Independent Expert's Report

Jupiter Mines Limited – Proposed Acquisition of a 49.9% Interest in Tshipi é Ntle Manganese Mining (Proprietary) Limited

22 June 2010

Ernst & Young

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PART 1 – INDEPENDENT EXPERT'S REPORT

The Independent Directors
Jupiter Mines Limited
Level 2, 72 Kings Park Road
Perth WA 6005

22 June 2010

Dear Sirs

Proposed Acquisition of a 49.9% Interest in Tshipi é Ntle Manganese Mining (Proprietary) Limited

On 1 March 2010, Jupiter Mines Limited ("Jupiter Mines" or the "Company") announced that it had agreed to acquire a 49.9% interest in Tshipi é Ntle Manganese (Proprietary) Mining Limited ("Tshipi") from a group of co-investors (the "Co-Investors") for a consideration of $244.8 million together with the assignment of shareholder loans made to Tshipi of 69.4 million South African Rand ("ZAR") (equivalent to A$10.192 million at the date of announcement) that together are to be satisfied by the issue of 1,208,667,347 ordinary shares in Jupiter Mines (the "Consideration Shares") (the "Proposed Transaction"). In addition, Jupiter Mines will issue an additional 23,696,683 subscription shares ("Subscription Shares") to three of the Co-Investors for a total cash consideration of $5 million. Tshipi owns the Tshipi Kalahari Manganese Project which is located in South Africa.

The Co-Investors include Pallinghurst Resources (Guernsey) Limited ("Pallinghurst"), a specialist mineral resources investment company based in South Africa, and POSCO, an integrated global steel company headquartered in Korea . At the date of this report, Pallinghurst, via its wholly owned subsidiary, Pallinghurst Steel Feed (Dutch) BV, and POSCO, via its wholly owned subsidiary, POSCO Australia Pty Ltd ("POSA"), have a combined direct and indirect interest in the issued shares of Jupiter Mines of 38.1%.

While Pallinghurst has a direct 25.1% direct interest in Jupiter Mines and POSCO a 13.0% direct interest, each company is deemed to have an indirect interest in each other's shares via an agreement that they have entered into with respect to the shares they hold in Jupiter Mines. Pallinghurst and Jupiter Mines have common directors in Mr Priyank Thapliyal and Mr Brian Gilbertson, while POSA and Jupiter Mines have a common director in Mr Sun Moon Woo. Mr Thapliyal and Mr Gilbertson are also non-executive directors of Tshipi.

The 49.9% interest in Tshipi to be acquired by Jupiter Mines, is to be purchased from Pallinghurst Kalahari (Mauritius) Limited ("PKML") and Investec Bank Limited ("Investec"), with PKML holding a 39.2% interest and Investec holding a 10.7% interest. Similarly, the Co-Investor Loans are to be assigned to Jupiter Mines from PKML and Investec.

The shareholders of PKML are Pallinghurst, American Metals & Coal International Inc. ("AMCI"), Energy and Minerals Group ("EMG") and POSCO. Together Pallinghurst, AMCI, EMG, POSCO and Investec are the 'Co-Investors'.

If the Proposed Transaction proceeds, on the issue of the Consideration Shares and the Subscription Shares, the number of shares Jupiter Mines will have on issue will increase from 369,786,471 to 1,602,150,505. Including the shares that Pallinghurst and POSCO already own, the Co-Investors will collectively hold 1,373,263,199 shares, representing an 85.7% interest in the Company. The remaining Jupiter Mines shareholders not associated with the Proposed Transaction (the "Non-Associated Shareholders") will have a collective interest in 228,887,306 shares, representing a 14.3% interest.

Australian Securities Exchange ("ASX") Listing Rule 10.1 prohibits a listed entity from acquiring a substantial asset from an entity that is in a position of significant influence without the prior approval of its shareholders. Reference to 'an entity that is in a position of significant influence' specifically includes any related party to the listed company and any substantial shareholder. A 'related party' includes companies with common directors and a 'substantial shareholder' includes a shareholder with a relevant interest in at least 10% of the issued voting shares in the listed entity. An asset is 'substantial' if its value, or the value of the consideration being paid, is 5% or more of the listed entity's equity as set out in the latest accounts lodged with the ASX.

Given the shareholder and common director relationships between the Pallinghurst, POSCO and Jupiter Mines and the substantial nature of the 49.9% interest in Tshipi and the Co-Investor Loans, ASX Listing Rule 10.1 is deemed to apply to the Proposed Transaction.

Under ASX Listing Rule 10.10.2, a notice of meeting containing a resolution being put to shareholders for the purposes of ASX Listing Rule 10.1 must be accompanied by an independent expert's report stating, in that person's opinion, whether or not the proposed transaction is fair and reasonable to the shareholders not associated with the transaction.

Because of the relationship between the Co-Investors' each of them are deemed 'related parties' for the purposes of the Proposed Transaction.

In addition, under section 606 of the Corporations Act (the "Act") an entity, and its related parties, is generally prohibited from increasing its interest in the voting shares of a listed company to greater than 20%, or if the entity already owns a greater than 20% voting interest, no more than an additional 3% interest in any six month period. As a result of the Proposed Transaction, and the subsequent issuance of the Subscription Shares, the Co-Investors' collective voting interest in the Company will increase from 38.1% to 85.7%. A further exception to the section 606 prohibition is for the increase in voting interest to be approved by shareholders of the company under item 7 of section 611 of the Act. Accordingly, approval from Jupiter Mines' shareholders for the issue of the Consideration Shares to the Co-Investors under the Proposed Transaction is being sought pursuant to item 7 of section 611 of the Act.

Consistent with the requirement under ASX Listing Rule 10.10.2 and to assist with the requirement under the Act to provide shareholders with all material information, the Independent Directors of Jupiter Mines have requested Ernst & Young Transaction Advisory Services Limited ("Ernst & Young Transaction Advisory Services") to prepare an independent expert's report, the purpose of which is provide an independent opinion as to whether or not the Proposed Transaction, including the issue of Consideration Shares to the Co-Investors, is fair and reasonable to the Non-Associated Shareholders.

The Non-Associated Shareholders are to vote on the Proposed Transaction at a general meeting to be held on or around 9 August 2010 (the "Meeting"). Our independent expert's report is to be included with the Notice of Meeting and Explanatory Statement being sent to Jupiter Mines shareholders in relation to the Meeting.

Neither the Act nor the ASX Listing Rules define the term 'fair and reasonable' and provide no direct guidance on what should be considered when assessing whether or not a particular transaction is fair and reasonable for the purposes of item 7 of section 611 or ASX Listing Rule 10.1. The Australian Securities and Investment Commission has issued Regulatory Guide 111: *Content of expert reports* ("RG 111") which provides some direction as to what matters an independent expert should consider and how 'fair and reasonable' should be interpreted in a range of circumstances.

RG 111 states that in deciding on the appropriate form of analysis, the expert needs to keep in mind that the main purpose of the report is to adequately deal with the reasonably anticipated concerns of those persons affected by the proposed transaction (i.e. the shareholders not involved in the transaction). The form of analysis an expert uses to evaluate a transaction should address the issues faced by shareholders.

A key consideration of the shareholders of a company entering into a substantial transaction with a related party or a person that is in position of significant influence is generally whether or not they will be better or worse off because of the transaction. The primary rationale behind ASX Listing Rule 10.1 is to ensure, as far as practicable, that non-associated shareholders are no worse off because of a substantial related party transaction.

RG 111 provides that where the transaction being considered has a similar outcome on the company's shareholding as a takeover bid then 'fair and reasonable' should be analysed as if the transaction was a takeover bid. A takeover bid generally involves a control transaction where one entity acquires a controlling interest in another entity or increases an already existing controlling interest.

With the Co-Investors increasing their collective shareholding interest in the Company from 38.1% to 85.7% as a result of the Proposed Transaction, the impact on the Non-Associated Shareholders is similar to a takeover bid.

In this regard, RG 111.10 provides that "An offer is 'fair' if the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer". On this basis, we would consider the Proposed Transaction to be 'fair' if the value of the 49.9% interest in Tshipi and the Co-Investor Loans being assigned (i.e. "the offer price") was equal to or greater than the value of the Consideration Shares to be issued by Jupiter Mines under the Proposed Transaction (i.e. "the securities subject to the offer").

RG 111.11 provides that "An offer is 'reasonable' if it is fair. It might also be 'reasonable' if, despite being 'not fair', the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer." RG 111.12 lists a number of items which experts may consider when assessing the reasonableness of an offer. We have considered these in the preparation of this report.

Summary of Opinion

In Section 11.1 we set out our valuation conclusion. This indicates that the value of the consideration being offered to Jupiter Mines shareholders (being the 49.9% interest in Tshipi and the Co-Investor Loans) is greater than the value of the Consideration Shares being issued by Jupiter Mines.

In Section 11.2 we set out some other commercial and qualitative factors which we have been taken into consideration.

In Section 11.3 we considered the likelihood of any alternative offers or transactions being made and the alternatives for the Non-Associated Shareholders.

Taking into consideration the matters detailed in the attached independent expert's report, in the opinion of Ernst & Young Transaction Advisory Services, the Proposed Transaction, including the issue of the Consideration Shares, is considered fair and reasonable to the Non-Associated Shareholders of Jupiter Mines.

