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## The Manager

Mr Patrick O'Connor  
Company Announcements Office  
Australian Stock Exchange Limited  
Level 4, 20 Bridge Street  
SYDNEY NSW 2000

6 July 2010

Via Electronic Lodgement

### **RE: Amended Notice of EGM- Tshipi Transaction**

Jupiter Mines Limited (ASX: JMS – "Jupiter") advises that there has been a change to the room at the Hyatt Regency Perth in which the meeting of Jupiter's shareholders to vote on the Tshipi Transaction will be held.

The Meeting to be held on August 12<sup>th</sup> 2010 at 11.00am at the Hyatt Regency Perth, 99 Adelaide Terrace, Western Australia will now be held in the Traders Lounge Room rather than the Mosman Bay Room.

An updated copy of the Notice of Meeting and Explanatory Statement containing this change is attached. There are no other changes to the Notice of Meeting and Explanatory Statement that were lodged earlier today.

For and on behalf of the Directors of Jupiter Mines Limited

Robert J Benussi  
Company Secretary &  
CFO

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# JUPITER MINES LIMITED

ACN 105 991 740

## NOTICE OF GENERAL MEETING AND EXPLANATORY STATEMENT

**Date:** 12 August 2010

**Time:** 11:00am (Perth time)

**Place:** Hyatt Regency Perth  
Room: Traders Lounge  
99 Adelaide Terrace  
Perth, Western Australia, 6000

**The Independent Expert has concluded that the proposed transaction is fair and reasonable to the non-associated shareholders and the independent directors unanimously recommend that shareholders vote in favour of Resolutions 1 and 2.**

**This Notice of Meeting and Explanatory Statement is an important document and should be read in its entirety. Please read it carefully.**

**If Shareholders are unable to attend the General Meeting they can complete and return the enclosed Proxy Form in accordance with the instructions set out in the Proxy Form.**

6 July 2010

Dear Shareholder

On 1 March 2010 Jupiter Mines Limited ("the Company" or "Jupiter") announced that it was in the advanced stages of negotiating binding agreements to acquire a 49.9% stake in the world-class Tshipi Kalahari Manganese Project ("Tshipi") in South Africa for a consideration of AUD245 million as well as assuming shareholder loans of approximately AUD10,192,034 ("Transaction").

Tshipi is being acquired from a group of investors including Pallinghurst Resources Limited, AMCI, POSCO, EMG, and Investec ("The Pallinghurst Co-Investors").

Mr Geoff Wedlock, the former Chairman of Jupiter, who tragically died in a plane crash in West Africa in June this year and Mr Andrew Bell, had the opportunity to visit Tshipi as part of the process of reviewing the merits of the proposed Transaction. On the basis of this visit and other due diligence conducted on Tshipi, we are satisfied that the asset presents Jupiter with the opportunity to become a significant force in the manganese industry and we intend to vote our own shares in favour of the resolutions to approve the Transaction.

The proposed acquisition of Tshipi presents Jupiter with a number of opportunities:

- **A major shareholding in a world class manganese project:** Tshipi has a SAMREC/JORC compliant mineral resource of 163 million tonnes (comprising 101.4 million inferred and 61.8 million indicated) at 37% Manganese (Mn), and through the successful development of the project, has the potential to transform Jupiter into a significant mining and exploration company.
- **A strong Board:** Pallinghurst Resources' Chairman Brian Gilbertson has recently joined Jupiter's Board to replace Geoff Wedlock as a non-executive Chairman and will significantly strengthen the skills base of the current board. Mr Gilbertson will be required to stand for re-election at the next annual general meeting of Jupiter.
- **Fast tracking the Company's Steel Feed (SFC) strategy:** The proposed Transaction fast tracks the Company's SFC strategy where Jupiter plans to become a global steel feed producer through the acquisition and development of manganese, iron ore and possibly other commodities that go into the steel making process.
- **A stronger shareholder base:** The Transaction will likely strengthen Jupiter's shareholder base. The Pallinghurst Co-Investors will become substantial shareholders in Jupiter, and are likely to be instrumental in attracting other blue chip investors to the register.
- **Access to capital:** Pallinghurst has demonstrated its ability to attract major investors. Following completion of the proposed Transaction, the Company, through its association with the Pallinghurst Co-Investors, and due to the fact that it will own a share in a valuable asset, will be better placed to access capital.

We recommend shareholders vote in favour of the proposed Transaction. Information on the merits of the proposed Transaction is well explained in the Independent Expert Report accompanying this Explanatory Statement and we urge you to read it carefully.

Yours Faithfully



**Director**  
Paul R Murray



**Director**  
Andrew Bell

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# JUPITER MINES LIMITED

ACN 105 991 740

## NOTICE OF GENERAL MEETING

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Notice is given that a General Meeting of members of Jupiter Mines Limited (**Company**) will be held at 11:00am (Perth time) on Thursday, 12 August 2010 at the Hyatt Regency Perth, Room: Traders Lounge, 99 Adelaide Terrace, Perth, Western Australia, 6000.

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### AGENDA

Resolutions 1 and 2 are interdependent. This means that none of the Resolutions will be implemented by the Company unless all of the Resolutions as specified in this Notice of Meeting are approved by Shareholders.

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#### Resolution 1 - Approval for the issue of ordinary shares

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That for the purposes of section 611, item 7 and Chapter 2E of the Corporations Act, Listing Rule 10.11 of the Listing Rules of the Australian Securities Exchange and for all other purposes, and subject to passing Resolution 2, the Company approves the acquisition of relevant interests in fully paid ordinary shares in the Company:

- (i) arising from the issue of the following fully paid ordinary shares in the Company (**New Jupiter Shares**) as consideration for the Tshipi Acquisition:
  - (A) to American Metals and Coal International (**AMCI**) (or its nominees) – 241,091,493 New Jupiter Shares;
  - (B) to the Energy and Minerals Group (**EMG**) (or its nominees) – 246,674,875 New Jupiter Shares;
  - (C) to Pallinghurst Resources Limited (**PRL**) (or its nominees, including Pallinghurst Steel Feed (Dutch) B.V. (**PSF**)) – 187,058,859 New Jupiter Shares;
  - (D) to POSCO (**POSCO**) (or its nominees including POSCO Australia Pty Ltd (**POSA**)) – 271,586,321 New Jupiter Shares; and
  - (E) to Investec Limited (**Investec**) (or its nominees, including Investec Bank Limited) – 262,255,799 New Jupiter Shares;

- (ii) arising from the issue of the following fully paid ordinary shares in the Company (**Subscription Shares**) as consideration for a subscription amount of AUD5,000,000:
- (A) to PRL (or its nominees), 13,205,667 Subscription Shares;
  - (B) to POSCO (or its nominees), 5,393,864 Subscription Shares; and
  - (C) to Investec (or its nominees), 5,097,152 Subscription Shares;
- (iii) including without limitation, the acquisitions by AMCI, EMG, PRL, POSCO and Investec (or their nominees) of a relevant interest in all the New Jupiter Shares and Subscription Shares to be issued;
- (iv) including without limitation, the acquisitions by AMCI, EMG, PRL, POSCO and Investec (or their nominees) of a relevant interest in all of the ordinary fully paid shares in the Company currently held by PSF and POSA; and
- (v) including without limitation, the acquisition by the Company of a relevant interest in the New Jupiter Shares and the Subscription Shares,
- as described in the Explanatory Statement which accompanies this Notice of Meeting."

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## **Resolution 2 - Approval of Tshipi Acquisition and change to scale of activities**

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That for the purposes of Chapter 2E of the Corporations Act, Listing Rule 10.1 and 11.1.2 of the Listing Rules of the Australian Securities Exchange and for all other purposes, and subject to passing Resolution 1, the Company approves:

- (i) the acquisition by the Company of:
  - (A) 4,989,998 fully paid ordinary shares in Tshipi é Ntle Manganese Mining (Proprietary) Limited (**Tshipi**); and
  - (B) shareholder loans of approximately AUD10,192,034, from Pallinghurst Kalahari (Mauritius) Limited and Investec Bank Limited, in their respective proportions; and
- (ii) the change in scale of the Company's activities as a result of those acquisitions,

as described in the Explanatory Statement which accompanies this Notice of Meeting."

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## **Voting exclusion statement**

In accordance with the Listing Rules of the Australian Securities Exchange, section 611 item 7 and Chapter 2E of the Corporations Act, the Company will disregard any vote cast on the Resolutions 1 and 2 by:

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- (a) AMCI or its nominees;
  - (b) EMG or its nominees;
  - (c) PRL or its nominees (including PSF);
  - (d) POSCO or its nominees (including POSA);
  - (e) Investec or its nominees;
  - (f) any associates (as defined in section 11 and sections 13 to 17 of the Corporations Act) of the persons specified above; and
  - (g) any associates (as defined in section 12 of the Corporations Act for the purposes of Chapter 6) of the Company.

However, the Company need not disregard a vote if:

- (a) it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides; or
- (b) it is cast by a person as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

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### **Explanatory Statement**

Shareholders are referred to the Explanatory Statement accompanying and forming part of this Notice of Meeting which contains information regarding the Resolutions. Shareholders should read this Notice of Meeting and the Explanatory Statement carefully and in their entirety.

### **Voting and proxies**

#### **Eligibility to vote**

For the purposes of determining entitlement to vote at the General Meeting, Shares in the Company will be taken to be held by the people registered as holders at 5:00pm (Perth time) on 10 August 2010.

#### **Appointing a proxy**

If you are entitled to attend and vote at the General Meeting, you can appoint a proxy to attend and vote on your behalf. A proxy need not be a Shareholder and may be an individual or a body corporate.

If you are entitled to cast two or more votes, you may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If you do not specify a proportion or number, each proxy may exercise half of the votes. If more than one proxy is present at the General Meeting, neither may vote on a show of hands.

A proxy form accompanies this Notice of Meeting.

## Lodging your proxy form

For the appointment of a proxy to be effective, you must return your completed proxy form (and, if the proxy form is signed by an attorney, the original power of attorney under which the proxy form was signed or a certified copy) to Link Market Services Limited by 11:00am (Perth time) on 10 August 2010.

You can send your completed proxy form to Link Market Services Limited by returning it to:

**Registered office** Jupiter Mines Limited  
C/- Link Market Services Limited  
Level 12, 680 George Street  
Sydney NSW 2000

**Facsimile number:** (02) 9287 0309

**Postal address** Jupiter Mines Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235

If you appoint a proxy, you may still attend the General Meeting. However, your proxy's rights to speak and vote are suspended while you are present. Accordingly, you will be asked to revoke your proxy if you register at the General Meeting.

