 5(f).

AND CONTROLLED ENTITY

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

NOTE 5: DIRECTORS' AND EXECUTIVES' REMUNERATION (continued)

(c) Remuneration options

Options granted as remuneration	Vested number	Granted number	Grant date	Value per option at grant date \$	Terms and conditions for each grant		
					Exercise price \$	First exercise date	Last exercise date
Directors							
Mr A J Broome AM	—	—	—	—	—	—	—
Mr W J Staude	—	—	—	—	—	—	—
Mr P R Murray	—	—	—	—	—	—	—
Mr W J Ryan (appointed 20 July 2004)	500,000	500,000	20.07.04	2.3 cents	20 cents	20.07.05	31.12.06
Mr D A Evans (resigned 20 July 2004)	1,500,000	1,500,000	10.08.04	2.1 cents	30 cents	10.08.05	31.07.07
Mr J D Snaith (resigned 20 July 2004)	1,500,000	1,500,000	10.08.04	2.1 cents	30 cents	10.08.05	31.07.07
Specified executives							
There are no specified executives who are not also directors.	—	—	—	—	—	—	—
	<u>3,500,000</u>	<u>3,500,000</u>					

All options granted as part of remuneration vest after one year of uninterrupted service.

The service and performance criteria set to determine remuneration are included in Note 5(f).

(d) Options and rights holdings

Number of options held by directors and specified executives

	Balance 01.07.2004	Granted as remuneration	Options exercised*	Net change - other*	Balance 30.06.2005	Total		Total unexercisable 30.06.2005
						Total vested 30.06.2005	exercisable 30.06.2005	
Parent entity directors								
Mr A J Broome AM	1,125,000	—	—	125,000	1,250,000	1,250,000	1,250,000	—
Mr W J Staude	562,500	—	—	1,015,625	1,828,125	1,828,125	1,828,125	—
Mr P R Murray	812,500	—	—	88,125	650,625	650,625	650,625	—
Mr W J Ryan (appointed 20 July 2004)	125,000	500,000	—	156,250	781,250	281,250	281,250	500,000
Mr D A Evans (resigned 20 July 2004)	1,875,000	1,500,000	—	—	3,375,000	1,875,000	1,875,000	1,500,000
Mr J D Snaith (resigned 20 July 2004)	1,750,000	1,500,000	—	—	3,250,000	1,750,000	1,750,000	1,500,000
Specified executives								
There are no specified executives who are not also directors.	—	—	—	—	—	—	—	—
	<u>6,250,000</u>	<u>3,500,000</u>	<u>—</u>	<u>1,385,000</u>	<u>11,135,000</u>	<u>7,635,000</u>	<u>7,635,000</u>	<u>3,500,000</u>

A rights issue occurred on 18 May 2005 to all shareholders based on one option for every four shares held. This resulted in the grant of options to parent entity directors at that date.

The 'net change - other' column above includes those options that have been forfeited by holders as well as options issued during the year under review.

AND CONTROLLED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

NOTE 5: DIRECTORS' AND EXECUTIVES' REMUNERATION (continued)

(e) Shareholdings

Number of shares held by parent entity directors and specified executives

	Balance 01.07.2004	Received as remun- eration	Options exercised	Net change - other*	Balance 30.06.2005
Parent entity directors					
Mr A J Broome AM	250,000	—	—	—	250,000
Mr W J Staude	125,000	—	—	51,250	176,250
Mr P R Murray	1,625,000	—	—	406,250	2,031,250
Mr W J Ryan (appointed 20 July 2004)	250,000	—	—	62,500	312,500
Mr D A Evans (resigned 20 July 2004)	3,750,000	500,000	—	8,750	4,258,750
Mr J D Snaith (resigned 20 July 2004)	3,500,000	500,000	—	(880,900)	3,119,100
Specified executives					
There are no specified executives who are not also directors.	—	—	—	—	—
Total	9,500,000	1,000,000	—	(352,150)	10,147,850

* Net change other refers to shares purchased or sold during the financial year.

(f) Remuneration practices

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

The remuneration structure for executive officers, including executive directors, is based on a number of factors, including length of service, particular experience of the individual concerned, and market factors. The contracts for service between the Company and directors and specified executives are on a continuing basis the terms of which are not expected to change in the immediate future.