Other Matters

This independent expert's report has been prepared specifically for the Non-Associated Shareholders of Jupiter Mines. Neither Ernst & Young Transaction Advisory Services, Ernst & Young nor any employee thereof undertakes responsibility to any person, other than the Non-Associated Shareholders, in respect of this report, including any errors or omissions howsoever caused.

This independent expert's report constitutes general financial product advice only and has been prepared without taking into consideration the individual circumstances of the Non-Associated Shareholders. The decision as to whether to approve or not approve the Proposed Transaction is a matter for individual Jupiter Mines shareholders. Jupiter Mines shareholders should have regard to the Notice of Meeting and Explanatory Statement prepared by the directors and management of Jupiter Mines in relation to the Proposed Transaction. Shareholders who are in doubt as to the action they should take in relation to Proposed Transaction should consult their own professional adviser.

Our opinion is made as at the date of this letter and reflects circumstances and conditions as at that date. This letter must be read in conjunction with the full independent expert's report as attached.

Ernst & Young Transaction Advisory Services has prepared a Financial Services Guide in accordance with the Act. The Financial Services Guide is included as Part 2 of this report.

Yours faithfully
Ernst & Young Transaction Advisory Services Limited

Ken Pendergast
Director and Representative

Brenda Moore
Representative

Ernst & Young

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1. Details of the Proposed Transaction

1.1 Overview

On 1 March 2010, Jupiter Mines Limited ("Jupiter Mines" or the "Company") announced that it had agreed to acquire a 49.9% interest in Tshipi é Ntle Manganese (Proprietary) Mining Limited ("Tshipi") from a group of co-investors (the "Co-Investors") for a consideration of $244.837 million together with the assignment of shareholder loans (the "Co-Investor Loans") made to Tshipi of 69.4 million South African Rand ("ZAR") (equivalent to A$10.192 million at the date of announcement) that together are to be satisfied by the issue of 1,208,667,347 ordinary shares in Jupiter Mines (the "Consideration Shares") (the "Proposed Transaction"). In addition, Jupiter Mines will issue an additional 23,696,683 subscription shares ("Subscription Shares") to three of the Co-Investors for total cash consideration of $5 million.

Subject to approval from the relevant South African authority, Tshipi is to become the beneficial holder of the rights over the Tshipi Kalahari Manganese Project ("Kalahari Project" or "the Project") in South Africa, which is located in the Kalahari Manganese Basin region of the Northern Cape Province of South Africa. The Kalahari Manganese Basin is estimated to contain approximately 80% of the world's known economic manganese reserves. Work completed to date has confirmed the potential of the Kalahari Project as a world-class low cost manganese operation.

At the date of this report, the shareholders of Tshipi are Ntsimbintle Mining (Proprietary) Limited ("Ntsimbintle"), Pallinghurst Kalahari (Mauritius) Limited ("PKML") and Investec Bank Limited ("Investec"), with their respective interests being:

Shareholders of Tshipi	% Interest
Ntsimbintle	50.1%
PKML	39.2%
Investec	10.7%
	100.0%

Source: PKML, EY analysis

Ntsimbintle is a Black Economic Empowerment ("BEE") company which originally held the Mamatwan mining right and the Wessels prospecting right (the "Wessels Exploration Project"). Application has been made and approval is being sought from the South African Minister of Mineral Resources for the transfer of both properties from Ntsimbintle to Tshipi. The Kalahari Project is being established within the area covered by the Mamatwan mining right. The Wessels Exploration Project is approximately 20 km north of the Kalahari Project.

The 49.9% interest being acquired and the Co-Investor Loans being assigned under the Proposed Transaction are being purchased and assigned from PKML and Investec.

PKML is a company that was specifically incorporated to invest in Tshipi and advance the development of the Kalahari Project. The shareholders of PKML are:

- Pallinghurst Resources (Guernsey) Limited ("Pallinghurst"), with a 19.7% interest;
- American Metals & Coal International Inc. ("AMCI"), with a 25.4% interest ;
- Energy and Minerals Group ("EMG") with a 25.9% interest ; and
- POSCO, with a 29.0% interest.

Together Pallinghurst, AMCI, EMG, POSCO and Investec are the 'Co-Investors', a brief description of each is as follows:

- Pallinghurst: A specialist mineral resources investment company listed on the Bermuda Stock Exchange ("BSX") and the Johannesburg Securities Exchange ("JSE") in South Africa.
- AMCI: A leading private North American based resource company and a global investor in a wide range of mineral projects.
- EMG: A North American based private equity fund that invests in entities that acquire, develop and own energy infrastructure and natural resource based assets.
- POSCO: A Korean steel making conglomerate with interests across a wide range of industry sectors, listed on the Korean Exchange ("KRX") and the New York Stock Exchange ("NYSE").
- Investec: A South African based investment bank with significant operations in the UK and in Australia.

Based on their respective interests in PKML and Investec's direct interest, each Co-Investors' effective 'see-through' interest in Tshipi is as follows:

The Co-Investors Effective Interests in Tshipi	% Interest in Tshipi
Indirect via PKML:	
- Pallinghurst	7.7%
- EMG	10.2%
- AMCI	9.9%
- POSCO	11.4%
	39.2%
Direct:	
- Investec	10.7%
	49.9%

Source: PKML, EY analysis

The Co-Investors have entered into a voting pool agreement (the "Tshipi Agreement") which details the cooperative nature of their relationship in regards to their collective 49.9% interest in Tshipi. Under this agreement each of the Co-Investors retains legal title and influence over their individual see-through interests. While the parties have agreed to confer prior to any Tshipi shareholders meeting, they each retain the individual right to vote their effective see-through interest as they direct. In case of a proposed disposal of Tshipi shares by a Co-Investor, certain pre-emption rights exist in favour of the other Co-Investors; and 'tag along' rights also exist in favour of the other parties, allowing these 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.

The total Co-Investor Loans owing by Tshipi that will be assumed by Jupiter Mines will be ZAR69,409,790, of which ZAR60,510,170 is interest bearing. The Co-Investor Loans are essentially represented by either the funding of exploration and evaluation work by the Co-Investors or amounts advanced to Tshipi since its establishment to carry out such work.

At 31 March 2010, the balance of the Co-Investor Loans totalled ZAR54,885,385. The ZAR14,524,405 difference between that balance and the amount being acquired by Jupiter Mines represents the Co-Investors share of Tshipi's budgeted spend up until 30 June 2010. This amount will be advanced to Tshipi prior to that date. If actual Co-Investor Loans exceeds the ZAR69,409,790 then Jupiter Mines will be required to make a cash payment to the Co-Investors for the excess.

At the date of this report, Pallinghurst, via its wholly owned subsidiary Pallinghurst Steel Feed (Dutch) BV ("PSF"), has a 25.1% direct interest in the issued shares of Jupiter Mines. POSCO, via its wholly owned subsidiary POSCO Australia Pty Ltd ("POSA"), has a 13.0% direct interest in the Company.

At the time POSCO invested in Jupiter Mines, PSF and POSCO entered into a voting pool agreement (the "POSA/PSF Agreement") under which both parties agreed to confer prior to a Jupiter Mines shareholders' meeting, although each may vote its effective see-through interest in Jupiter Mines on a see-through basis as they direct. The POSA/PSF Agreement also provides the parties with pre-emptive and tag along rights in relation to the disposal of shares. Because of this agreement, Pallinghurst and POSCO are deemed to have a relative interest in each other's shares. Accordingly, both companies are listed as having a direct and indirect interest in 38.1% of the issued shares of Jupiter Mines.

If the Proposed Transaction proceeds, it is the intention of the Co-Investors to enter into a materially similar agreement (the "Jupiter Agreement") with respect to their shareholdings in Jupiter Mines.

In addition, Pallinghurst and Jupiter Mines have common directors in Mr Priyank Thapliyal and Mr Brian Gilbertson, while POSA and Jupiter Mines have a common director in Mr Sun Moon Woo. Mr Thapliyal is also a non-executive director of Tshipi.

Mr Thapliyal in his own right has a 1.3% interest in the Company. Reference to Pallinghurst's interest in Jupiter Mines and to the collective interests of the Co-Investors should the Proposed Transaction proceed, specifically excludes the shares held directly by Mr Thapliyal.

The Jupiter Mines shareholders not associated with the Co-Investors (the "Non-Associated Shareholders") are to vote on the Proposed Transaction at a general meeting of the Company to be held on or around 9 August 2010 (the "Meeting").

Subject to completion of the Proposed Transaction, Pallinghurst, POSCO and Investec have agreed to take up the 23,696,683 Subscription Shares for a cash consideration of $5 million.

Ignoring the 12,100,000 options the Company currently has on issue, if the Proposed Transaction proceeds, on the issue of the Consideration Shares and the Subscription Shares, the number of shares Jupiter Mines will have on issue will increase from 369,786,471 to 1,602,150,501. Of these the Co-Investors will hold 1,373,263,195 shares, representing an 85.7% interest in the Company and the Non-Associated Shareholders will have a collective interest in 228,887,306 shares, representing a 14.3% interest. The Subscription Shares are being issued to Pallinghurst, POSCO and Investec.