## Corporate Shareholders

Corporate Shareholders who wish to appoint a representative to attend the General Meeting on their behalf must provide that person with a properly executed letter or other document confirming that they are authorised to act as the Shareholder's representative.

## How the Chairman of the General Meeting will vote undirected proxies

The Chairman of the General Meeting will vote all undirected proxies in favour of Resolutions 1 and 2.

## By order of the Board



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Robert J Benussi  
Company Secretary  
Jupiter Mines Limited  
6 July 2010

# JUPITER MINES LIMITED

ACN 105 991 740

## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared for the information of Shareholders of Jupiter Mines Limited (**Company**) in connection with the business to be conducted at the General Meeting of the Company to be held at 11:00am (Perth time) on Thursday, 12 August 2010 at Hyatt Regency Perth, Room: Traders Lounge, 99 Adelaide Terrace, Perth, Western Australia, 6000.

This Explanatory Statement is important and should be read in conjunction with the accompanying Notice of Meeting. It contains an explanation of and information about the Resolutions to be considered at the General Meeting.

Shareholders should read this Notice of Meeting, the Explanatory Statement and the Independent Expert's Report carefully and in their entirety. If Shareholders are in doubt as to what to do in relation to the Transaction, they should seek independent advice.

This Notice of Meeting and the Explanatory Statement may contain forward looking statements. Shareholders should be aware that such statements are only predictions and subject to risks, uncertainties and assumptions which are outside the control of the Company. Actual values, results or events may be materially different to those expressed or implied in this Notice of Meeting and the Explanatory Statement. On this basis, Shareholders are cautioned not to place reliance on forward looking statements. Subject to any obligations under the Corporations Act or the ASX Listing Rules, the Company does not have any obligation to update or revise any forward looking statements based on a change in circumstances. To the extent that there are forward looking statements in this Notice of Meeting and/or the Explanatory Statement, such statements reflect the views held only as at the date of this Notice of Meeting.

A list of defined terms used in this Explanatory Statement is set out in Section 11 of this Explanatory Statement.

### 1 OVERVIEW OF TRANSACTION

#### 1.1 Tshipi Acquisition

The Company has finalised the terms of a Share Sale and Subscription Agreement under which, subject to Shareholder approval:

- (a) PKML and Investec will sell to the Company all of their shares in Tshipi (approximately 49.9% of the issued shares in Tshipi when combined) (**Sale Shares**) for AUD244,836,776 (**Purchase Price**);
- (b) The Company will acquire various shareholder loans made by PKML and Investec separately to Tshipi (**Tshipi Loans**) and outstanding as at Completion in the amount of ZAR51,215,441 (AUD7,520,401.87) and

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ZAR18,194,349 (AUD2,671,632.08), respectively based on AUD/ZAR exchange rate as at the Announcement Date (**Loan Amounts**).

In consideration for the Sale Shares and the Tshipi Loans, and subject to obtaining shareholder approval and the satisfaction of certain conditions precedent, the Company will issue 1,208,667,347 new fully paid ordinary shares in the Company, as directed by PKML and Investec, as follows:

- (a) to AMCI (or its nominees) – 241,091,493 New Jupiter Shares;
- (b) to EMG or its nominees – 246,674,875 New Jupiter Shares;
- (c) to PRL or its nominees – 187,058,859 New Jupiter Shares;
- (d) to POSCO or its nominees – 271,586,321 New Jupiter Shares;
- (e) to Investec or its nominees – 262,255,799 New Jupiter Shares.

PKML will direct the Company to issue its relevant proportion of the New Jupiter Shares to its shareholders (or their nominees), AMCI, EMG, PRL and POSCO, in accordance with the terms of the Share Sale and Subscription Agreement.

The issuance of Investec's 262,255,799 New Jupiter Shares will be deferred for a period of twelve months from Completion.

The terms of the Tshipi Loans made by PKML and Investec to Tshipi will be governed by the Tshipi Shareholders' Agreement, which is summarised in Section 10.4, and the terms are summarised in Section 10.3. The Tshipi Loans are denominated in South African Rand (ZAR), as is the interest that accrues on the loans. PKML and Investec have agreed to waive any interest incurred post 1 March 2010 on the existing Tshipi Loans up to the date of Completion, the loans will however continue to accrue interest from Tshipi and the Company will receive the benefit of such interest by its assumption of the Tshipi Loans.

The total loan amount that the Company will acquire by assuming the Tshipi Loans will be approximately ZAR69,409,790, (or AUD10,192,034 based on AUD/ZAR exchange rate as at the Announcement Date), of which ZAR60,510,170 (AUD8,885,227) is interest bearing, and ZAR8,899,620 (AUD1,306,807) is not interest bearing.

Further loans may be advanced to Tshipi by PKML and/or Investec between the date of this Statement and Completion. If the actual amount of Tshipi Loans exceeds the amounts outlined above, the Company will be required to make a cash payment to PKML and Investec (or their nominees) following Completion representing the difference. As at the date of issue of this Explanatory Statement, no further loans have been made.

## 1.2 **Subscription for new shares for AUD5,000,000 cash**

The Company needs to raise cash as part of the Transaction as the Company's existing cash reserves have already been allocated for specific purposes.

Accordingly, subject to completion of the Tshipi Acquisition, PRL, POSCO and Investec have agreed to subscribe for 23,696,683 new shares, at a cost of AUD5,000,000 (**Subscription Amount**), as part of the Transaction.

The proceeds of the equity subscription will be used for costs associated with the Transaction and other working capital purposes.

Jupiter will issue shares to PRL, POSCO and Investec as follows, to match their respective proportion of the Subscription Amount:

- (a) PRL (or its nominees) – 13,205,667 Subscription Shares;
- (b) POSCO (or its nominees) – 5,393,864 Subscription Shares;
- (c) Investec (or its nominees) – 5,097,152 Subscription Shares.

### 1.3 Impact on control of the Company

#### (a) **Shareholding following the successful completion of the Transaction**

AMCI, EMG, PRL, POSCO and Investec (collectively the **Pallinghurst Co-Investors**) will, on successful completion of the Transaction, including the issue of the New Jupiter Shares and the Subscription Shares as well as any existing shares held by them or their associates, have a combined voting power of approximately 85.71%<sup>1</sup> in the Company and their individual holdings of Jupiter Shares would be as follows:

- (i) AMCI – 15.05%.
- (ii) EMG -15.40%;
- (iii) PRL (via PSF) – 18.30%;
- (iv) POSCO (via POSA) – 20.28%; and
- (v) Investec – 16.69%;

<sup>1</sup> Slight difference between total amount (85.71%) and sum of parts (85.72%) are due to rounding.

For more information on the maximum relevant interest and voting power that each of AMCI, EMG, POSCO, PRL, and Investec will hold after the New Jupiter Shares are issued, please refer to Section 4.6 of this Explanatory Statement.

Certain related companies of AMCI, EMG, PRL, POSCO and Investec are also likely to acquire a relevant interest in the New Jupiter Shares pursuant to the Corporations Act.

#### (b) **Existing contractual relations among the Pallinghurst Co-Investors**

The Pallinghurst Co-Investors are each a party to a cooperation agreement or similar arrangement, which governs the relationship between each of the Pallinghurst Co-Investors. Each Pallinghurst Co-Investor retains legal title and influence over their individual interests in each investment but may enter into voting pool agreements with other Pallinghurst Co-Investors in order to achieve certain strategic objectives.

POSA and PSF have entered into an agreement relating to their existing interest in the Company (**POSA/PSF Agreement**), the key terms of which

were outlined in the notice of meeting and explanatory statement to Shareholders dated 10 August 2009.

AMCI, EMG, PRL and POSCO (via PKML) and Investec have also entered into a similar agreement relating to their 49.9% interest in Tshipi (**Tshipi Agreement**). The key terms of that agreement are as follows;

- The parties agree to confer prior to any Tshipi shareholder meeting, but under the express terms of such agreement each of the parties may vote its effective see-through interest in Tshipi Shares on a see-through basis as that party directs;
- In case of a proposed disposal of Tshipi shares by a party, certain “pre-emption” rights exist in favour of the other parties, allowing such other parties to purchase Tshipi shares on terms the same as, or superior to, those proposed by the third party purchaser; and
- “Tag along” rights also exist in favour of the other parties, allowing such other parties to dispose of a pro rata holding of their Tshipi Shares on the same terms as those proposed by the selling party to the proposed third party purchaser.

(c) ***Future contractual relations among the Co-Investors post Transaction***

Following completion of the Transaction, the Pallinghurst Co-Investors will enter into an agreement governing their investment in the Company (**Jupiter Agreement**). The Jupiter Agreement will contain materially similar terms to the POSA/PSF Agreement and the Tshipi Agreement.

1.4 **Regulatory approval for Investec’s participation in the Transaction**

Investec’s participation in the Transaction is subject to South African regulatory approval. The Pallinghurst Co-Investors and the Company will explore all available avenues to gain the required regulatory approvals, and facilitate Investec’s participation in the Transaction.

However, if any of the other Pallinghurst Co-Investors (including Investec) is unable to participate in the Transaction, then that Pallinghurst Co-Investor would be likely to appoint some or all of the remaining Pallinghurst Co-Investors (or their nominees) and/or a new investor, Algemene Pensioen Group (**APG**), to acquire some or all of that Pallinghurst Co-Investor’s interest in Tshipi or the Company. For further details regarding APG please refer to Section 4.5(f).

If the remaining Pallinghurst Co-Investors and/or APG acquire all or part of that Pallinghurst Co-Investor’s relevant proportion of the New Jupiter Shares and Subscription Shares, further shareholder approval to this acquisition will not be required. However, if APG is to participate in the Transaction such participation will be conditional on FIRB approval. Furthermore, if a new investor (that is, an investor other than the Pallinghurst Co-Investors or APG) is nominated by a Pallinghurst Co-Investor to acquire all or part of that Pallinghurst Co-Investor’s interest, this acquisition may be conditional on obtaining further shareholder approval.

If APG participates in the Transaction it will also be a party to the Jupiter Agreement and therefore acquire a relevant interest in the other Pallinghurst Co-Investor’s shares, as outlined in this Explanatory Statement.