NOTE 6: AUDITORS' REMUNERATION

Remuneration of the auditor of the parent entity for:

	Economic entity		Parent entity	
	2005 \$	2004 \$	2005 \$	2004 \$
— auditing or reviewing the financial report	45,000	25,269	45,000	25,269
— other services – independent accountants' report	20,900	20,500	20,900	20,500
	65,900	45,769	65,900	45,769

NOTE 7: EARNINGS PER SHARE

	Economic entity	
	2005 \$	2004 \$
a. Reconciliation of earnings to net loss		
Net loss	(673,920)	(375,867)
Earnings used in the calculation of basic EPS and dilutive EPS	(673,920)	(375,867)
b. Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS and dilutive EPS	37,290,750	6,682,531

There are no dilutive potential ordinary shares as the exercise of options to ordinary shares would have the effect of decreasing the loss per ordinary share and would therefore be non-dilutive.

AND CONTROLLED ENTITY

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	Note	Economic entity		Parent entity	
		2005	2004	2005	2004
NOTE 8: CASH ASSETS		\$	\$	\$	\$
Cash on hand		172	26	171	26
Cash at bank		848,649	1,484	848,649	1,484
Term deposits		1,000,000	—	1,000,000	—
		<u>1,848,821</u>	<u>1,510</u>	<u>1,848,820</u>	<u>1,510</u>

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash		1,848,821	1,510	1,848,820	1,510
Credit cards	15	(4,560)	—	(4,560)	—
		<u>1,844,261</u>	<u>1,510</u>	<u>1,844,260</u>	<u>1,510</u>

NOTE 9: RECEIVABLES

CURRENT

GST receivable		33,004	41,949	33,004	41,949
Other debtors		62,758	—	62,758	—
Provision for doubtful debts		—	—	—	—
		<u>95,762</u>	<u>41,949</u>	<u>95,762</u>	<u>41,949</u>

NOTE 10: OTHER FINANCIAL ASSETS

NON-CURRENT

Unlisted investments, at cost

— share in controlled entity	11	—	—	140,000	—
		<u>—</u>	<u>—</u>	<u>140,000</u>	<u>—</u>

NOTE 11: CONTROLLED ENTITIES

(a) **Controlled entities**

	Country of incorporation	Percentage owned (%)	
		2005	2004
<i>Parent entity:</i>			
- Jupiter Mines Limited	Australia	—	—
<i>Subsidiaries of Jupiter Mines Limited:</i>			
- Future Resources Australia Limited	Australia	100	—

(b) **Controlled entities acquired**

On 12 January 2005 the parent entity acquired 100% of Future Resources Australia Limited for a purchase consideration of \$140,000 with the Company being entitled to all profits earned from 12 January 2005. The purchase consideration comprised \$90,000 cash and \$50,000 issued capital.

AND CONTROLLED ENTITY

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	Economic entity		Parent entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
NOTE 12: PROPERTY, PLANT AND EQUIPMENT				
PLANT AND EQUIPMENT				
Office equipment				
- at cost	8,209	2,982	8,209	2,982
- accumulated depreciation	(2,100)	(248)	(2,100)	(248)
	<u>6,109</u>	<u>2,734</u>	<u>6,109</u>	<u>2,734</u>
Furniture and fittings				
- at cost	3,156	3,156	3,156	3,156
- accumulated depreciation	(277)	(40)	(277)	(40)
	<u>2,879</u>	<u>3,116</u>	<u>2,879</u>	<u>3,116</u>
Total plant and equipment	<u>8,988</u>	<u>5,850</u>	<u>8,988</u>	<u>5,850</u>

(a) **Movements in carrying amounts**

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year

	Office equipment	Furniture and fittings	Total
	\$	\$	\$
<i>Economic entity:</i>			
Balance at the beginning of year	2,734	3,116	5,850
Additions	5,227	—	5,227
Depreciation expense	(1,852)	(237)	(2,089)
Carrying amount at the end of year	<u>6,109</u>	<u>2,879</u>	<u>8,988</u>
<i>Parent entity:</i>			
Balance at the beginning of year	2,734	3,116	5,850
Additions	5,226	—	5,227
Depreciation expense	(1,852)	(237)	(2,089)
Carrying amount at the end of year	<u>6,109</u>	<u>2,879</u>	<u>8,988</u>