Investec's participation in the Proposed Transaction is subject to South African regulatory approval. If Investec or any of the other Co-Investors are not able to participate in the Proposed Transaction it is likely that some or all of the remaining Co-Investors and/or a new investor, Algemene Pensioen Group ("APG") would be appointed to acquire some or all of that Co-Investor's interest in Tshipi. Regardless of this, the Co-Investors', including APG if it acquires an interest in Tshipi, collective interest in Jupiter Mines after the Proposed Transaction would continue to be 85.7%.

Managing the pension assets with a value of over €240 billion, APG is the largest pension fund in the Netherlands and one of the largest in the world. A subsidiary of Stichting Pensionfonds ABP, the pension fund for government and education employees in the Netherlands, APG has over four million members.

The Consideration Shares issued to the Co-Investors are to be escrowed for a period of 12 months from the date of issue. The issue of the Consideration Shares to Investec is to be deferred for a period of 12 months after completion of the Proposed Transaction. No escrow restrictions will be placed on these shares once they are issued.

Unless otherwise stated, all currency amounts in this report at in Australian Dollars.

1.2 Conditions precedent

Completion of the Proposed Transaction is subject to a number of conditions (which may be waived by agreement between the Co-Investors and Jupiter Mines) including, amongst other matters:

- Jupiter Mines is satisfied with the results of its due diligence investigations in respect of Tshipi and the Kalahari Project;
- PKML and Investec are satisfied with the results of their due diligence investigations in respect of Jupiter Mines;
- the approval of the Proposed Transaction by the Non-Associated Shareholders at the Meeting;
- approval of the appointment of Mr Brian Gilbertson, the Chairman of Pallinghurst, as a non-executive director of Jupiter Mines;
- PKML and Investec obtaining any regulatory approvals required in relation to the Proposed Transaction, including, if applicable, approval under the Foreign Acquisitions and Takeover Act;
- that PKML and Investec, or their nominees, enter an escrow arrangement with respect to the Consideration Shares for a period 12 months from the date of issue; and
- the Co-Investor Loans are assigned to Jupiter Mines, conditional on the completion of the Proposed Transaction.

Full disclosure of the conditions precedent to the Proposed Transaction is included in the Explanatory Statement.

2. Scope of the Report

2.1 Purpose of the Report

Australian Securities Exchange ("ASX") Listing Rule 10.1 prohibits a listed entity from acquiring a substantial asset from, or disposing of a substantial asset to, an entity that is in a position of significant influence without the prior approval of its shareholders.

Reference to 'an entity that is in a position of significant influence' specifically includes any related party to the listed company and any substantial shareholder. A 'related party' includes companies with common directors and a 'substantial shareholder' includes a shareholder with a relevant interest in at least 10% of the issued voting shares in the listed entity. An asset is 'substantial' if its value, or the value of the consideration being paid, is 5% or more of the listed entity's equity as set out in the latest accounts lodged with the ASX.

Given the shareholder and common director relationships between the Pallinghurst, POSCO and Jupiter Mines and the substantial nature of the 49.9% interest in Tshipi and the Co-Investor Loans, ASX Listing Rule 10.1 is deemed to apply to the Proposed Transaction.

Under ASX Listing Rule 10.10.2, a notice of meeting containing a resolution being put to shareholders for the purposes of ASX Listing Rule 10.1 must be accompanied by an independent expert's report stating, in that person's opinion, whether or not the proposed transaction is fair and reasonable to the shareholders not associated with the transaction.

Because of the Co-Investors' intention to enter into the Jupiter Agreement should the Proposed Transaction proceed, AMCI, EMG and Investec are deemed "related parties" for the purpose of the Proposed Transaction.

In addition, under section 606 of the Corporations Act (the "Act") an entity is generally prohibited from increasing its interest in the voting shares of a listed company to greater than 20%, or if the entity already owns a greater than 20% voting interest, no more than an additional 3% interest in any six month period. As a result of the Proposed Transaction, and the subsequent issuance of the Subscription Shares, the Co-Investors' collective voting interest in the Company will increase from 38.1% to 85.7%. A further exception to the section 606 prohibition is for the increase in voting interest to be approved by shareholders of the company under item 7 of section 611 of the Act. Accordingly, approval from Jupiter Mines' shareholders for the issue of the Consideration Shares to the Co-Investors under the Proposed Transaction is being sought pursuant to item 7 of section 611 of the Act.

Consistent with the requirement under ASX Listing Rule 10.10.2 and to assist with the requirement under the Act to provide shareholders with all material information, the Independent Directors of Jupiter Mines have requested Ernst & Young Transaction Advisory Services Limited ("Ernst & Young Transaction Advisory Services") to prepare an independent expert's report, the purpose of which is provide an independent opinion as to whether or not the Proposed Transaction, including the issue of Consideration Shares to the Co-Investors, is fair and reasonable to the Non-Associated Shareholders. The 'Independent Directors' are the Directors of Jupiter Mines excluding Mr Priyank Thapliyal, Mr Brian Gilberston and Mr Sun Moon Woo.

Our independent expert's report is to be included with the Notice of Meeting and Explanatory Statement being sent to Jupiter Mines shareholders in relation to the Meeting.

2.2 Basis of Evaluation

Neither the Act nor the ASX Listing Rules define the term 'fair and reasonable' and provide no direct guidance on what should be considered when assessing whether or not a particular transaction is fair and reasonable for the purposes of item 7 of section 611 or ASX Listing Rule 10.1. The Australian Securities and Investment Commission ("ASIC") has issued Regulatory Guide 111: *Content of expert reports* ("RG 111") which provides some direction as to what matters an independent expert should consider and how 'fair and reasonable' should be interpreted in a range of circumstances.

RG 111 states that in deciding on the appropriate form of analysis, the expert needs to keep in mind that the main purpose of the report is to adequately deal with the reasonably anticipated concerns of those persons affected by the proposed transaction (i.e. the shareholders not involved in the transaction). The form of analysis an expert uses to evaluate a transaction should address the issues faced by shareholders.

A key consideration of the shareholders of a company entering into a substantial transaction with a related party or a person that is in position of significant influence is generally whether or not they will be better or worse off because of the transaction. The primary rationale behind ASX Listing Rule 10.1 is to ensure, as far as practicable, that non-associated shareholders are no worse off because of a substantial related party transaction.

Under the Proposed Transaction, Jupiter Mines is to acquire the 49.9% interest in Tshipi and accept the assignment of the Co-Investor Loans for a consideration to be satisfied by the issue of the Consideration Shares. As a consequence, the Co-Investors will increase their shareholding interest in Jupiter Mines from 38.1% to 85.7%. The Non-Associated Shareholders' collective interest in the Company will reduce from 61.9% to 14.3%.

RG 111 provides that where the transaction being considered has a similar outcome on the company's shareholding as a takeover bid then 'fair and reasonable' should be analysed as if the transaction was a takeover bid. A takeover bid generally involves a control transaction where one entity acquires a controlling interest in another entity or increases an already existing controlling interest.

A shareholding of greater than 50% is generally considered to be the level generally required for a party to gain control of a company. A greater than 50% interest allows the holder to control the company in a general meeting of shareholders in that that party would be in a majority voting position on any ordinary resolution.

With a 38.1% interest, it would be expected the Co-Investors (via Pallinghurst and POSCO) would be in a position to exert significant influence on the Company, and, in certain circumstances, may be able to control the outcome of general resolutions. Notwithstanding this, given the significant impact on the Company's shareholder structure with the Co-Investors' interest in Jupiter Mines increasing to 85.7%, in our view the Proposed Transaction represents a control transaction as contemplated under RG 111 and as such should be assessed on a basis consistent with a takeover bid.

In determining what is fair and reasonable in the context of a takeover bid, RG 111 states, inter alia, that:

- an offer is 'fair' if the value of the offer price or consideration is equal to or greater than the value of the securities that are the subject of the offer; and

- an offer is considered 'reasonable' if it is fair or, if the offer is 'not fair', it may still be 'reasonable' after considering other significant factors which justify the acceptance of the offer in the absence of a higher bid.

Consistent with this guidance, in assessing whether or not the Proposed Transaction is 'fair' to the Non-Associated Shareholders we have compared the fair value of the 49.9% interest in Tshipi being acquired and the Co-Investor Loans being assigned, representing, in the context of the Proposed Transaction being likened to a takeover bid, the 'offer price' with the fair value of the Consideration Shares, representing the 'securities that are subject of the offer'. The comparison of values is required to be on a basis consistent with the relative terms of the Proposed Transaction. In assessing the value of a Jupiter Mines share in order to determine the value of the Consideration Shares we have valued the Company on a controlling interest basis.

'Fair value' in this context is considered to be 'the amount at which an asset could be exchanged between a knowledgeable and willing but not anxious seller and a knowledgeable and willing but not anxious buyer both acting at arm's length'.

In considering the fair value of Jupiter Mines and the 49.9% interest in Tshipi we have relied on the independent reports prepared by mineral and resources specialists, Snowden Mining Consultants Pty Ltd ("Snowden") and by SRK Consulting (South Africa) (Pty) Ltd ("SRK"), in which the respective mineral assets of Jupiter Mines and Tshipi have been valued. A copy of Snowden's report on Jupiter Mines mineral assets (the "Snowden Report") is attached in full at Appendix E and a copy of SRK's report on Tshipi's mineral assets (the "SRK Report") is attached in full at Appendix F.