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## 1.5 Tshipi

Tshipi is a company incorporated in South Africa. There are currently three shareholders in Tshipi, being:

- (a) PKML and Investec who together hold the Tshipi Sale Shares which represent approximately 49.9% of the issued shares in Tshipi; and
- (b) Ntsimbintle Subsidiary which holds the remaining 50.1% of the issued shares in Tshipi. Both Ntsimbintle Subsidiary and Ntsimbintle are incorporated in South Africa. Ntsimbintle is a Black Economic Empowerment (**BEE**) company.

Subject to a successful Section 11 Application, Tshipi is entitled to become the legal holder of the Mamatwan Mining Right and the Wessels Prospecting Right under the terms of a Joint Venture Agreement and a Shareholders Agreement with Ntsimbintle, the terms of which are summarised in Sections 1.7 and 10.4, respectively.

## 1.6 Overview of the Mamatwan Mining Right and the Wessels Prospecting Right

The Mamatwan Mining Right and the Wessels Prospecting Right relate to areas within the Kalahari Manganese Field in South Africa.

The Mamatwan Mining Right is located adjacent to the Mamatwan mine, owned and operated by Samancor Manganese (Proprietary) Limited's subsidiary Hotazel Manganese Mines (Proprietary) Limited (**HMM**), which is majority owned by BHP Billiton. The Mamatwan Mining Right will mine the ore body which is contiguous to, and a direct extension of, the Mamatwan ore body which has been mined and is being mined as an open pit operation for over 45 years. Tshipi has completed an extensive feasibility study in order to evaluate the establishment of a new open pit manganese mine capable of producing 2mtpa Mamatwan grade lumpy manganese ore. Tshipi has an inferred/indicated resource base of 163.2 million tonnes (comprising 101.4 million inferred and 61.8 million indicated) of manganese ore at an average grade of 37%.

In April 2010 Ntsimbintle was awarded the mining right in respect of the property comprising the Mamatwan Mining Right.

The Wessels Prospecting Right is an exploration property located in the northern Kalahari Manganese Field adjacent to HMM's Wessels high grade underground mine. Tshipi is presently exploring and evaluating the exploration property for the possibility of high grade manganese deposits which might be mined by underground methods.

The Mamatwan Mining Right and the Wessels Prospecting Right will add a complementary manganese development business to the Company's current iron ore and manganese exploration activities in Australia and progress the Company's "steel feed corporation" strategy.

## 1.7 Transfer of the Mamatwan Mining Right and Wessels Prospecting Right

Ntsimbintle and Tshipi entered into the Joint Venture Agreement on 2 June 2009 pursuant to which:

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- (a) Ntsimbintle agreed to transfer the Mamatwan Mining Right and the Wessels Prospecting Right to Tshipi, accordingly an application for Section 11 Consents (to transfer the Mamatwan Mining Right and Wessels Prospecting Right ), was made to the Minister in September 2009. At this stage the Section 11 Consents approving the transfers have not yet been obtained; and
  - (b) Ntsimbintle and Tshipi have entered into the Contract Mining Agreement (summarised in Section 10.2) which gives Tshipi the sole right to mine and explore in respect of the areas subject to the Mamatwan Mining Right and the Wessels Prospecting Rights until such time as the Section 11 Consents are obtained or denied and all other courses of action to secure the Section 11 Consents have failed.

If the Section 11 Consents are not obtained, and all review and appeal processes in respect of the transfer have been exhausted by Ntsimbintle, then the Contract Mining Agreement provides that the parties must negotiate to implement a new agreement on terms substantially similar to the Contract Mining Agreement in relation to the particular right to which Section 11 Consents have not been obtained and, if no agreement is reached, for an independent expert to determine such terms, if possible, within the South African legal framework (see Section 10.2 for more details).

Accordingly, there is a risk that if either of the Section 11 Consents is not obtained, Tshipi's rights to and in relation to the Wessels Prospecting Right and/or the Mamatwan Mining Rights will be less favourable than if Section 11 Consents were obtained and if Tshipi was the legal holder of such rights.

#### 1.8 **Ntsimbintle**

Ntsimbintle is a BEE company that indirectly controls a 50.1% shareholding in Tshipi through Ntsimbintle Subsidiary. The completion of the Share Sale and Subscription Agreement and the acquisition by the Company of the Tshipi Sale Shares will not affect Ntsimbintle Subsidiary's stake in Tshipi.

Ntsimbintle's (and BEE) involvement in the Tshipi Project was a factor for the MPRDA's grant of the Mamatwan Mining Right and the Wessels Prospecting Right, and is likely to be an important factor in obtaining the Section 11 Consents.

This poses a risk for Jupiter in that apart from the pre-emptive rights contained in the Tshipi Shareholders' Agreement, going forward, Ntsimbintle is not restricted from disposing of its shares in Tshipi to a non BEE entity (except if the transfer of shares is to a group entity, which is carved out from the pre-emptive rights procedure).

The Tshipi Shareholders' Agreement provides certain pre-emptive rights in favour of Jupiter which must be followed before Ntsimbintle can transfer any of its Tshipi shares to a non-group Company. Furthermore, the Tshipi Shareholders' Agreement places certain restrictions on the transfer of Tshipi shares by Ntsimbintle to a group entity that would result in Tshipi losing its BEE credentials. However, Ntsimbintle is not expressly restricted from disposing of its shares to a third party, or otherwise acting in a manner, that could result in it losing its BEE credentials (although it will be limited from disposing of its shares to a third party by virtue of the pre-emptive rights provisions).

Accordingly, there is a risk that Tshipi could lose its BEE credentials, which would allow the Minister grounds to suspend or cancel the Mamatwan Mining Right and/or the Wessels Prospecting Right in accordance with the provisions of the MPRDA and the Mining Charter.

#### 1.9 Shareholder approvals sought

Completion of the Share Sale and Subscription Agreement (once entered into by the parties) is conditional upon Shareholder approval and accordingly the General Meeting has been convened to consider approving the Transaction and in particular:

- (a) the acquisition of the Tshipi Sale Shares and the Tshipi Loans from related parties and the resultant change in the scale of the Company's activities;
- (b) the issue of the New Jupiter Shares as consideration for the Sale Shares and Tshipi Loans and issue of the Subscription Shares for the Subscription Amount; and
- (c) the acquisition of relevant interests by the Pallinghurst Co-Investors in each other Pallinghurst Co-Investors' shares, arising from the entry into the Jupiter Agreement.

A summary of the key terms of the Share Sale and Subscription Agreement is set out in Section 10.1 of this Explanatory Statement.

#### 1.10 Reasons why Shareholder approval is being sought

For the reasons set out in this Explanatory Statement, the Company is seeking Shareholder approval under:

- (i) Section 611, item 7 of the Corporations Act (acquisition of a relevant interest resulting in an increase of voting power above 20% or being above 20% increasing further);
- (ii) Chapter 2E of the Corporations Act (related party transactions provisions);
- (iii) Listing Rule 10.1 of the ASX Listing Rules (acquisition of substantial asset from a related party);
- (iv) Listing Rule 10.11 of the ASX Listing Rules (issue of shares to a related party); and
- (v) Listing Rule 11.1.2 of the ASX Listing Rules (change in scale of activities),

to enable the Company to complete the Tshipi Acquisition and to issue the New Jupiter Shares and the Subscription Shares.

## 2 DIRECTORS' RECOMMENDATIONS AND INDEPENDENT EXPERT'S REPORT

### 2.1 Directors' recommendations

The Directors unanimously recommend that the Company's Shareholders <b>vote in favour</b> of Resolutions 1 and 2.
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Mr Paul Murray and Mr Andrew Bell (the **Independent Directors**) are directors of the Company that not associated with the Pallinghurst Co-Investors, PSF, POSA, PKML, or any of their associates, or the Transaction, and recommend that Shareholders vote in favour of all the Resolutions. The Independent Directors also intend to vote their shares in favour of the resolutions. Shareholders would be aware that Mr Wedlock, the former non-executive Chairman of the Company, was tragically killed in a plane crash in the Republic of Congo on 19 June 2010. Mr Wedlock was actively involved in bringing the Transaction to fruition and the Transaction had his full support.

In forming their view the Independent Directors have relied on information provided by the Pallinghurst Co-Investors as set out in this Explanatory Statement, the legal and technical due diligence reports, the Independent Expert's Report, and on information provided by the Company's senior executives.

### **General observations**

The relationship between the Company and PRL dates back to 2008. PRL, in conjunction with Red Rock Resources plc (**Red Rock**), formally proposed to the Company in December 2008, a transaction which would provide the Company with cash, iron ore and manganese exploration projects, and investments in ASX-listed exploration companies. PRL and Red Rock, acting as a consortium, would in turn receive shares in the Company equal to 43.68% of the Company's issued capital. The consortium also had the option of increasing their shareholding to 57.88%, subject to fulfilment of various conditions. The conditions were fulfilled and the PRL - Red Rock consortium moved to a combined 57.88% stake in the Company in September 2009.

The consortium's investment in the Company had a positive impact on the Company's share price which increased from 12.5 cents, when approved at an EGM of shareholders on 9 March 2009, to 18.5 cents as at 1 September 2009. Following completion of the transaction, Red Rock and PRL elected to terminate their pre-emptive and co-operative agreements in respect of the Company's affairs on 4 February 2010.

The initial transaction with the PRL and Red Rock consortium significantly strengthened the Company's cash position; it enhanced the quality of the Company's project portfolio and brought to the Company's share register new and highly regarded shareholders.

On 1 July 2009, a co-investor of PRL, POSCO, was introduced to the Company and its subsidiary POSA subsequently became a substantial shareholder in the Company after investing \$7.81 million of cash into the Company. POSA also appointed a non-executive director to the Company, and entered into an off-take agreement for up to 50% of the Company's potential Direct Shipping Ore (DSO) output. Following POSA's investment, the Company's cash position was \$13.2 million. Information regarding POSA and POSCO is contained in this Explanatory Statement in Section 4.5.

On 1 September 2009 the Company's project portfolio was further strengthened by Red Rock vending in the 735 km<sup>2</sup> Oakover Manganese project in the Pilbara region of Western Australia. Recent initial exploration activity at Oakover has resulted in some highly encouraging preliminary surface sampling results. A first phase drilling program is scheduled for commencement in third quarter 2010.

On 1 March 2010 the Company announced the proposed acquisition of Sale Shares from the Pallinghurst Co-Investors. Following this announcement, the Company's share price has risen to the 27 cent to 30 cent range. Information on and the merits of this proposed Transaction are well explained in the Independent Expert Report accompanying this Explanatory Statement.