AND CONTROLLED ENTITY

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	Note	Economic entity		Parent entity	
		2005	2004	2005	2004
NOTE 13: OTHER ASSETS		\$	\$	\$	\$
CURRENT					
Prepaid IPO costs		—	192,951	—	192,951
Prepayments		—	3,418	—	3,418
		—	196,369	—	196,369
NON-CURRENT					
Deposits		4,587	4,587	4,587	4,587
Exploration expenditure					
Costs carried forward in respect of the following areas of interest:					
— Widgiemooltha		862,456	184,586	862,456	184,586
— Klondyke		3,024,708	234,416	3,024,708	234,416
— Leonora		291,237	70,188	151,238	70,188
Total exploration expenditure		4,178,401	489,190	4,038,402	489,190
		4,182,988	493,777	4,042,989	493,777
NOTE 14: PAYABLES					
CURRENT					
Trade creditors		180,110	274,899	180,110	274,899
Sundry creditors and accrued expenses		61,932	33,198	61,932	33,198
Amount due under contract of sale		250,000	—	250,000	—
		492,042	308,097	492,042	308,097
NON-CURRENT					
Unsecured liabilities					
Amount due under contract of sale		500,000	—	500,000	—
NOTE 15: INTEREST BEARING LIABILITIES					
CURRENT					
Bank credit card		4,560	—	4,560	—
NOTE 16: EMPLOYEES		Number	Number	Number	Number
Number of employees at year-end		1	—	1	—

AND CONTROLLED ENTITY

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

NOTE 17: CONTRIBUTED EQUITY	Note	Economic entity		Parent entity	
		2005	2004	2005	2004
		\$	\$	\$	\$
Paid up capital:					
51,136,250 (2004: 17,125,000) fully paid ordinary shares	17a	5,868,995	730,350	5,868,995	730,350
34,104,116 (2004: 9,312,500) fully paid options issued	17b	320,749	76,875	320,749	76,875
		<u>6,189,744</u>	<u>807,225</u>	<u>6,189,744</u>	<u>807,225</u>

(a) Ordinary shares

At the beginning of the reporting period		730,350	—	730,350	—
Shares issued during the year					
— 437,500 on 12 Jul 2004		35,000	—	35,000	—
— 2,031,250 on 3 Aug 2004		162,500	—	162,500	—
— 2,500,000 on 10 Aug 2004		200,000	—	200,000	—
— 1,737,500 on 14 Sep 2004		139,000	—	139,000	—
— 19,005,000 on 16 Dec 2004		3,801,000	—	3,801,000	—
— 6,500,000 on 17 Dec 2004		1,300,000	—	1,300,000	—
— 300,000 on 30 Dec 2004		60,000	—	60,000	—
— 250,000 on 12 Jan 2005		50,000	—	50,000	—
— 250,000 on 21 Feb 2005		50,000	—	50,000	—
— 1,000,000 on 22 Mar 2005		130,000	—	130,000	—
Transaction costs relating to share issues		(788,855)	—	(788,855)	—
At reporting date		<u>5,868,995</u>	<u>—</u>	<u>5,868,995</u>	<u>—</u>

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held.

At the shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

(b) Options

At the beginning of the reporting period		76,875	—	76,875	—
Options issued during the year					
— 500,000 on 20 July 2004		—	—	—	—
— 3,000,000 on 10 August 2004		—	—	—	—
— 3,000,000 on 17 December 2004		57,000	—	57,000	—
— 1,000,000 on 22 December 2004		41,000	—	41,000	—
— 1,000,000 on 22 December 2004		42,000	—	42,000	—
— 11,291,616 on 18 May 2005		112,916	—	112,916	—
Transaction costs relating to options issued		(9,042)	—	(9,042)	—
At reporting date		<u>320,749</u>	<u>—</u>	<u>320,749</u>	<u>—</u>

AND CONTROLLED ENTITY

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	Note	Economic entity		Parent entity	
		2005	2004	2005	2004
NOTE 17: CONTRIBUTED EQUITY					
		\$	\$	\$	\$

(c) Options

- i. For information relating to share options issued to executive directors during the financial year, refer to Note 5.
- ii. On 18 May 2005, 11,291,616 options were granted to the holders of ordinary shares to subscribe for ordinary shares at an exercise price of 20 cents each. The options are exercisable on or before 31 January 2007.