In placing reliance on the reports prepared by Snowden and SRK we have satisfied ourselves as to both party's competence and expertise. We are also satisfied that the assumptions, methodologies and source data used by Snowden and SRK are reasonable and appropriate and that the reports contain sufficient information to support the conclusions drawn.

The management accounts we based our assessment of Jupiter Mines on were as at 30 April 2010. In stating this, the latest available accounts for Tshipi were the 31 March 2010 management accounts. In using these accounts in our analysis management of Pallinghurst have confirmed that there was no material change to Tshipi's accounts between 31 March 2010 and 30 April 2010. There has been no material change to the circumstances of Jupiter Mines or Tshipi between 30 April 2010 and the date of this report.

In determining the fair value of Jupiter Mines and Tshipi we had access to management information in relation to both the Company and Tshipi. Our fair value assessment of Jupiter Mines, Tshipi and the Co-Investor Loans are detailed respectively in sections 8, 9 and 10. Our valuation conclusion is contained in section 11.1.

The other factors considered in assessing the reasonableness of the Proposed Transaction include the following matters:

- other qualitative factors which we believe represent either advantages or disadvantages to the Non-Associated Shareholders;
- the level of control in Jupiter Mines that will be achieved by the Co-Investors;
- the existence of any premium for control;
- the alternatives available to Non-Associated Shareholders; and
- consideration of other significant factors is contained in section 11.2.

Our assessment of the Proposed Transaction is based on the economic, political, social, market and other conditions prevailing at the date of this report.

A glossary detailing the abbreviations we have used in this report is contained in Appendix C.

2.3 Shareholders' Decisions

This independent expert's report has been prepared specifically for the Non-Associated Shareholders of Jupiter Mines at the request of the Independent Directors of the Company with respect to the Proposed Transaction. As such, Ernst & Young Transaction Advisory Services, Ernst & Young and any member or employee thereof, take no responsibility to any entity other than Jupiter Mines shareholders, in respect of this report, including any errors or omissions howsoever caused.

This report constitutes general financial product advice only and has been prepared without taking into consideration the individual circumstances of the Non-Associated Shareholders. The decision to approve or not approve the Proposed Transaction is a matter for individual shareholders. Shareholders should consider the advice in the context of their own circumstances, preferences and risk profiles. Shareholders should have regard to the Notice of Meeting and Explanatory Statement prepared by the Independent Directors and management of the Company. Jupiter Mines shareholders who are in doubt as to the action they should take in relation to the Proposed Transaction should consult their own professional adviser.

Ernst & Young Transaction Advisory Services has prepared a Financial Services Guide in accordance with the Act. The Financial Services Guide is included as Part 2 of this report.

2.4 Limitations and Reliance on Information

We have considered a number of sources in preparing this independent expert's report and arriving at our opinion. These sources of information are detailed in Appendix B.

This report is based upon financial and other information provided by Jupiter Mines, Tshipi and other parties. We have considered and relied upon this information. The information provided to us has been evaluated through analysis, enquiry and review for the purposes of forming an opinion as to whether the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders. However, we do not warrant that our enquiries have identified all of the matters that an audit, or an extensive examination or due diligence might disclose.

Preparation of this report does not imply that we have, in any way, audited the accounts or records of Jupiter Mines or Tshipi. It is understood that the accounting information that was provided was prepared in accordance with generally accepted accounting principles including the Australian equivalents to International Financial Reporting Standards and International Financial Reporting Standards, as applicable.

In forming our opinion we have also assumed that:

- matters such as title, compliance with laws and regulations and contracts in place are in good standing and will remain so and that there are no material legal proceedings, other than as publicly disclosed;
- the information set out in the Notice of Meeting and Explanatory Statement to be sent by Jupiter Mines to shareholders is complete, accurate and fairly presented in all material respects; and
- the publicly available information relied upon by Ernst & Young Transaction Advisory Services in its analysis was accurate and not misleading.

To the extent that there are legal issues relating to assets, properties, or business interests or issues relating to compliance with applicable laws, regulations and policies, we assume no responsibility and offer no legal opinion or interpretation on any issue.

The statements and opinions given in this independent expert's report are given in good faith and in the belief that such statements and opinions are not false or misleading.

Ernst & Young Transaction Advisory Services provided draft copies of this report to the Independent Directors and management of Jupiter Mines for their comments as to factual accuracy, as opposed to opinions, which are the responsibility of Ernst & Young Transaction Advisory Services alone. Amendments made to this report as a result of this review have not changed the methodology or conclusions reached by Ernst & Young Transaction Advisory Services.

3. Overview of Jupiter Mines

3.1 Background

Jupiter Mines listed on the ASX in December 2004 as a mineral exploration company with a number of base metal and gold prospects located in Western Australia. Over the period since listing the Company has been active in identifying and acquiring projects, securing new tenement areas and undertaking exploration and evaluation activities.

In November 2008 Jupiter Mines announced that it had entered into an agreement to acquire certain iron ore and manganese exploration assets from Red Rock Resources plc ("Red Rock") and Pallinghurst (the "Red Rock/Pallinghurst Transaction") under a two phase process. Shareholders approved the transaction in March 2009.

Under the first phase of the Red Rock/Pallinghurst Transaction Jupiter Mines acquired:

- the Mt Alfred Iron Ore Project, an exploration stage project located in close proximity to the Company's Central Yilgarn Iron Project;
- shares in ASX listed mineral exploration company Mindax Limited ("Mindax"), which at the time represented a 10.2% interest in the company; and
- $1 million of cash.

For the acquisition of these assets, on 30 March 2009 Jupiter Mines issued 23,839,183 shares to Red Rock and 47,339,148 shares to Pallinghurst.

The second phase of the transaction involved the acquisition of the Oakover Manganese Project, an exploration project located in the east Pilbara region of Western Australia. Jupiter Mines exercised the option to acquire this project in September 2009 and issued 54,155,579 shares to Red Rock and 26,845,017 shares to Pallinghurst.

The acquisition of Mt Alfred included a bonus option (the "Mt Alfred Bonus Option") under which Red Rock and Pallinghurst will become entitled to be issued with additional Jupiter Mines shares if in excess of 10 million tonnes of JORC compliant indicated and inferred resources of saleable Direct Shipping Ore ("DSO") are identified at Mt Alfred.

The total number of shares Red Rock and Pallinghurst will be issued with under the Mt Alfred Bonus Option is to be calculated by reference to the number of DSO tonnes identified in excess of 10 million tonnes multiplied by $2.00, divided by the volume weighted average price ("VWAP") of the Company's shares traded on the ASX over the five days prior to the notice for exercise of the Mt Alfred Bonus Option being given. The number of Jupiter Mines shares that can be issued is subject to a maximum of 180 million. Red Rock and Pallinghurst will receive an equal number of shares.

The Mt Alfred Bonus Option expires on the second anniversary of the date certification of the existence of 10 million tonnes of resource is received, provided that such certification occurs within two years of the option being granted. The Mt Alfred Bonus Option was granted in March 2009.

The Company's portfolio of mineral exploration projects at the date of this report is as follows:

- Central Yilgarn Iron Project: This project is comprised of the Mt Mason, Mt Ida, Mt Hope, Walling Rock and Mt Alfred tenement areas which are located across the mineral rich Yilgarn Craton in a region between 200 and 260 kilometres northwest of Kalgoorlie in Western Australia.

- Oakover Manganese Project: In an area located approximately 200 km south east of Port Hedland this project is comprised of four granted exploration licences covering approximately 694 km^2. Based on exploration results to date Jupiter Mines has applied for a further three exploration licences over an additional area of approximately 360 km^2. Oakover is approximately 60 km north of the world class Woodie Woodie manganese mine and surrounds the historic Ripon Hills mine.

- Pilbara Projects: Is made up of a number of gold, base metal and iron ore exploration projects located across the Pilbara region and includes the Klondyke and Klondyke East and the Corunna Downs tenement areas. Klondyke is a gold prospect and Corunna Downs and Klondyke East are base metal prospects.

- Widgiemooltha Nickel Project: Located in the Kambalda region of Western Australia approximately 100 km south of Kalgoorlie, adjacent to a number of existing nickel mining operations. Comprised of several tenements, the Cassini prospect has been the main area of exploration focus to date.

In completing the acquisition of Oakover, Jupiter Mines confirmed that its immediate strategy was to concentrate on the development of its iron ore and manganese assets with the view of building a steel feed resource business. In recognising that its gold and base metal projects are no longer central to its ongoing activities, the Company intends to divest these projects in an orderly manner.

In addition to its direct mineral assets, Jupiter Mines has a 10.1% interest in Mindax and a 3.1% interest in Golden West Resources Limited ("GWR"). Both are mineral exploration companies based in Western Australia and are listed on the ASX.

Mindax is an iron, uranium, gold and copper explorer with its main projects being centred close to the town of Sandstone in the mid-west region of Western Australia and in the Yilgarn-Avon region which is east of Perth. GWR is an iron ore, gold and uranium exploration company which is primarily focused on the development of the Wiluna West Iron Project in the north eastern goldfields region of Western Australia, approximately 40 km east of Wiluna.

In July 2009 Jupiter Mines announced that it had secured a placement to POSCO of $7.8 million together with POSCO agreeing to purchase under an off-take agreement up to 50% of any future DSO grade iron ore produced by the Company.