**Advantages and disadvantages of proposed Transaction**

Advantages	Disadvantages
<p><b><u>The Company will hold a stake in a world class manganese project:</u></b></p> <p>The Company will hold a 49.9% stake in the world-class Tshipi manganese deposit, which contains a SAMREC/JORC compliant, indicated and inferred mineral resource (see paragraph 4.3 of Annexure A) of 163 million tonnes (comprising 101.4 million inferred and 61.8 million indicated) at 37% Mn, and is located adjacent to the open pit Mamatwan mine, one of the largest manganese mines in the world. The Company will enjoy the benefits of a long life project.</p>	<p><b><u>Illiquid share register</u></b></p> <p>Should shareholders approval the Tshipi Transaction, it will result in the Pallinghurst Co-Investors holding 85.71% of the Company's shares. This could potentially create liquidity issues for the Company's shares. The Pallinghurst Co-investors' shares will be escrowed for a period of 12 months.</p>
<p><b><u>Blue Chip shareholders</u></b></p> <p>Additional blue-chip shareholders in the form of AMCI, Investec, EMG to accompany PSF, POSCO, Hancock Prospecting and Red Rock.</p>	<p><b><u>Possibly no inclusion in ASX indexes due to liquidity issues</u></b></p> <p>Given only a small percentage of the Company's shares will make up the free float of the total issued capital, this may prevent the Company being included in any of the ASX indexes which may preclude certain investors from buying into the stock.</p>
<p><b><u>Access to capital</u></b></p> <p>PRL has demonstrated its ability to attract major investors to the Company. Following the completion of the proposed Transaction, the Company, through its association with the Pallinghurst Co-Investors, and due to the fact that it will own a share in a valuable asset, will be better placed to access capital.</p>	<p><b><u>Threat of co-investors selling after escrow period</u></b></p> <p>There is a possibility that one or more of the Co-investors could exit their stake in the Company after the escrow period lapses, which could create a significant stock overhang for the Company should the shares not be placed to other parties in a timely manner. However, this is likely to be mitigated by the existence of pre-emptive rights between the Pallinghurst Co-Investors in relation to their Jupiter Shares and a common interest by the Pallinghurst Co-Investors to create and build the Company into a steel feed business.</p>

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Advantages	Disadvantages
<p><b><u>A stronger Board</u></b></p> <p>PRL's Chairman Brian Gilbertson has been appointed to the Company's board as non-executive Chairman, as part of the Transaction, which will strengthen the skills base of the current board.</p>	
<p><b><u>Fast tracking the Company's Steel Feed Strategy</u></b></p> <p>Upon completion of the proposed Transaction, the Company will emerge as a leading manganese company which will also help to fast track the Company's stated Steel Feed Corporation strategy.</p>	

The Independent Directors have taken all these factors into account in reaching their judgement. Mr Wedlock and Mr Bell visited the Tshipi's Kalahari Manganese Project in the course of reviewing the proposed Transaction.

Mr Bell believes the scale, depth and location of the Project would make it hard to replicate and that the opportunity with this acquisition to participate and become a significant force in the manganese industry outweighs the other risk factors.

The Project is capable of being brought into production within a short timeframe and the Independent Directors consider that the value to shareholders of the Company becoming a revenue-producing company is likely to be more significant than the effect of any share dilution as a result of completing the Transaction.

The Directors note that there are a number of advantages and disadvantages to the Tshipi Acquisition. These are summarised in Section 2.2 below and are addressed in further detail in paragraph 11.2 of the Independent Expert's Report.

The Directors note that the Transaction has the unanimous support of the Board along with support from major Shareholders and the Company's strategic partners, PRL and POSCO.

**2.2 Independent Expert's report**

Ernst & Young was commissioned by the Company to provide an Independent Expert's Report to assess the fairness and reasonableness of the Tshipi Acquisition. A copy of the Independent Expert's Report is annexed to and forms part of this Explanatory Statement and Notice of Meeting.

There are a number of advantages and disadvantages to the Tshipi Acquisition. These advantages and disadvantages are summarised as follows:

Advantages	Disadvantages
The Company's transition from an exploration company to a company having a significant interest in a world class manganese mining venture and will have the support of the Co-Investors to the growth of the Company.	The increase in voting rights acquired by the Pallinghurst Co-Investors after the Tshipi Acquisition may be seen as a disadvantage to the non-associated Shareholders however given POSA and PSF's current collective shareholding, the increase may not create a significantly different position particularly in respect of ordinary resolutions.
The Co-Investors will be able to provide the Company with access to channels for sourcing capital that would not necessarily have been available.	Further capital raising required to fund the Company's share of the Tshipi project may result in the further dilution of existing non-associated shareholders.
If the Tshipi Project proceeds as anticipated, the Company may be able derive some synergistic benefits for its Australian iron and manganese projects.	

The above advantages and disadvantages are further explained in paragraph 11.2 of the Independent Expert's Report. The Independent Expert's Report also notes the positive market reaction to the announcement of the Proposed Transaction. **Shareholders should review the full Independent Expert's Report in detail.**

The Independent Expert's Report concludes that the proposals outlined in Resolutions 1 and 2 are on balance considered to be fair and reasonable to Shareholders of the Company not associated with the Pallinghurst Co-Investors, PSF, POSA, PKML, or any of their nominees. Shareholders are urged to carefully read the Independent Expert's Report to understand the scope of the report, the methodology of the valuation and the sources of information and assumptions made.

### 3 THE TSHIPI PROJECT: THE MAMATWAN MINING RIGHT AND THE WESSELS PROSPECTING RIGHT

Tshipi's assets include the right to acquire the Mamatwan Mining Right and the Wessels Prospecting Right.

The Mamatwan Mining Right was awarded to Ntsimbintle on the 7 April 2010 and, together with the Wessels Prospecting Right, is to be transferred to Tshipi subject to the outcome of a successful Section 11 transfer (in terms of the MPRDA) application which was submitted in August 2009 by Ntsimbintle.

The right to acquire the Mamatwan Mining Right is 100% held by Tshipi whose current shareholders are Ntsimbintle Subsidiary (50.1% of Tshipi) and PKML and Investec (together, 49.9% of Tshipi).

The location of the Mamatwan Mining Right property is in the Kalahari Manganese Field, one of the largest manganese regions in the world. It is located adjacent to the Mamatwan mine, owned and operated by Samancor Manganese (Proprietary) Limited's subsidiary HMM, which is majority owned by BHP Billiton. Tshipi will mine the ore body which is contiguous to, and a direct extension of, the Mamatwan ore body that has been and is being mined for over 45 years and currently produces about 3 million tonnes per annum of manganese ore.

During 2008 and 2009, Tshipi carried out a comprehensive drilling campaign which was the basis for the completion of a feasibility study. A Mineral Resource estimate has been prepared for the Mamatwan Mining Right and which is compliant with the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves ("the SAMREC Code (2007)"). The Mineral Resource estimate totals 163.23 million tonnes (comprising 101.4 million inferred and 61.8 million indicated) at 37.1% Mn with significant potential for additional resources beyond the currently defined levels. The technical due diligence process, completed as a condition to the Transaction, independently reviewed this mineral resource estimate and forms part of the Independent Expert's Report, annexed as Annexure A. Furthermore the SAMREC Mineral Resources has been restated in compliance with the JORC Code.

Tshipi's feasibility study indicated the viability of an open cut mining operation that is expected to produce approximately 2 million tonnes per annum of lumpy product over 28 years, utilising 62 million tonnes of the 163 million tonnes Mineral Resource estimate.

Based upon the feasibility study, approximately US\$200 million of capital expenditure would be required to develop the Mamatwan Mining Right. Jupiter's share of that will be approximately US\$100 million. It is anticipated that, upon reaching a steady state production rate, Tshipi should be a lowest cost quartile producer. It is anticipated that the development of the mine will commence in 2010 with the aim to be in production no later than early 2013. A fast tracked mine development schedule is under investigation and could result in earlier market entry outcomes.

Further details of Mamatwan Mining Right and the Wessels Prospecting Right are contained within the Technical Report.

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## **RESOLUTION 1 - APPROVAL FOR THE ISSUE OF ORDINARY SHARES**

### **4 APPROVAL UNDER SECTION 611 OF THE CORPORATIONS ACT**

#### **4.1 Overview**

Pursuant to section 606(1) of the Corporations Act, a person must not acquire a relevant interest in issued voting shares in a listed company if the person acquiring the interest does so through a transaction in relation to securities entered into by or on behalf of the person and because of the transaction, that person's or someone else's voting power in the company increases:

- (a) from 20% or below to more than 20%; or
- (b) from a starting point that is above 20% to below 90%.

The voting power of a person in a body corporate is determined in accordance with section 610 of the Corporations Act. The calculation of a person's voting power in a company involves determining the voting shares in the company in which the person and the person's associates have a relevant interest.

#### 4.2 **Key concepts - "associates"**

A person (**second person**) will be an "associate" of a person (**first person**) if:

- (a) the first person is a body corporate and the second person is:
  - (i) a body corporate that the first person controls;
  - (ii) a body corporate that controls the first person; or
  - (iii) a body corporate that is controlled by an entity that controls the person;
- (b) the second person has entered or has proposed to enter into a "relevant agreement" with the first person for the purpose of controlling or influencing the composition of the company's board or the conduct of the company's affairs; or
- (c) the second person is a person with whom the first person is acting or proposed to act, in concert in relation to the company's affairs.

#### 4.3 **Key concepts - "relevant interest"**

A person has a relevant interest in securities if they:

- (a) are the holder of the securities;
- (b) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or
- (c) have the power to dispose of, or control the exercise of a power to dispose of, the securities.

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

#### 4.4 **Reasons for obtaining approval under section 611, item 7 of the Corporations Act**

As at the date of this Notice of Meeting and Explanatory Statement, the voting power held by PRL and POSCO as a result of their indirect shareholdings is:

- PRL (via PSF): 25.12%
- POSCO (via POSA): 12.98%

AMCI, EMG, PRL, POSCO and Investec (or the Pallinghurst Co-Investors) have disclosed that they or, if applicable their nominees, will acquire a relevant interest in each other's Shares in the Company from time to time by virtue of "relevant agreements" for the purposes of the Corporations Act. The Company understands that these include:

- (a) the POSA/PSF Agreement; and
- (b) the Jupiter Agreement.

Section 611, item 7 of the Corporations Act provides an exception to the prohibition against acquisitions of relevant interests under section 606(1) of the Corporations Act if shareholders approve the acquisition.