At 30 June 2005, there were 34,104,116 (30 June 2004: 9,312,500) unissued ordinary shares for which options were outstanding.

NOTE 18: ACCUMULATED LOSSES

Accumulated losses at the beginning of the financial year	(375,867)	—	(375,867)	—
Net loss attributable to the members of the parent entity	(673,920)	(375,867)	(673,920)	(375,867)
Accumulated losses at the end of the financial year	<u>(1,049,787)</u>	<u>(375,867)</u>	<u>(1,049,787)</u>	<u>(375,867)</u>

NOTE 19: CAPITAL AND LEASING COMMITMENTS**(a) Operating lease commitments**

Non-cancellable operating leases contracted for but not capitalised in the financial statements

Payable

— not later than 1 year	4,632	4,632	4,632	4,632
— later than 1 year but not later than 5 years	2,316	6,948	2,316	6,948

NOTE 20: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

No contingent liabilities or contingent assets exist at 30 June 2005, other than that disclosed in Note 23.

NOTE 21: SEGMENT REPORTING

The Company operates solely in the mining industry within Australia.

AND CONTROLLED ENTITY

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

NOTE 22: CASH FLOW INFORMATION	Economic entity		Parent entity	
	2005 \$	2004 \$	2005 \$	2004 \$
(a) Reconciliation of cash flow from operations with profit from ordinary activities after income tax				
Profit from ordinary activities after income tax	(673,920)	(375,867)	(673,920)	(375,867)
Non-cash flows in loss from ordinary activities				
Depreciation	2,089	288	2,089	288
Shares issued for employment services	130,000	—	130,000	—
Changes in assets and liabilities, net of the effects of purchase of subsidiaries				
Increase in GST receivable	(8,271)	(41,949)	(8,271)	(41,949)
Decrease in prepayments and deposits paid	3,417	(8,005)	3,417	(8,005)
Increase in other debtors	(26,000)	—	(26,000)	—
Decrease in trade creditors	(156,043)	274,899	(156,043)	274,899
Increase in accruals	10,617	33,198	10,617	33,198
Cash flow from operations	<u>(718,111)</u>	<u>(117,436)</u>	<u>(718,111)</u>	<u>(117,436)</u>
(b) Acquisition of entities				
During the year 100% of the controlled entity Future Resources Australia Limited was acquired. Details of this transaction are:				
Purchase consideration	140,000	—	140,000	—
Total consideration	140,000	—	140,000	—
Less: Prior year payment	(10,000)	—	(10,000)	—
Less: Share payments	(50,000)	—	(50,000)	—
Cash outflow	<u>80,000</u>		<u>80,000</u>	
Assets and liabilities held at acquisition date:				
Exploration interests	140,000	—	—	—
	<u>140,000</u>		<u>—</u>	
(c) Credit standby arrangements with banks				
Credit facility	10,000	—	10,000	—
Amount utilised	(4,560)	—	(4,560)	—
Unused credit facility	<u>5,440</u>		<u>5,440</u>	

The major facilities are summarised as follows:

Bank credit cards:

Bank credit cards are arranged with ANZ bank with the general terms and conditions being set and agreed to annually.

Interest rates are variable and subject to adjustment.

AND CONTROLLED ENTITY

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2005**

NOTE 23: FUTURE COMMITMENTS

The following amounts are payable in respect of contracts entered into prior to 30 June 2005 in relation to the undernoted areas of interest:

Area of interest	Payable 12 months from listing - \$	Payable 24 months from listing - \$	Payable 36 months from listing - \$
Klondyke	250,000	250,000	250,000
	250,000	250,000	250,000

In respect of future payments regarding Klondyke the following is noted:

(a) In the event that the Company reaches certain milestones within 2 years, but after 12 months from the Completion Date (as set out in clause 5A.4 of the Deed of Variation) then the Company will pay the Vendors \$1,500,000 and not pay the 24 and 36 month payments noted above.