3.2 Financial position

Included below is a summary of Jupiter Mines' income statements for the years ended 30 June 2008 ("FY08") and 2009 ("FY09") and for the 10 month period ended 30 April 2010 ("YTD Apr10"). For FY08 and FY09 the amounts have been extracted from the Company's audited financial statements and the YTD Apr10 amounts from the management accounts.

Jupiter Mines - Income Statement $000's	10 Months YTD Apr10	FY09	FY08
Revenue			
- Interest received	277	378	411
- Other income	6	0	2
	283	378	413
Expense			
- Employee benefits expense	(361)	(427)	(330)
- Director and secretarial costs	(555)	(333)	(307)
- Depreciation and amortisation	(18)	(69)	(57)
- Impairment of exploration and evaluation expenditure	(26)	(7,893)	(6)
- Legal and professional costs	(332)	(250)	(230)
- Occupancy	(218)	(292)	(136)
- Consultancy fees	(124)	(666)	(345)
- Directors, employees and consultant options	(72)	(45)	(960)
- Administration expenses	(239)	(292)	(341)
- Other expenses	(322)	(301)	(424)
	(2,266)	(10,568)	(3,136)
(Loss) before tax	(1,983)	(10,190)	(2,723)
Tax benefit / (expense)	306	0	0
(Loss) after tax	(1,677)	(10,190)	(2,723)

Source: Jupiter Mines, EY analysis

The trading performance of Jupiter Mines reflects the nature of its principal activities as a mineral exploration company.

The $7.893 million impairment charge made in FY09 against exploration and evaluation expenditure primarily reflects the downturn in the resource sector brought about by the onset of the global financial crisis (the "GFC"). Most of the impairment charge was raised against the carrying value of Jupiter Mines' gold and base metal projects, which reflects the Company's decision to focus primarily on the development of its iron ore and manganese assets.

With the exception of impairment costs, the YTDApr10 results are consistent with those results achieved in FY09.

Jupiter Mines balance sheets as at 30 June 2009 ("30Jun09") and 30 April 2010 ("30Apr10") are summarised in the table below. The amounts have been extracted from the Company's audited financial statements for 30Jun09 and the management accounts for 30Apr10.

Jupiter Mines - Balance Sheet		
$000's	30Apr10	30Jun09
Current assets		
Cash and cash equivalents	7,743	6,526
Trade and other receivables	33	85
Other current assets	1	15
	7,777	6,626
Non-current assets		
Financial assets	10,198	6,567
Property, plant and equipment	308	104
Intangible assets	0	1
Other non-current assets	2	1
Exploration and evalauation expenditure	11,795	7,723
Deferred tax asset	0	0
	22,303	14,396
Total assets	30,080	21,022
Current liabilities		
Trade and other payables	349	331
Short term borrowings	(117)	23
Provisions	172	96
	404	450
Non-current liabilities		
Deferred tax liability	0	0
Provisions	24	24
	24	24
Total liabilities	429	474
Net assets	29,651	20,548
Equity		
Issued capital	46,828	36,897
Reserves	5,695	4,649
Accumulated losses	(22,872)	(20,998)
Total equity	29,651	20,548

Source: Jupiter Mines, EY analysis

Similar to the income statement, the balance sheet of Jupiter Mines is reflective of its nature as a mineral exploration company, with the major balances at 30 April 2010 being cash, non-current financial assets and the capitalised exploration and evaluation expenditure.

The non-current financial asset is represented by Jupiter Mines investment in Mindax and GWR, with the balance at 30Jun09 and 30Apr10 being comprised of the following amounts:

Jupiter Mines - Non-Current Financial Assets		
$000's	30Apr10	30Jun09
Investment in Listed Companies:		
- Mindax	7,003	6,460
- GWR	3,088	0
	10,091	6,460
Investment in Unlisted Company	107	107
	10,198	6,567

Source: Jupiter Mines, EY analysis

Jupiter Mines acquired 13,183,079 MDX shares under the Red Rock/Pallinghurst Transaction. At 30 April 2010, the number of MDX shares held by Jupiter Mines totalled 13,213,579 and the number of GWR shares held was 4,406,623.

The balance of exploration and evaluation expenditure recorded against each project at 30Jun09 and 30Apr10 is as follows:

Jupiter Mines - Exploration and Evaluation Expenditure		
$000's	30Apr10	30Jun09
Central Yilgarn Iron Project		
- Mt Ida and Mt Hope	2,921	2,418
- Mt Mason	3,420	3,405
- Walling Rock	22	20
- Mt Alfred	1,049	775
	7,411	6,618
Oakover Manganese Project	3,166	46
Pilbara Projects		
- Klondyke (Gold)	550	526
- Corunna Downs (Base Metals)	32	26
- Klondyke East (Base Metals)	13	11
- Brockman (Iron)	91	89
	685	651
Widgiemooltha Nickel Project	468	378
Other	64	30
	11,795	7,723

Source: Jupiter Mines, EY analysis

The balances are reflective of Jupiter Mines' strategy of focusing on its iron ore and manganese mineral projects. In the 10 months to 30Apr10 the Company incurred exploration and evaluation expenditure of approximately $4.098 million, of which $4.072 million was capitalised. Of this amount $2.106 million related to the issue of the shares to Red Rock and Pallinghurst on the exercise of the option to acquire the Oakover Manganese Project in September 2009.

A review of Jupiter Mines' cash flow statements shows that the Company's activities have been funded from the cash raised through the issue of shares.

3.3 Mineral assets

In the five years since listing, Jupiter Mines has incurred over $20 million, in cash and from the issue of shares as consideration, on the acquisition, exploration and evaluation of various mineral projects.

Reflecting its iron ore and manganese focus Jupiter Mines' major exploration assets are the Central Yilgarn Iron Project and the Oakover Manganese Project.

The Central Yilgarn Iron Project

Jupiter Mines acquired the Mt Mason, Mt Ida and Mt Hope tenements through the exercise of 12 month exclusive option agreements. Mt Mason was purchased in December 2006 and Mt Ida and Mt Hope in May 2007. The Mt Ida and Mt Hope tenements were acquired from Red Rock. The Walling Rock tenement was obtained by Jupiter Mines by application. Mt Alfred, the final area included in the Central Yilgarn Iron Project, was acquired under the Red Rock/Pallinghurst Transaction.

Collectively, the tenement areas cover approximately 354 km^2 with the Walling Rock and Mt Hope tenements being 55 km west of Menzies, the Mt Mason and Mt Ida tenements being 70 km north west of Menzies along the Menzies to Sandstone road, with the Mt Alfred tenements being a further 50 km down the same road. Menzies is 130 km north of Kalgoorlie.

Most of the exploration and evaluation work undertaken by Jupiter Mines within the Central Yilgarn Iron Project has occurred within the Mt Mason and Mt Ida tenement areas. The primary objective of the work has been to test the depth and strike extensions of the known mineralisation at Mt Mason and to test the mineralisation at Mt Ida.

Based on the results of a drilling program completed in 2008, in February 2009 the Company announced an increase in Inferred Resource at Mt Mason from the previously reported 2.2 million tonnes ("Mt") at an average grade of 60.6% Fe to 5.75 Mt at 59.9% Fe, both at 55% Fe cut-off grade. The aim of future work at Mt Mason will be to continue to increase and upgrade the resource from Inferred into Indicated and Measured categories.

Drilling completed in December 2009 at Mt Ida identified high-grade magnetite mineralisation which resulted in a conceptual exploration target being modelled with an estimate of between 1.1 to 1.3 billion tonnes of magnetite ore at an expected grade of between 30% and 40% Fe. In releasing this, Jupiter Mines did stress that the estimate was conceptual in nature and that no Inferred Resources had yet been defined at Mt Ida. Future work at Mt Ida will be undertaken to further define the magnetite potential of the area.

While future exploration targets have been identified with Mt Hope, Walling Rock and Mt Alfred, to date no significant exploration activity has been undertaken by Jupiter Mines in these areas. The exploration program developed for Mt Alfred is designed to evaluate the direct shipping potential of the hematite mineralisation previously identified.

A full description of the exploration undertaken within the tenements making up the Central Yilgarn Iron Project is contained in the Snowden Report, attached at Appendix E.

The Oakover Manganese Project

The tenements making up the Oakover Manganese Project cover an area of approximately 694 km^2 in the east Pilbara region of Western Australia in an area which has a history of significant manganese mineralisation. Oakover was acquired in September 2009 under the Red Rock/Pallinghurst Transaction.

Oakover is north of the Woodie Woodie manganese mine which is owned by Palmary Limited. Woodie Woodie is a long established operation and has current production of over 900,000 tonnes per annum at an average grade of over 48% Mn, with an estimated 10% share of the high-grade seaborne trade.

Jupiter Mines completed its first field trip to Oakover in September 2009, the primary purpose of which was to evaluate anomalies interpreted from satellite data. Of the 23 anomalous areas identified only eight were rock chipped, with the majority of the 47 samples taken returning greater than 20% Mn. Results for two of the samples were greater than 50% Mn.

Assays completed on the rock chip samples taken returned results ranging from 5.5% to 62.6% Mn. The 26 samples taken from two priority areas (C11 and C12 within tenement E45/2641) averaged 39.1% Mn. Jupiter believes that these results combined with geological mapping indicate significant potential for a major manganese prospect.