The following information is required to be provided to Shareholders under the Corporations Act and ASIC Regulatory Guide 74 in respect of obtaining approval under section 611, item 7 of the Corporations Act for Resolution 1. Shareholders are also referred to the Independent Expert's Report annexed to and forming part of this Explanatory Statement. Shareholders are also referred to the notice of meeting and explanatory statement to Shareholders dated 10 August 2009 which contains information previously provided to Shareholders regarding PSF and POSA.

#### 4.5 **Information for Shareholders required under the Corporations Act**

##### ***Identity of the acquirers***

(a) **AMCI**

AMCI is a leading private equity house that specialises in global energy and resources investments. AMCI has some of the world's leading energy and mining industry experts at its helm with its global staff located strategically to identify and manage opportunities where they arise. AMCI is a private equity fund of the AMCI Group. The AMCI Group is an active global investor in coal, iron ore, base metals, power, shipping, logistics and trading.

(b) **The Energy & Minerals Group**

The Energy & Minerals Group (**EMG**) is a private investment firm with a family of funds that invest in the energy and minerals sectors. EMG makes equity investments of US\$150 to US\$400 million in entities with talented, experienced management teams, focused on hard assets that are integral to existing and growing markets.

(c) **Pallinghurst Resources Limited**

PRL was incorporated on 4 September 2007 in accordance with Guernsey Law, and was listed on the Bermuda Stock Exchange on 26 September 2007 and on the Johannesburg Stock Exchange on 20 August 2008. PRL is a venture capital company with a portfolio of investments in the platinum industry, the coloured gemstone industry, and the luxury goods brand Fabergé, as well as its existing interests in Jupiter via PSF, and Tshipi via PKML.

PRL's main objective is to carry on the business of an investment holding company. It seeks to develop strategic partnerships with companies and/or other entities in order to create and unlock value for investors. PRL maintains a global focus across the commodities spectrum. PRL seeks to develop strategic platforms in pursuit of consolidation, vertical integration, turnaround opportunities and expansion projects. This transaction positions the Company as the platform from which PRL aims to implement its steel feed corporation strategy aimed at providing raw materials to the steel making industry.

PRL is chaired by Mr Brian Gilbertson, who was also recently appointed non-executive Chairman of the Company, and is widely regarded as one of

the leading figures in the natural resources industry, with a notable history and proven track-record of value creation.

(d) **POSCO**

POSCO is a Korean corporation that is listed on the Republic of Korea, New York and Tokyo Stock Exchanges. POSCO is one of the largest steel producers in the world. POSCO operates two steel mills in Korea, one in Pohang and the other in Gwangyang. It is one of the main suppliers to the Korean automotive and ship building industries.

(e) **Investec**

Investec is an international specialist banking group that provides a diverse range of financial products and services to a select client base in three principal markets: the United Kingdom, South Africa and Australia. The Investec Group was established in 1974 and it focuses on delivering distinctive profitable solutions for its clients in five core areas of activity, namely Private Client Activities, Capital Markets, Investment Banking, Asset Management and Property Activities. Investec is a leading provider of financial services, with an integrated product offering, pulling together significant technical skills, transaction experience and broad access to global financial markets.

(f) **APG**

As set out in Section 1.4, if any of the Pallinghurst Co-Investors are unable to participate in the Transaction, then that Pallinghurst Co-Investor is likely to nominate either the remaining Pallinghurst Co-Investors and/or APG to acquire its relevant proportion of the New Jupiter Shares and Subscription Shares (and perform its obligations under the Share Sale and Subscription Agreement).

APG is a subsidiary of Stichting Pensioenfonds ABP the pension fund for government and education employees in the Netherlands. APG manages pension assets of approximately €240 billion Euros (as at 31 December 2009) on behalf of 20,000 employers and more than four million participants, making it the largest pension fund in the Netherlands and among the three largest pension funds in the world.

***Identity of the associates of the acquirers***

In addition to each of the acquirers becoming associates of each other, the following existing Jupiter Shareholders will be associates of the acquirers:

(a) **Pallinghurst Steel Feed (Dutch) B.V.**

PSF is a wholly owned subsidiary of PRL.

PRL may choose to incorporate an investment holding entity before it proceeds with a specific investment. PSF is one such investment holding entity that holds PRL's existing indirect interest in the Company.

(b) **POSCO Australia Pty Ltd**

POSA is a wholly owned subsidiary of POSCO in the Republic of Korea. POSA's registered office is in Sydney, New South Wales. The principal activities of POSA are mining joint ventures and investment including the trading of steel products.

#### 4.6 Relevant interests and voting power

The table below assumes completion of the Transaction and shows the impact of the issue of all of the New Jupiter Shares (including the issue of New Jupiter Shares to Investec which will occur 12 months from Completion) and Subscription Shares for the Sale Shares, Tshipi Loans and Subscription Amount and how this affects the shareholdings of AMCI, EMG, PRL, POSCO and Investec (collectively the Pallinghurst Co-Investors).

Investor	Shares owned by PRL and POSCO at March 2010	New Jupiter Shares for Sale Shares	New Jupiter Shares for Tshipi Loan	Subscription Shares for Subscription Amount	Total Jupiter Shares
AMCI (or its nominees)	Nil	231,024,307	10,067,186	Nil	241,091,493
EMG (or its nominees)	Nil	236,374,533	10,300,342	Nil	246,674,875
PRL (via PSF or its nominees)	92,899,165	179,247,878	7,810,981	13,205,667	293,163,691
POSCO (via POSA or its nominees)	48,000,000	264,123,114	7,463,207	5,393,864	324,980,185
Investec (or its nominees)	Nil	249,594,035	12,661,764	5,097,152	267,352,951
<b>Total Pallinghurst Co-Investors</b>	<b>140,899,165</b>	<b>1,160,363,867</b>	<b>48,303,480</b>	<b>23,696,683</b>	<b>1,373,263,195</b>
<b>Total Other Jupiter shareholders</b>	<b>228,887,306</b>				<b>228,887,306</b>
<b>Total Jupiter Shares</b>	<b>369,786,471</b>				<b>1,602,150,501</b>

The table set out below shows the percentage of the Company's shares that the Pallinghurst Co-Investors or their nominees, (and their associates) will be entitled to and the voting power of them (and their associates) after the New Jupiter Shares are issued in accordance with the Resolution 1 and the terms of the Share Sale and Subscription Agreement:

	Number of Company shares currently held directly	Number of Company shares currently held directly (%)	Voting power (%)
<b>Prior to issue of the New Jupiter Shares</b>			
PRL (via PSF) <sup>1</sup>	92,899,165	25.12%	38.10%
POSCO (via POSA) <sup>1</sup>	48,000,000	12.98%	38.10%

<b>After issue of the New Jupiter Shares</b>			
AMCI (or its nominees)	241,091,493	15.05%	85.71% <sup>2</sup>
EMG (or its nominees)	246,674,875	15.40%	85.71% <sup>2</sup>
PRL (via PSF or its nominees)	293,163,691	18.30%	85.71% <sup>2</sup>
POSCO (via POSA or its nominees)	324,980,185	20.28%	85.71% <sup>2</sup>
Investec (or its nominees)	267,352,951	16.69%	85.71% <sup>2</sup>

<sup>1</sup> Source: Jupiter Mines Limited.

<sup>2</sup> Slight difference between total amount (85.71%) and sum of parts (85.72%) is due to rounding.

The maximum relevant interest and voting power that AMCI, EMG, PRL, POSCO and Investec (or their nominees) will hold after the New Jupiter Shares and Subscription Shares are issued in accordance with the Share Sale and Subscription Agreement is 85.71%.

The Company is deemed to have a relevant interest in shares that are subject to escrow arrangements which are being enforced by holding locks.

Although the Company does not have any ownership interest in the escrowed shares or an ability to control how they are voted, the Company is considered to have a relevant interest in the shares because the various escrow arrangements in place restrict the ability of those shareholders to transfer or otherwise dispose of the escrowed shares for a period of 12 months from the date the shares were issued.

The Company's entry into escrow arrangements in relation to the New Jupiter Shares will require shareholder approval because the Company's deemed relevant interest in the escrowed shares will increase from a starting point that is above 20% and below 90%.

Following the issue of the New Shares, 1,075,412,144 ordinary fully paid shares (being approximately 67.12% of the voting power in the Company) will be subject to escrow arrangements between the Company and the relevant shareholders to apply holding locks in relation to their respective shares.

The Company's escrow arrangements with PSF and Red Rock will terminate on 1 September 2010. The Company's voluntary escrow arrangement with POSA will terminate on 21 September 2010. The Company's escrow arrangements the Pallinghurst Co-Investors (other than Investec) will terminate 12 months from the date the New Jupiter Shares are issued.

As any New Jupiter Shares to be issued to Investec will not be issued for a period of 12 months from Completion, the ASX has granted a waiver to the effect that these New Jupiter Shares will not be subject to any escrow arrangements when issued. However, if for some reason any New Jupiter Shares are issued to Investec within 12 months from Completion, these shares will be subject to escrow arrangements for the balance of the 12 month period.

Regulatory Guide 74 requires certain information regarding the intentions of the person who is acquiring a relevant interest to be disclosed to shareholders. These disclosures are not relevant in the present circumstances, where the Company is deemed to be acquiring a relevant interest in its own shares but will not obtain any power to influence the exercise of a voting right attached to the escrowed shares.

The intentions of the Pallinghurst Co-Investors are relevant to Shareholders and accordingly the Company refers Shareholders to the summary in Section 4.7 below.

#### 4.7 **Intentions of the Pallinghurst Co-Investors**

Other than as disclosed elsewhere in this Explanatory Statement, the Company understands that each of the Pallinghurst Co-Investors:

- (a) has no intention of making any significant changes to the business's steel feed corporation (**SFC**) strategy. The focus of the Company will be as set out in this Explanatory Statement. However, it is intended the Company will consider new opportunities that fit its strategy as and when they may arise;
- (b) post completion, the Company will continue pursuing its iron ore and manganese strategy as follows -
  - (i) Progress the Yilgarn hematite iron ore consolidation and seek cooperation with Cliffs Natural Resources Asia (Portman) on infrastructure sharing to expand iron ore production from the port of Esperance;
  - (ii) Advance its Mt Ida magnetite project which is showing early stage promise and potential as per the announcements made by the Company in November and December 2009;
  - (iii) Fast track the development of the world class Tshipi project in South Africa and advance the drilling programme at the Oakover project in the Pilbara which is showing early stage promise as per the announcements made by the Company in November 2009;
- (c) will strengthen the current management of the Company for the implementation of the above projects and SFC strategy;
- (d) does not intend to transfer any property between the Company or any person associated with any of them;
- (e) has no current intention to change the Company's existing policies in relation to financial policies or dividend matters; and
- (f) does not intend to redeploy any fixed assets of the Company other than as a result of an evaluation of the Company's non-core assets and in order to maximise shareholder value.