(b) In the event that the Company reaches certain milestones between the period commencing on or after 2 years from the Completion Date (as set out in Clause 5A.4 of the Deed of Variation) and ending upon the date that the Vendors choose to exercise their rights to acquire the interest in the Klondyke Gold Project from the Company, then the Company will pay the Vendors \$1,750,000. In addition, the Company will have been required to pay such of the 12, 24 and 36 month payments that have accrued prior to the milestones having occurred.

No other commitments exist at the year end other than those disclosed.

NOTE 24: EVENTS SUBSEQUENT TO REPORTING DATE

The Company has entered into a lease for new office premises being for a two year period at a cost of \$35,035 per annum including GST.

NOTE 25: RELATED PARTY TRANSACTIONS

	Economic entity		Parent entity	
	2005	2004	2005	2004
	\$	\$	\$	\$

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties:

(i) Other related parties	130,000	10,000	130,000	10,000
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The Company has paid an option fee of \$10,000 to acquire all of the issued capital of Future Resources Australia Limited, a company whose directors include Mr D A Evans and Mr J D Snaith in 2004. During the year the Company paid an additional \$130,000 to finalise the acquisition of Future Resources Australia Limited with this company becoming a fully owned subsidiary as at 12 January 2005.

AND CONTROLLED ENTITY

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

NOTE 26: FINANCIAL INSTRUMENTS**(a) Interest rate risk**

The economic entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted average effective interest rate %		Floating interest rate \$		Fixed interest rate maturing						Total \$			
					Within year		1 to 5 years		Over 5 years		Non interest-bearing			
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Financial assets:														
Cash and deposits	5.31	—	—	—	1,000,000	—	—	—	—	—	848,821	1,510	1,848,821	1,510
Receivables	—	—	—	—	—	—	—	—	—	—	95,162	41,949	95,162	41,949
Total financial assets	—	—	—	—	1,000,000	—	—	—	—	—	943,983	43,459	1,943,983	43,459
Financial liabilities:														
Bank loans and overdrafts	—	—	—	—	—	—	—	—	—	—	4,560	—	4,560	—
Trade and sundry creditors	—	—	—	—	—	—	—	—	—	—	992,042	308,097	992,042	308,097
Amounts payable related parties	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total financial liabilities	—	—	—	—	—	—	—	—	—	—	996,602	308,097	996,602	308,097

(b) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for doubtful debts of those assets, as disclosed in the statement of financial position and notes to the financial statements.

Except for the following concentrations of credit risks, the economic entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the economic entity.

(c) Net fair values

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 1 to the financial statements.

NOTE 27: COMPANY DETAILS

The registered office of the Company is:

Jupiter Mines Limited
Suite 1405, Level 14
33 Bligh Street
Sydney NSW 2000

The principal places of business are:

Jupiter Mines Limited
Suite 1405, Level 14
33 Bligh Street
Sydney NSW 2000

DIRECTORS' DECLARATION

The directors of Jupiter Mines Limited declare that:

1. The financial statements and associated notes for the financial year ended 30 June 2005:
 - (a) are in accordance with the Corporations Act 2001;
 - (b) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (c) give a true and fair view of the financial position of the Company as at 30 June 2005 and the performance of the Company and the economic entity for the financial year then ended.
2. The chief executive officer/ chief financial officer has declared that:
 - (a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - (b) the financial statements and notes for the financial year comply with Accounting Standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view.
3. In the opinion of the directors there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

Signed on behalf of the directors

Paul R Murray
Director

Sydney,
23 September 2005

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF JUPITER MINES LIMITED AND ITS CONTROLLED ENTITY

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for both Jupiter Mines Limited and its controlled entity, for the year ended 30 June 2005. The consolidated entity comprises both the company and the entity it controlled during that year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Australian Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

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**INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF JUPITER MINES LIMITED AND ITS CONTROLLED
ENTITY (CONT)**

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit opinion

In our opinion, the financial report of Jupiter Mines Limited is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2005 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.



GRANT THORNTON NSW
Chartered Accountants



A J ARCHER
Partner

Sydney

23 September 2005