Given the promising results to date Jupiter Mines intends to construct access roads and conduct an initial drilling program over the next few months.

A full description of the Oakover Manganese Project is contained in the Snowden Report, attached at Appendix E.

With the Central Yilgarn Iron Project and the Oakover Manganese Project being the major focus of Jupiter Mines' steel feed strategy, the Company's gold and base metal projects are considered to be non-core. Of these the most significant are the Widgiemooltha Nickel Project and the Klondyke Gold Project. A full description of Jupiter Mines' other mineral projects is contained in the Snowden Report at Appendix E.

3.4 Capital structure

At the date of this report Jupiter Mines had the following securities on issue:

- 369,786,471 fully paid ordinary shares; and
- 12,100,000 unlisted share options summarised as follows:

Jupiter Mines - Options on Issue	Exercise Price cents	Number 000's
- expiring 30 November 2010	35	1,500
- expiring 31 December 2010	35	3,700
- ESOP* options expiring 22 November 2011	20	500
- ESOP options expiring 22 November 2011	25	1,000
- ESOP options expiring 22 November 2011	35	1,000
- ESOP options expiring 24 November 2011	20	900
- ESOP options expiring 24 December 2011	30	200
- ESOP options expiring 23 July 2012	25	600
- ESOP options expiring 3 September 2012	25	800
- ESOP options expiring 3 September 2012	30	600
- ESOP options expiring 3 September 2012	35	600
- ESOP options expiring 3 October 2012	25	200
- ESOP options expiring 6 November 2012	19	500
		12,100

* ESOP - Employee Share Option Plan

Source: Jupiter Mines

As at 5 May 2010, Jupiter Mines had approximately 1,750 shareholders, with the top 20 shareholders holding 76% of the shares on issue. The 10 largest shareholders of Jupiter Mines at that date are summarised in the following table.

Jupiter Mines - Top 10 Shareholders Before the Proposed Transaction	Shares 000's	%
Top 10 Shareholders:		
- Pallinghurst	92,899	25.1%
- Red Rock	88,914	24.0%
- POSCO	48,000	13.0%
- Hancock Prospecting Pty Ltd	14,192	3.8%
- Mrs S Watson	5,000	1.4%
- Cong Mining Limited	4,800	1.3%
- Mr P Thapliyal	4,397	1.2%
- HSBC Custody Nominees (Aust) Ltd	3,172	0.9%
- Citicorp Nominees Pty Limited	2,650	0.7%
- Cape Lambert Iron Ore Ltd	2,500	0.7%
	266,524	72.1%
Other shareholders	103,262	27.9%
	369,786	100.0%

Source: Jupiter Mines, EY analysis

Between 5 May 2010 and 1 June 2010, Mr Thapliyal acquired a further 516,830 shares, increasing his direct interest in the Company to 1.3%.

In entering the POSA/PSF Agreement, Pallinghurst and POSCO are considered to have a relevant interest in each other's shares. A co-agreement between Pallinghurst and Red Rock in relation to their respective shares in Jupiter Mines was terminated in early February 2010. The top three shareholders, being Pallinghurst, POSCO and Red Rock hold 62.2% of the Company's issued shares.

At the date of this report the following shares are being held in escrow and are prevented from being traded:

Jupiter Mines - Shares Held in Escrow	000's
Red Rock - 12 months until 1 September 2010	54,156
Pallinghurst - 12 months until 1 September 2010	26,845
POSCO - 12 months until 29 September 2010	48,000
	129,001

Source: Jupiter Mines, EY analysis

3.5 Share price performance

The following table summarises the monthly trading of Jupiter Mines shares on the ASX over the period 2 March 2009 to 31 May 2010.

Jupiter Mines - Share Trading History

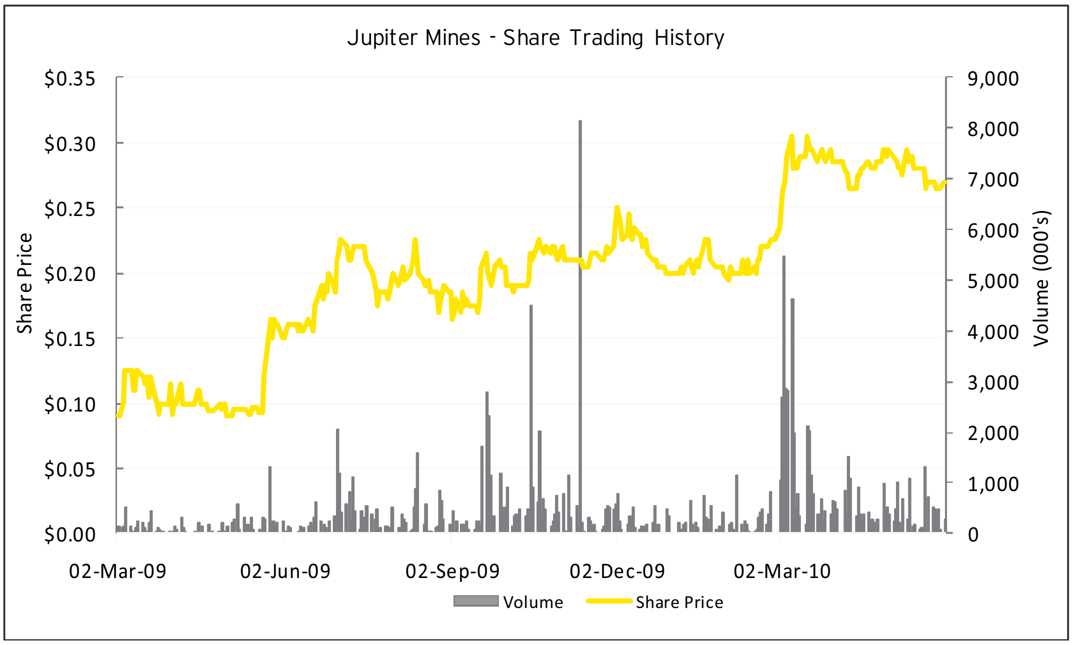
Month	High	Low	Close	VWAP*	Volume	Number of	Monthly Liquidity	
	$	$	$	$	000's	Trades	Issued Shares	Free Float**
Mar-09	0.130	0.085	0.115	0.111	2,841	109	1.7%	1.7%
Apr-09	0.115	0.090	0.100	0.100	1,675	59	1.2%	1.0%
May-09	0.165	0.090	0.160	0.118	4,881	183	1.2%	2.9%
Jun-09	0.225	0.150	0.185	0.172	3,580	196	1.2%	2.1%
Jul-09	0.230	0.170	0.200	0.208	10,742	561	1.2%	6.3%
Aug-09	0.225	0.170	0.185	0.195	7,278	410	1.2%	4.3%
Sep-09	0.235	0.160	0.205	0.203	12,779	555	0.9%	7.6%
Oct-09	0.240	0.180	0.210	0.205	15,514	505	0.8%	9.2%
Nov-09	0.230	0.200	0.220	0.212	14,539	232	0.8%	8.6%
Dec-09	0.250	0.195	0.200	0.223	5,593	281	0.8%	3.3%
Jan-10	0.235	0.195	0.200	0.210	4,554	228	0.8%	2.7%
Feb-10	0.230	0.195	0.225	0.210	4,978	206	0.8%	2.9%
Mar-10	0.320	0.230	0.285	0.283	33,096	1,398	9.0%	19.5%
Apr-10	0.300	0.260	0.295	0.277	10,190	440	2.8%	6.0%
May-10	0.300	0.255	0.270	0.275	8,852	405	2.4%	5.2%

* Volume weighted average price for the month

** Excludes shares held by Red Rock, PRL and POSCO

Source: Bloomberg, EY analysis

The following chart is a summary of Jupiter Mines' share trading history on the ASX for the same period as represented in the table above. The trading price is based on the daily closing price.



Source: Bloomberg, EY analysis

The table and chart show that over the period considered, Jupiter Mines' share price drifted from levels of around 10 cents across March/April 2009 up to levels around 15 cents in late May up to over 20 cents in late June 2009.

From July 2009 the Company's share price generally traded around 20 cents gradually increasing to a high of 25 cents at the beginning of December 2010. The price traded downwards through January and February in the range of between 20 cents and 23 cents and the last trading price on 24 February 2010, the last trading day before the Proposed Transaction was announced on 1 March 2010 was 22.5 cents.

On the announcement of the Proposed Transaction Jupiter Mines' share price increased substantially to levels of around 30 cents, reaching a 12 month high of 32 cents on 8 March 2010. Reflecting the higher prices, the level of trading in the Company's shares also increased. Since then the shares have generally traded in the range of between 25 cents and 30 cents, with the last trading price on 31 May 2010 being 27 cents. The closing price of Jupiter Mines' shares at 18 June 2010 was 23 cents.