#### 4.8 **Other information required to be provided to Shareholders under ASIC Regulatory Guides 74 and 111**

For the purposes of proper compliance with section 611, item 7 of the Corporations Act and ASIC Regulatory Guides 74 and 111, Shareholders are also referred to the following Sections of this report:

- (a) Section 1 and 3, for information on the reasons for the Tshipi Acquisition;
- (b) Section 10.1, for information on the terms of the Share Sale and Subscription Agreement;

- (c) Section 5.2(g), for information on the interests of the Directors in the outcome of the Resolutions;
- (d) Section 2.2, for a summary of the Independent Expert's Report, and Annexure A to this Explanatory Statement, which contains the Independent Expert's Report; and
- (e) Section 2.1, for information on the recommendations of the Directors in relation to the Resolutions.

## **5 APPROVAL UNDER CHAPTER 2E OF THE CORPORATIONS ACT**

### **5.1 Overview**

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company.

A "financial benefit" is defined broadly in the Corporations Act and includes a public company issuing securities. A "related party" is also defined broadly to include a party that does or may control a public company at any time in the future.

Section 208 of the Corporations Act prohibits a public company giving a financial benefit to a related party unless one of a number of exceptions applies.

Where no exception is applicable (as is the case in these circumstances), section 208 of the Corporations Act provides that for a public company to give a financial benefit to a related party of the company, the public company must:

- (a) obtain the approval of members in the way set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months after the approval is obtained.

### **5.2 Information for Shareholders required under the Corporations Act**

For the purposes of section 217 to 227 of the Corporations Act, the following information (current as at the date of this Notice of Meeting and Explanatory Statement) is provided to allow Shareholders sufficient information to determine whether they should approve Resolutions 1 and 2:

- (a) the proposed financial benefit is to be given to the Pallinghurst Co-Investors (or their nominees);
- (b) the proposed financial benefit arises because under the terms of the Share Sale and Subscription Agreement, the Company has agreed to issue the New Jupiter Shares and the Subscription Shares to the Pallinghurst Co-Investors pursuant to the terms of the Share Sale and Subscription Agreement (the key terms of which are summarised in Section 10.1);
- (c) the Pallinghurst Co-Investors are related parties of the Company for the purposes of the Corporations Act because, subject to Shareholders approving the Resolution and completion occurring under the Share Sale and Subscription Agreement, the Pallinghurst Co-Investors (or their nominees) will be likely to become related parties of the Company in the

future and are also acting in concert with POSA and PSF who were related parties of the Company in the last 6 months;

- (d) the Pallinghurst Co-Investors are parties to various arrangements in relation to their investments, including the POSA Agreement and the Tshipi Agreement, and will become parties to the Jupiter Agreement on Completion of the Transaction, which state that the relevant Pallinghurst Co-Investors will confer before voting (but does not require voting to be made in conjunction), plus gives shareholders certain rights in relation to the acquisition or disposal of shares. For more information on these arrangements, please refer to section 4.4 of this Explanatory Statement;
- (e) the Directors consider that the issue of the New Jupiter Shares is in the best interests of the Company for the reasons summarised in Section 2.1 of this Explanatory Statement and recommend that Shareholders vote in favour of the Resolutions. The Directors' individual recommendations are set out in Section 2.1 of this Explanatory Statement;
- (f) the Directors advise that their shareholding in the Company's shares as at 1 July 2010 is as follows:

Director	Direct interests in ordinary shares	Indirect interests in ordinary shares	Options over ordinary shares
Mr Paul Murray	259,375	720,625	1,500,000
Mr Andrew Bell	Nil	85,734,165	Nil
Mr Priyank Thapliyal	7,913,680	Nil	Nil
Mr Sun Moon Woo	Nil	Nil	Nil
Mr Brian Gilbertson	Nil	92,899,165	Nil

- (g) as required by ASIC Regulatory Guide 74, as at the date of this Notice of Meeting and Explanatory Statement the Directors advise that their interests in the Resolutions are as follows: and

Director	Interests
Mr Paul Murray	Nil
Mr Andrew Bell	Nil
Mr Priyank Thapliyal	Mr Priyank Thapliyal is a director of PSF, PKML and Tshipi and holds shares in PRL
Mr Sun Moon Woo	Mr Sun Moon Woo is a director of POSA and PKML.
Mr Brian Gilbertson	Mr Brian Gilbertson is a director of PRL, PKML and Tshipi and holds shares in PRL.

- (h) in relation to any other information that is reasonably required by Shareholders in order to decide whether or not it is in the Company's interest to pass the Resolutions and that is known to the Company or any of its Directors, please refer to Annexure A to this Explanatory Statement which contains the Independent Expert's Report stating that the transaction is fair and reasonable to non-associated Shareholders.

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## **6 APPROVAL UNDER LISTING RULE 10.11**

### **6.1 Overview and reasons for obtaining approval under Listing Rule 10.11**

Listing Rule 10.11 requires a listed company to obtain shareholder approval by ordinary resolution prior to the issue of securities (including an option) to a related party. As noted in further detail in Section 5.2, the Pallinghurst Co-Investors are considered to be related parties of the Company and therefore approval is being sought for the purposes of Listing Rule 10.11.

A company is not required to obtain shareholder approval to an issue of shares under Listing Rule 7.1 if approval under Listing Rule 10.11 is obtained. However, the effect of Resolution 1 will also allow the Company to issue the New Jupiter Shares and the Subscription Shares without using any of the Company's 15% annual placement capacity.

### **6.2 Information for Shareholders required under Listing Rule 10.13**

For the purposes of Listing Rule 10.13, the following information (current as at the date of this Notice of Meeting and Explanatory Statement) is provided to allow Shareholders sufficient information to determine whether they should approve the Resolution:

- (a) The maximum number of New Jupiter Shares the Company is seeking authorisation to and will issue is 1,208,667,347 Shares.
- (b) The maximum number of Subscription Shares the Company is seeking authorisation to and will issue is 23,696,683 Shares.
- (c) The Company intends to issue the New Jupiter Shares as soon as practicable following the General Meeting and in any event, not later than one month from the date of the General Meeting, in the case of all of the Pallinghurst Co-Investors other than Investec.
- (d) The Company has obtained a waiver from Listing Rule 10.13.3 to allow it to issue the New Jupiter Shares to Investec within twelve months of the date of Completion under the Share Sale and Subscription Agreement.
- (e) The issue price of the New Jupiter Shares and the Subscription Shares is AUD0.211, being the Weighted Average Share Price as at the Announcement Date;
- (f) The allocation of the total New Jupiter Shares and the Subscription Shares to be issued will be as set out in Section 4.6.
- (g) The New Jupiter Shares and the Subscription Shares will be issued on the same terms as the Shares already on issue subject to a holding lock being placed on the New Jupiter Shares (but not the Subscription Shares) as follows:
  - (i) The Pallinghurst Co-Investors other than Investec (or, if applicable, their nominees) will not be able to dispose of, or agree or offer to dispose of, any of the New Jupiter Shares for 12 months from the date on which they were issued.

- (ii) The ASX has approved the deferred issue of all of the New Jupiter Shares to Investec. As the deferred period of 12 months will be similar to the escrow period that would have been imposed on Investec, had it received the New Jupiter Shares at the same time as the other Pallinghurst Co-Investors, the ASX has granted a waiver of Listing Rules 10.13.3 and 9.1 to enable the deferred share issue to Investec.
- (h) The New Jupiter Shares are to be issued to the Pallinghurst Co-Investors (or their nominees) in consideration for the Sale Shares and the Tshipi Loans.
- (i) The Subscription Shares are to be issued to PRL, POSCO and Investec (or their nominees) in consideration for the Subscription Amount.

In addition, a statement of the relationship between PKML and Investec and the Company setting out why approval is required under Listing Rule 10.11 is set out in Section 5.2(c) of this Explanatory Statement.

For the purposes of Listing Rule 10.13, shareholders are also directed to the voting exclusion statement set out in Notice of Meeting in relation to the Resolution.

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**RESOLUTION 2 - APPROVAL OF TSHIPI ACQUISITION AND CHANGE TO SCALE OF ACTIVITIES**

**7 APPROVAL UNDER CHAPTER 2E OF THE CORPORATIONS ACT**

Refer to section 5 above.

**8 RESOLUTION 2 - APPROVAL UNDER LISTING RULE 10.1**

**8.1 Overview**

Listing Rule 10.1 provides that a company may not acquire a substantial asset from:

- (a) a related party;
- (b) a substantial holder if the person and the person's associates have a relevant interest in at least 10% of the total votes in the company; or
- (c) an associate of a person listed in (a) or (b) above,

without approval of the company's shareholders.

An asset is considered to be "substantial" if its value, or the value of the consideration for it, is 5% or more of the equity interests of the entity as set out in the latest accounts given to ASX by the company.

## 8.2 **Reasons for obtaining approval under Listing Rule 10.1**

The Company considers that the Tshipi Acquisition requires approval under Listing Rule 10.1 on the basis that:

- (a) the value of the Company's interest in Tshipi will be "substantial" within the meaning of Listing Rule 10.2; and
- (b) due to the existence of "relevant agreements", referred to in Section 4.4, the Pallinghurst Co-Investors are associates of PSF and POSA (who together hold more than a 10% voting interest in the Company) for the purposes of Listing Rule 10.1 and are also related parties of the Company.

## 8.3 **Information for shareholders required under the Listing Rules**

Please refer to the summary of the findings of the Independent Expert Report attached as Annexure A.

For the purposes of Listing Rule 10.1, shareholders are also directed to the voting exclusion statement set out in Notice of Meeting in relation to the Resolution.

## 9 **APPROVAL UNDER LISTING RULE 11.1.2**

### 9.1 **Overview**

Listing Rule 11.1 provides that where an entity proposes to make a significant change to the nature and scale of its activities, it must provide full details to ASX as soon as practicable and if ASX requires, obtain shareholder approval.

The Company has consulted the ASX in relation to the Transaction and the ASX considers that the change in the scale of the Company's activities as a result of the Tshipi Acquisition requires shareholder approval under Listing Rule 11.1.2. However, the ASX does not require the Company to comply with Listing Rule 11.1.3, by meeting the requirements of Chapters 1 and 2 as if it were applying for admission to the official list of the ASX, in relation to the Tshipi Acquisition.

### 9.2 **Information for Shareholders required under the Listing Rules**

The information required to be provided to Shareholders for the purposes of Listing Rule 11.1 has been included in Sections 1, 3, 6.2 and 10.

For the purposes of Listing Rule 11.1.2, Shareholders are also directed to the voting exclusion statement set out in the Notice of Meeting in relation to the Resolutions.

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## 10 **MATERIAL CONTRACTS**

### 10.1 **Share Sale and Subscription Agreement**

The Company has finalised the terms of a Share Sale and Subscription Agreement, and intends to enter it upon the receipt of shareholder approval for the Transaction.

The key terms of the Share Sale and Subscription Agreement are summarised below:

(a) (**consideration**): in consideration for PKML and Investec selling their combined 49.9% interest in Tshipi to the Company (or its nominee), and the assignment of the Tshipi Loans to the Company, the Company will issue the New Jupiter Shares to PKML (or its nominees) and Investec (or their nominees) in the following proportions:

- (i) PKML (or its nominees) - 946,411,548 New Jupiter Shares; and
- (ii) Investec (or its nominees) - 262,255,799 New Jupiter Shares.

**Note:** The total number of New Jupiter Shares to be issued has been calculated by dividing the Purchase Price and Loan Amount by the Weighted Average Share Price for the Company's Shares.

(b) (**subscription**) in consideration for the payment of the Subscription Amount, the Company will issue the Subscription Shares to PRL (or its nominees), POSCO (or its nominees) and Investec (or its nominees), in the following proportions:

- (i) PRL (or its nominees) – 13,205,667 Subscription Shares;
- (ii) POSCO (or its nominees) – 5,393,864 Subscription Shares;
- (iii) Investec (or its nominees) – 5,097,152 Subscription Shares.

**Note:** The total number of Subscription Shares to be issued has been calculated by dividing the Subscription Amount by the Weighted Average Share Price for the Company's Shares.

(c) (**conditions precedent**): the Share Sale and Subscription Agreement is conditional upon:

- (i) approval of the Transaction at a General Meeting of the Company for the purposes of Listing Rule 10.1, 10.11, 11.1.2 and Chapter 2E and section 611, item 7 of the Corporations Act;
- (ii) the appointment of Brian Gilbertson as a non-executive director of the Company;
- (iii) the Pallinghurst Co-Investors (or their nominees as applicable) having obtained any approvals required under the *Foreign Acquisitions and Takeovers Act 1975* (Cth) or any other regulatory consents required in connection with the issue of the New Jupiter Shares and the Subscription Shares (including the requirement for Investec to obtain SARB approval and the approvals specified in sub clause (ix));
- (iv) Ntsimbintle waiving any pre-emptive or other rights it might have in connection with the Tshipi Acquisition under an existing shareholders agreement and joint venture agreement with PKML and Investec in respect of Tshipi;

- (v) the Board approving the final terms of the Transaction by the Company and the issue of the New Jupiter Shares and the Subscription Shares;
  - (vi) Ntsimbintle, PKML and Investec (being the current shareholders) consenting to the admission of the Company as a shareholder in Tshipi;
  - (vii) each of the Pallinghurst Co-Investors having entered into restriction agreements, to the extent required by the ASX, with respect to their respective interests in the New Jupiter Shares under which each party, or, if applicable, their nominees will be restricted from transferring or disposing of the New Jupiter Shares for a period of 12 months after their date of issue;
  - (viii) the Tshipi Loans having been assigned to the Company, conditional on and with effect from Completion;
  - (ix) all necessary approvals being obtained from the Exchange Control Department of the South African Reserve Bank and the South African Competition Authorities in terms of the Competition Act, No 89 of 1998 in respect of the Tshipi Transaction; and
  - (x) there having been no material adverse change in relation to the financial position and performance of Tshipi between the date of the Share Sale and Subscription Agreement and the date of completion occurring under that agreement;
- (d) (**warranties**): the Company, PKML and Investec have provided knowledge based warranties and representations.

Subject to satisfaction of the above conditions precedent, the Company intends to issue the New Jupiter Shares and the Subscription Shares as soon as is practicable following the General Meeting and in any event, not later than one month from the date of the General Meeting, except in the case of Investec, where an ASX waiver has been obtained to allow the Company to issue the relevant New Jupiter Shares and the Subscription Shares within 12 months of Completion.

## 10.2 Contract Mining Agreement

- (a) (**overview**): Tshipi and Ntsimbintle have recently entered into a Contract Mining Agreement, which allows Tshipi to carry out prospecting and mining activities until such time as the transfer of the Wessels Prospecting Right and the Mamatwan Mining Right from Ntsimbintle to Tshipi have been approved in terms of the MPDRA under a Section 11 application. If either or both rights are not able to be transferred to Tshipi, or the transfer is refused by the Minister in terms of Section 11, then the agreement sets out a procedure for the parties to make alternative arrangements such that Tshipi might be able to conduct mining or prospecting activities, as applicable and if possible;
- (b) (**termination**): the term of the agreement will be as follows:
  - (i) in relation to the Wessels Prospecting Right, the term commenced on 31 March 2009 and will terminate on the later of:

- (A) the date that the Wessels Prospecting Right is transferred to Tshipi; and
  - (B) if the Wessels Prospecting Right is not transferred and the parties cannot agree additional terms and conditions to implement the Contract Mining Agreement on substantially the same terms and conditions, in the context of the Minister's refusal decision under the Section 11 application, then the date that an independent expert makes a decision on the matter;
- (ii) In relation to the Mamatwan Mining Right, the term commenced on the date that the Mamatwan Mining Right was executed (7 April 2010) and will terminate on the later of:
  - (A) the date the Mamatwan Mining Right is transferred to Tshipi under the Section 11 application; and
  - (B) the date after which the transfer of the Mamatwan Mining Right under the Section 11 application is refused by the minister and the review proceedings of the unsuccessful Section 11 process are in terms of the Promotion of Administrative Act No. 3 of 2000 also unsuccessful, and the parties cannot agree additional terms to resolve the transfer and such dispute is then resolved by an independent expert.
- (c) (**prospecting activities**): Ntsimbintle appoints Tshipi as its agent from 31 March 2009 to conduct prospecting activities in relation to the Wessels Property Right;
- (d) (**mining activities**): Ntsimbintle appoints Tshipi as its agent effective from 7 April 2010 in relation to the Mamatwan Mining Right;
- (e) (**consideration**):
  - (i) Ntsimbintle will reimburse Tshipi for the costs of conducting the prospecting and mining activities plus a margin of 0.25%; and
  - (ii) Tshipi will purchase the extracted minerals from Ntsimbintle at a price equal to the cost reimbursement consideration paid by Ntsimbintle above plus a margin of 0.25%;
- (f) (**title to minerals**): Tshipi will have title to any minerals extracted from the mining area governed by the Contract Mining Agreement, from the time that such minerals are extracted and will be entitled to deal with such minerals as it deems fit;
- (g) (**indemnities**): Tshipi indemnifies Ntsimbintle against loss or damage incurred by it against any breach of environmental laws in respect of the Wessels Prospecting Right and/or the Mamatwan Mining Right;
- (h) (**ownership, risk and benefit**): all risk and benefit in the Wessels Prospecting Right and/or the Mamatwan Mining Right, will pass to Tshipi on the date of Section 11 consent however ownership will only pass on the date of registration of the right in Tshipi's name at the Mineral Titles Office.

### 10.3 Tshipi Loans

The terms of the Tshipi Loans were originally contained in the Joint Venture Agreement and the Shareholders Agreement. The parties intend to terminate the Joint Venture Agreement as part of this Transaction and therefore the Tshipi Loans will be governed by the terms of the Shareholders Agreement going forward. The key terms of the Tshipi Loans are as follows:

- (a) The interest bearing loans attract an interest rate at the Prime Rate or such rate as is determined and agreed to by the parties. These loans shall be repaid from time to time when Tshipi has funds available for that purpose, having regard to its other liabilities and commitments.
- (b) The interest free loans, which have been and will be matched by a corresponding pro-rate equity contribution from Ntsimbintle, shall not bear any interest and upon reaching a total drawdown amount of approximately R104m shall convert into as many additional Tshipi shares such that the exact ownership of Tshipi between Ntsimbintle Subsidiary and the Company shall be exactly 50.1% and 49.9% respectively.

### 10.4 Shareholders Agreement

Under the terms of the Share Sale and Subscription Agreement, the Company will acquire PKML's rights under the Shareholders Agreement. The key terms of the Shareholders Agreement are as follows:

- (a) **(board)**: Ntsimbintle and PKML each have the right to appoint 3 directors to the Tshipi Board. Ntsimbintle shall also appoint the Chairman, who will have a casting vote in relation to non-operational matters. PKML shall appoint the COO of Tshipi;
- (b) **(special majority decisions)**: any matters, including material operational matters, that cannot be decided by the Board, will be referred as a Special Majority decision to the shareholders which will require at least a 75% approval. In addition, there are a number of matters that always require special majority approval, including (but not limited to) disposal of shares and certain assets (including the Mamatwan Mining Right and the Wessels Prospecting Right), approval of financing, budgets and operational plans, variation of rights of the Tshipi shares (including award of warrants and options, share buybacks and dividend declarations) and restructure or merger of Tshipi;
- (c) **(dividend policy)**: dividends are determined by the Board and shall at all times exceed 25% of NPAT (after allowing for future expenditure), until such time as the Tshipi Loans are repaid. After repayment of the Tshipi Loans, unless otherwise agreed by Special Majority, the shareholders agree to use their voting rights so that Tshipi will declare dividends of 40% of the annual NPAT; and
- (d) **(transfer of shares)**: there are pre-emptive rights in favour of PKML and Ntsimbintle Subsidiary unless a transfer is to a group company and, in the case of Ntsimbintle Subsidiary, provided that the transfer of shares to a group company would not result in Tshipi losing its BEE credentials. The Shareholders Agreement also contains tag along rights for shareholders.