With respect to announcements made by the Company that may have had an impact on underlying trading prices we note the following:

- in early March 2009 shareholders approved the Red Rock/Pallinghurst Transaction;
- around the same time the Company announced that it short term focus would be on the development of its Central Yilgarn Iron Project;
- in July 2009 the strategic investment and off-take agreement with POSCO was announced, with POSCO agreeing to take-up a $7.8 million placement and to purchase up to 50% of any future DSO grade iron ore production;
- in September 2009 Jupiter Mines announced that Red Rock and Pallinghurst had exercised the option and that the purchase by the Company of the Oakover Manganese Project pursuant to the terms agreed under the Red Rock/Pallinghurst Transaction was to proceed;

- in December 2009 the Company announced promising exploration results both at Oakover and at Mt Ida, with:
  - high-grade surface sampling results at Oakover assaying up to 62.6% Mn (i.e. manganese) at an average of 39.1% Mn within the priority exploration area; and
  - high-grade magnetite mineralisation being intersected at Mt Ida which resulted in a conceptual exploration target being modelled with an estimate of between 1.1 to 1.3 billion tonnes of magnetite ore at an expected grade of between 30% and 40% Fe (i.e. iron);
- in early February 2010 it was announced that all voting, sale, and co-operation arrangements and understandings between Pallinghurst and Red Rock Resources in relation to their shareholdings in Jupiter Mines had been terminated; and
- On 1 March 2010 the Proposed Transaction was announced.

In addition to the impact these announcements may have had on Jupiter Mines' share price, the Company did benefit from the general improvement in world financial markets over 2009 as conditions began to improve after the worst of the GFC had been realised. Demand for resources improved through 2009 together with commodity prices.

As Jupiter Mines share price increased the liquidity of the Company's shares also increased. In this regard the monthly liquidity increased from 1.7% of the shares on issue, excluding the shares held by Red Rock, Pallinghurst and POSCO, in March 2009 to a high of 19.5% in March 2010, post the announcement of the Proposed Transaction. From the 8.6% experienced in November 2009 the level of liquidity through December, January and February was around 3%. In April 2010 liquidity was 6.0% and 5.2% in May 2010.

4. Overview of Tshipi

4.1 Background

In October 2007, the Co-Investors, which at that time did not include POSCO, entered into a joint venture agreement (the "JV Agreement") with Ntsimbintle in relation to two manganese properties, the Mamatwan mining right and the Wessels prospecting right. The Mamatwan mining right is the area where the Kalahari Project is being established. The properties are located in Northern Cape Province of South Africa, near the township of Hotazel which is approximately 550 km west of Johannesburg. The Mamatwan mining right and the Wessels prospecting right are respectively adjacent to the Mamatwan and Wessels manganese mines, which are owned by Hotazel Manganese Mines (Pty) Limited ("HMM"), a special purpose company majority owned by Samancor Manganese Pty Limited ("Samancor"). Under the JV Agreement, by purchasing and by funding exploration up to completion of a feasibility study ("FS") the Co-Investors would earn a 49.9% interest in the properties.

Following the positive outcome of an independent scoping study and a pre-feasibility study, the FS contemplated by the JV Agreement was initiated on the Kalahari Project. The results of the FS were released in June 2009 and confirmed the development potential of the Kalahari Project as a world-class low cost manganese operation.

In March 2009, Tshipi was established to assume the business of the joint venture, with Ntsimbintle having a 50.1% interest and the Co-Investors having a 49.9% interest. At that time Ntsimbintle agreed to transfer to Tshipi the Mamatwan mining rights and the Wessels prospecting right. The transfer is subject to the approval of the South African Minister of Mineral Resources, application for which was lodged in September 2009. At the time of entering into the JV Agreement, the Co-Investors included Pallinghurst, EMG, AMCI and Investec. Pallinghurst's, AMCI's and EMG's interests in the Kalahari Project were held via PKML. While being one of the Co-Investors, Investec held its interest directly. With respect to the Co-Investors interest in Tshipi, PKML holds a direct interest of 39.2% and Investec holds a direct interest of 10.7%.

In establishing Tshipi and subscribing for shares, PKML and Investec paid an amount of ZAR102,227,461 which was placed on deposit by the company. In consideration for agreeing to transfer the rights attaching to Mamatwan and Wessels, Ntsimbintle was issued shares in Tshipi with a stated value of ZAR102,637,190.

In June 2009, POSCO acquired a 29% interest in PKML from the shareholders for a total consideration of US$34.3 million. On completion of that transaction the shareholders of PKML were, and remain, as follows:

Shareholders of PKML	% Interest
Pallinghurst	19.7%
EMG	25.9%
AMCI	25.4%
POSCO	29.0%
	100.0%

Source: PKML, EY analysis

The Co-Investor's see-through interests in Tshipi are as follows:

The Co-Investors Effective Interests in Tshipi	% Interest in Tshipi
Indirect via PKML:	
- Pallinghurst	7.7%
- EMG	10.2%
- AMCI	9.9%
- POSCO	11.4%
	39.2%
Direct:	
- Investec	10.7%
	49.9%

Source: PKML, EY analysis

The Co-Investors have entered into the Tshipi Agreement, which details the cooperative nature of their relationship in regards to their collective 49.9% interest in Tshipi. Under this agreement each of the Co-Investors retains legal title and influence over their effective interest and has the right to vote their shares separate from the other Co-Investors. The parties have agreed to confer prior to any Tshipi shareholders meeting. The Tshipi Agreement also provides the Co-Investors with tag along rights with respect to the disposal of the interests of other Co-Investors.

Ntsimbintle, the holder of the remaining 51.1% interest in Tshipi, was established in 2003 as a broad based Black Economic Empowerment Company to specifically pursue manganese opportunities. Jointly led and financed by Safika Holdings (Pty) Ltd and Nkonjane Economic Prospecting and Investments (Pty) Ltd, these companies worked to bring a number of charitable and social responsibility groups into Ntsimbintle as shareholders.

Ntsimbintle obtained the prospecting rights to a number of properties located within the Kalahari Basin, including the Mamatwan mining right and the Wessels prospecting right. In December 2007, Ntsimbintle reached agreement with Samancor for the transfer of certain prospecting rights to HMM in exchange for a 9% interest in HMM. Samancor had set-up HMM specifically for the purpose of undertaking the transaction with Ntsimbintle and had previously transferred into HMM the Mamatwan and Wessels manganese mines as part of this process. Samancor was then 60% owned by BHP Billiton Limited ("BHP Billiton") and 40% by Anglo American plc ("Anglo American"). The Ntsimbintle transaction represented the first stage of Samancor's intention of transferring up to 26% of the ownership in its manganese mining operations to BEE parties.

In entering the JV Agreement, the Co-Investors were responsible for the funding of the work undertaken on the Kalahari Project and the Wessels prospecting right, including the FS. On the establishment of Tshipi, PKML agreed to sell to the company the information obtained through the work done on the Kalahari Project up to 31 March 2009 for a consideration of ZAR33,000,000. At the same time Investec agreed to lend Tshipi an amount of ZAR12,737,412. These two amounts became the initial amounts 'lent' under the Co-Investor Loans. Interest is payable on these amounts at market rates. At present, this interest is being capitalised. PKML and Investec have since provided Tshipi with additional funds as Co-Investor Loans to assist in financing further exploration and evaluation work on the Kalahari Project. These advances are on an interest free basis. Loans made to Tshipi for the completion of the scoping study on the Wessels Property will accrue interest.

At 31 March 2010, the balance of the Co-Investors Loan owing by Tshipi totalled ZAR54,885,385. The total Co-Investor Loans that will be acquired by Jupiter Mines' will be ZAR69,409,790, of which ZAR60,510,170 will be interest bearing. The ZAR14,524,405 difference between the 31 March 2010 balance and the amount being assumed by Jupiter Mines represents the Co-Investors share of Tshipi's budgeted spend up until 30 June 2010. This amount will be advanced to Tshipi prior to that date.

Consistent with the terms of the Tshipi Agreement, the interest bearing Co-Investor Loans are to be repaid from the cash flows generated from the development of the Kalahari Project. Under the Tshipi Agreement, advances making up the interest free component of the Co-Investor Loans are to be matched by corresponding pro rata equity contributions from Ntsimbintle. Once the drawdown of this component of the Co-Investor Loans reaches a total of approximately ZAR104 million, the balance is to be converted into shares such that the exact shareholding of Tshipi will be 50.1% and 49.9% between Ntsimbintle and the Co-Investors, respectively. The interest free advances are to be drawn down to support the ongoing development of the Kalahari Project.

Under the Tshipi Agreement, Ntsimbintle and PKML each have the right to appoint three directors to the Tshipi Board. Ntsimbintle has the right to appoint the Chairman, who has a casting vote in relation to any non-operational matters. The current directors of Tshipi are as follows:

Tshipi - Current Directors (all Non-Executive)
- Mr Sakumzi Macozama, Chairman (Ntsimbintle representative)
- Mr Moses Ngoasheng (Ntsimbintle representative)
- Mr Johannes Gumede (Ntsimbintle representative)
- Mr Brian Gilbertson (PKML representative)
- Mr Priyank Thapliyal (PKML representative)
- Mr Finn Behnken (PKML representative)

Source: PKML

Any matters that cannot be decided by the Tshipi Board are required to be referred to shareholders and will require at least a 75% approval. There are a number of matters that always require special majority approval, including 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 and restructure or merger of the company.

4.2 Financial position

Tshipi has only been operating since 1 March 2009. Included in the table below is a summary of the company's income statement for the year ended 28 February 2010 ("FYFeb10") and for the one month ended 31 March 2010 ("YTDMar10"). The amounts for FYFeb10 have been extracted from Tshipi's audited financial statements and the YTDMar10 amounts have been extracted from Tshipi's unaudited management accounts.