## 11 GLOSSARY

In the Notice of Meeting and this Explanatory Statement the following expressions have the following meanings:

**AMCI** means American Metals and Coal International and, where the context requires, its nominees.

**Announcement Date** means 1 March 2010.

**ASIC** means the Australian Securities and Investments Commission.

**associate** has the meaning given to it by Division 2 of Part 1.2 of the Corporations Act.

**ASX** means ASX Limited ACN 008 624 691 or the stock market conducted by ASX Limited (as the context requires).

**ASX Listing Rules** or **Listing Rules** means the Listing Rules of the ASX.

**Board** means the board of Directors of the Company.

**Company** means Jupiter Mines Limited ACN 105 991 740.

**Completion** means completion of the Transaction.

**Constitution** means the constitution of the Company.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Directors** means each of the Directors of the Company.

**EMG** means the Energy and Minerals Group and, where the context requires, its nominees.

**Explanatory Statement** means this Explanatory Statement.

**General Meeting** means the meeting of the Company to be convened pursuant to the Notice of Meeting.

**Independent Expert** means Ernst & Young.

**Independent Expert's Report** means the report prepared by the Independent Expert annexed to and forming part of this Explanatory Statement and Notice of Meeting.

**Investec** means Investec Limited, a company incorporated in South Africa, and/or Investec plc, a company incorporated in England and Wales and where the context requires its nominees including Investec Bank Limited, a company incorporated in South Africa with registration number 1969/004763/06.

**Joint Venture Agreement** means the written joint venture agreement entered into between Tshipi, Ntsimbintle, Pallinghurst Resources Australia Limited, PKML and Investec dated 2 June 2009 (as addended on 19 June 2009 and 10 March 2010).

**Mamatwan Property** means those portions of Portion 1 and 2 of the farm Mamatwan 331, Kuruman.

**Mamatwan Mining Right** the right to mine in respect of the Mamatwan Property, applied for by Ntsimbintle in terms of section 23(1) of the MPRDA on 25 November 2008 under reference number 30/5/1/2/2/206MR.

**Minister** means the Minister of Mineral Resources, South Africa.

**MPRDA** means the Mineral and Petroleum Resources Development Act, No 28 of 2002, an act of the Republic of South Africa.

**New Jupiter Shares** means Shares to be issued as directed by PKML and Investec under the Share Sale and Subscription Agreement, to AMCI, EMG, PRL, POSCO and Investec, or their nominees, conditional on completion occurring under the Share Sale and Subscription Agreement.

**Notice of Meeting** means the notice of meeting that accompanies this Explanatory Statement.

**Ntsimbintle** means Ntsimbintle Mining (Pty) Ltd, a company incorporated in South Africa with registration number 2004/003269/07.

**Ntsimbintle Shareholders** means the shareholders of Ntsimbintle as at the date of the Share Sale and Subscription Agreement.

**Ntsimbintle Subsidiary** means Main Street 774 (Proprietary) Limited, a company incorporated in South Africa with registration number 2009/018042/07, and majority owned by Ntsimbintle.

**Pallinghurst Co-Investors** means AMCI, EMG, PRL, POSCO and Investec.

**PKML** means Pallinghurst Kalahari (Mauritius) Limited and where the context requires, its nominees as appointed by it under the Share Sale and Subscription Agreement.

**POSA** means POSCO Australia Pty Ltd ACN 002 062 160.

**POSCO** means the Pohang Iron and Steel Company, a company incorporated in South Korea and where the context requires, its nominees, including POSA.

**Prime Rate** means the publicly quoted basic rate per annum ruling from time to time at which the Standard Bank of South Africa Limited lends on overdraft to its best grade customers on an unsecured basis, compounded monthly in arrears and which shall be established on a prima facie basis by a certificate under the hand of any manager of the bank whose designation need not be proved.

**PRL** means Pallinghurst Resources Limited and where the context requires, its nominees, including PSF.

**PSF** means Pallinghurst Steel Feed (Dutch) B.V., registration No. 34327494, which is a subsidiary of Pallinghurst Resources Limited.

**Red Rock** means Red Rock Resources plc, a company incorporated in England and Wales with the registration number 5225394.

**Resolutions** means the Resolutions as set out in the Notice of Meeting, including Resolutions 1 and 2, or both of them, as applicable.

**Resolution 1** means the resolution by that same number titled "*Approval for the issue of ordinary shares*" set out in the Notice of Meeting.

**Resolution 2** means the resolution by that same number titled "*Approval of the Tshipi Acquisition and change to scale of activities*" set out in the Notice of Meeting.

**Section 11 Consent** means consent of the Minister to the transfer of either the Wessels Prospecting Right or the Mamatwan Prospecting Right by Ntsimbintle to Tshipi, in accordance with section 11 of the MPRDA, of South Africa.

**Share** means a fully-paid ordinary share in the capital of the Company.

**Shareholder** means a registered holder of Shares in the Company.

**Shareholders Agreement** means the current shareholders agreement in relation to Tshipi between PKML, Investec, Ntsimbintle and Nstimbintle Subsidiary dated 2 June 2009 (as amended by the first deed of addendum dated 19 June 2009 and the deed of accession and second addendum dated 10 April 2010) to be acceded to by the Company or its nominee on Completion.

**Share Sale and Subscription Agreement** means the agreement between PKML and Investec (as vendors), PSF, POSA and Investec (as subscribers) and the Company (as purchaser and issuer). The terms of the agreement are final, and the agreement will be entered into assuming approval from Shareholders is granted. A summary of the key terms of the Share Sale and Subscription Agreement is set out in Section 10.1.

**Technical Report** means the technical report in respect of the Tshipi Project and the Tenements prepared by SRK Consulting and annexed as Annexure F to the Independent Expert's Report attached as Annexure A.

**Transaction** means the proposed Tshipi Acquisition through completion of the Share Sale and Subscription Agreement and the issue of New Jupiter Shares to AMCI, EMG, PRL, POSCO and Investec (or their nominees) and Subscription Shares to PRL, POSCO and Investec (or their nominees).

**Tshipi** means Tshipi é Ntle Manganese Mining (Proprietary) Limited, a company incorporated in South Africa with registration number 2008/003117/07.

**Tshipi Acquisition** means the proposed acquisition by the Company (or its nominee) of the Tshipi Sale Shares and Tshipi Loans and issue of the New Jupiter Shares by the Company on the terms set out in the Share Sale and Subscription Agreement, for which shareholder approval is sought, as set out in the Notice and described in this Explanatory Memorandum.

**Tshipi Loans** means the loans in the amount of AUD7,991,056.41 and ZAR69,409,790 (AUD10,192,034 based on AUD/ZAR exchange rate as at the Announcement Date) of which ZAR51,215,441 (AUD7,520,401.87) and ZAR18,194,349 (AUD2,671,632.08) are provided by PKML and Investec, respectively, to Tshipi in accordance with the Joint Venture Agreement plus any further loans made post Announcement Date.

**Tshipi Sale Shares** means 4,989,998 fully paid ordinary shares in the capital of Tshipi.

**Weighted Average Share Price** means the 30 day volume weighted average sale price (rounded to the nearest full cent) of the Company's Shares but does not include any transaction defined in the ASX market rules as "special" crossings prior to the commencement of normal trading, crossings during the closing phase and the after hours adjust phase nor any overseas trades or trades pursuant to the exercise of options over the Company's Shares or any overnight crossings, being AUD0.211.

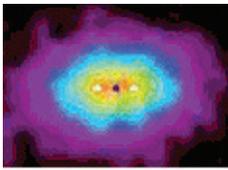
**Wessels Property** means the Remaining Extent of the Farm Wessels No 227 and the Remaining Extent of Portions 1, 2 and 3 of the farm Dibiaghomo 226.

**Wessels Prospecting Right** means the prospecting right granted to Ntsimbintle in terms of section 17 of the MPRDA to prospect for manganese, ferrous and base metals under No (NC) 1251 PR in respect of the Wessels Property.

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## Annexure A - Independent Expert's Report

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**Jupiter Mines Limited**  
ABN 51 105 991 740

**LODGE YOUR VOTE**

**By mail:**  
Jupiter Mines Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia

**By fax:** +61 2 9287 0309

**All enquiries to: Telephone:** (02) 8280 7454



**X99999999999**

**SHAREHOLDER VOTING FORM**

I/We being a member(s) of Jupiter Mines Limited and entitled to attend and vote hereby appoint:

**STEP 1** **APPOINT A PROXY**

the Chairman of the Meeting (mark box)  **OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy

or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meeting, as my/our proxy and to vote for me/us on my/our behalf at the General Meeting of the Company to be held at 11:00am on Thursday, 12 August 2010, at Hyatt Regency Perth Traders Lounge 99 Adelaide Terrace Perth WA 6000 and at any adjournment or postponement of the meeting.

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting. Please read the voting instructions overleaf before marking any boxes with an  X

**STEP 2** **VOTING DIRECTIONS**

	For	Against	Abstain*
<b>Resolution 1</b> Approval for the issue of ordinary shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 2</b> Approval of Tshipi Acquisition and change to scale of activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

\* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

**STEP 3** **IMPORTANT - VOTING EXCLUSIONS**

If the Chairman of the Meeting is appointed as your proxy, or may be appointed by default and you do **not** wish to direct your proxy how to vote as your proxy in respect of Items 1 and 2 above, please place a mark in this box. By marking this box, you acknowledge that the Chairman of the Meeting may exercise your proxy even though he/she has an interest in the outcome of those Items and that votes cast by him/her for those Items, other than as proxyholder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Items 1 and 2 and your votes will not be counted in calculating the required majority if a poll is called on these Items. The Chairman of the Meeting intends to vote undirected proxies in favour of Items 1 and 2.

**STEP 4** **SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED**

Shareholder 1 (Individual) <input type="text"/> Sole Director and Sole Company Secretary	Joint Shareholder 2 (Individual) <input type="text"/> Director/Company Secretary (Delete one)	Joint Shareholder 3 (Individual) <input type="text"/> Director
--	---	--

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

**JMS PRX002**



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## HOW TO COMPLETE THIS PROXY FORM

### Your Name and Address

This is your name and address as it appears on the company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

### Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the company. A proxy may be an individual or a body corporate.

### Votes on Items of Business - Proxy Appointment

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's share registry or you may copy this form and return them both together.

### Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by 11:00am on Tuesday, 10 August 2010, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy Forms may be lodged using the reply paid envelope or:

#### by mail:

Jupiter Mines Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Australia

#### by fax:

+61 2 9287 0309

#### by hand:

delivering it to Link Market Services Limited, Level 12, 680 George Street, Sydney NSW 2000.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together.

### Signing Instructions

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either shareholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

### Corporate Representatives

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the company's share registry.

If you would like to attend and vote at the General Meeting, please bring this form with you.  
This will assist in registering your attendance.