Tshipi - Income Statement		
ZAR000's	**YTD Mar10**	**FY Feb10**
Expenses		
- Legal and professional fees	-	(921)
- Consultancy fees	0	(1,992)
- Travel	(6)	(1,427)
	(6)	(4,340)
(Loss) before tax	(6)	(4,340)
Tax benefit / (expense)	-	(1,863)
(Loss) after tax	(6)	(6,202)

Source: Tshipi's audited accounts and unaudited management accounts

Tshipi's trading performance reflects the nature of its principal activities as a mineral exploration company.

Tshipi's balance sheets as at 28 February 2010 ("28Feb10") and as 31 March 2010 ("31Mar10") are summarised in the table below. The amounts for 28Feb10 have been extracted from Tshipi's audited financial statements and the 31Mar10 amounts have been extracted from Tshipi's unaudited management accounts.

Tshipi - Balance Sheet		
ZAR000's	**31Mar10**	**28Feb10**
Current assets		
Cash and cash equivalents	6,584	4,829
Other current assets	2,022	1,940
	8,605	6,770
Non-current assets		
Mineral assets	256,361	254,925
Fixed Assets	90	91
	256,451	255,017
Total assets	265,056	261,786
Current liabilities		
Trade and other payables	1,405	338
Loan from Ntsimbintle	4,472	4,472
	5,877	4,811
Non-current liabilities		
Co-Investor Loans	51,131	50,679
Deferred tax	1,863	1,863
	52,993	52,541
Total liabilities	58,870	57,352
Net assets	206,186	204,434
Equity		
Issued capital	204,865	204,865
Reserves	7,529	5,772
Accumulated losses	(6,208)	(6,202)
Total equity	206,186	204,434

Source: Tshipi's audited accounts and unaudited management accounts

Tshipi's financial statements are reflective of the current status of the Kalahari Project, with the major balances being:

- Tshipi's mineral asset balance is comprised of the following amounts:

Tshipi - Mineral Assets ZAR000's	31Mar10	28Feb10
Mineral assets:		
- Mineral rights	206,300	204,865
- Mineral property interests	50,061	50,061
	256,361	254,925

Source: Tshipi's audited accounts and unaudited management accounts

The mineral right amount represents Tshipi's right to the Mamatwan mining right and the Wessels prospecting right, which are currently awaiting regulatory approval for the transfer to Tshipi from Ntsimbintle.

The mineral property interests amounts reflect the transfer by the Co-Investors of the information obtained as a result of the exploration and evaluation work undertaken by them under the JV Agreement up until the establishment of Tshipi plus the additional expenditures incurred and capitalised since incorporation, which for FYFeb10 totalled ZAR17,077,843; and

- the balance of the Co-Investor Loans at 31Mar10 were comprised of the interest bearing component only. Because those advances that are not interest bearing are convertible into Tshipi shares, for accounting purposes they are shown as equity and included in the reserves balance. Of the balance in reserves at 31Mar10, ZAR3,754,741 relates to amounts contributed by the Co-Investors.

4.3 Mineral assets

A general description of Tshipi's mineral assets is as follows:

The Kalahari Project

The Kalahari Project is located about 20 km southwest of the mining town of Hotazel in the Kalahari Manganese Field, which constitutes a globally significant manganese resource. The Kalahari Manganese Field is approximately 400 km^2 in area and is estimated to contain approximately 13 billion tonnes of manganese resources at 20% to 48% Mn. Its geological simplicity makes the Kalahari Manganese Basin one of the most important manganese resources in the world.

The Kalahari Project is an advanced exploration project with a defined mineral resource estimate of 163 Mt at a grade of 37.0% Mn. Of the total resource, 62 Mt is classified as indicated resources, with the remainder classified as an inferred resource. The results of the FS showed that the mineral resources of the Kalahari Project were shallower than expected and low in phosphorus and other deleterious elements.

The evaluation undertaken proposed an open pit mining operation using a standard open cast mining approach. Total run of mine ore tonnes to be produced are planned to be in the range of 2.2 Mt to 2.6 Mt of ore per annum. The FS pit has been planned as a 24 year operation. However, the resources are expected to continue for a significant period thereafter. It is currently proposed that the mining of the open pit will be outsourced to a suitable mining contractor; all other parts of the operation will be run on an owner operator basis.

Although the Hotazel area has established road, power, rail infrastructure and water supplies, there is currently no infrastructure in place on the Kalahari Project mine site. Due to inadequate transmission and distribution infrastructure, at present no additional capacity is available to supply power to the mine. The Project's power requirements, which are not significant, will be supplied by diesel driven generator units until power from the country's infrastructure can be accessed.

Tshipi will also construct its own dedicated rail loading facility which will join the existing transport rail line a few kilometres from the project site. Discussions have taken place with the South African State-owned transport company with respect to obtaining a long term allocation of rail and port capacity for the export of manganese from the Kalahari Project.

The FS confirmed that the Kalahari Project was economically robust with production costs forecast to be in the lowest industry quartile. The FS estimated the Kalahari Project's required capital expenditure to be approximately US$200 million and that it would take approximately a year from formal investment decision to produce the first saleable manganese ore.

According to the FS, current capacity constraints within the South African rail and port infrastructure are identified as the principal risk to the successful realisation of the Kalahari Project. Tshipi has recognised this and in seeking a solution has identified a number of options for the transport of product.

According to the FS, the principal challenges identified for the Project relate to transport logistics and market access rather than the geology, mining and metallurgical aspects.

A full description of the Kalahari Project is contained in the SRK Report, attached at Appendix F.

The Wessels Exploration Project

The Wessels Exploration Project consists of the prospecting rights over 3,965 ha, located north of HMM's Wessels Mine. The Wessels Exploration Project falls just outside the estimated sub outcrop of the Kalahari Manganese Field but could nevertheless contain possible high grade outsider manganese deposits. The Project is close to the area where Aquila Resources is prospecting and has published an inferred resource of 1.8 mt at 45.5% Mn.

There have been numerous holes drilled in the past with some intersecting high grade mineralisation at depths greater than the resources in the Kalahari Project. Tshipi is presently exploring and evaluating the exploration property for the possibility of high grade manganese deposits which might be mined by underground methods. However, currently additional drilling is required for the mineral resources to be classified as an inferred resource. Drilling is expected to commence toward the end of 2010.

A full description of the Wessels Exploration Project is contained in the SRK Report, attached at Appendix F.

5. Overview of Jupiter Mines after the Proposed Transaction

5.1 Introduction

On completion of the Proposed Transaction, if it proceeds, Jupiter Mines' major mineral assets will be its 49.9% interest in Tshipi, the Central Yilgarn Iron Project and the Oakover Manganese Project.

The ownership of the interest in Tshipi will give Jupiter Mines immediate exposure to the Kalahari Project, which has the ability to fast-track the transformation of the Company from an exploration company to a mineral production company.

5.2 Directors and management

On the sudden death of Mr Geoff Wedlock, Jupiter Mines' Chairman, in a plane crash in West Africa on 19 June 2010, Mr Brian Gilbertson, Pallinghurst's current Chairman, joined the Board of Directors of Jupiter Mines (the "Board") and has temporarily assumed the position as acting non-executive Chairman. Shareholder approval of Mr Gilbertson's appointment will be sought at the Company's next annual general meeting. Of a total of five directors on the Board, the Co-Investors will have three representatives with Pallinghurst having two representatives in Mr Thapliyal and Mr Gilbertson, and POSCO having one in Mr Sun Moon Woo. It is expected that if his appointment is approved, Mr Gilbertson will become the Company's non-executive Chairman.

Mr Gilbertson has extensive experience in the global resources sector and is widely regarded as a leading industry figure. The depth of that experience is summarised as follows:

- as Executive Chairman of Gencor Limited ("Gencor"), Mr Gilbertson was considered instrumental in leading the restructure of the South African mining industry into the post-apartheid era during the early 1990's, transforming Gencor into a focused minerals and mining group;

- during the early 1990's Mr Gilbertson was the Executive Chairman of Samancor, the world's largest producer of manganese and chrome ore and alloys and Impala Platinum Holdings Ltd, a significant producer of platinum and platinum group metals;

- in the late 1990's Gencor restructured its non-precious metals interests under Billiton plc ("Billiton") and raised US$1.5 billion in an initial public offering on the London Stock Exchange ("LSX");

- in 2001 Mr Gilbertson oversaw the merger of Billiton and BHP Limited to form BHP Billiton, the world's largest resource company, becoming that entity's inaugural Chief Executive Officer ("CEO");

- as Chairman of Vedanta Resources Plc, in 2003 Mr Gilbertson led the listing of the company on the LSX, making it the first Indian company to have its primary listing in London;

- in 2004 Mr Gilbertson joined Sibirsko-Uralskaya Aluminum Company, a Russia based aluminium producer and the led the company into a US$30 billion merger to create United Company RUSAL, the world's largest aluminium and alumina producer;

- Mr Gilbertson established Pallinghurst Advisers LLP and Pallinghurst (Cayman) GP LP. Over 2006 and 2007 to invest in mineral resource opportunities, leading to the incorporation of Pallinghurst in 2007 and its listing on the BSX and JSE.

The management structure of the Company will not change in that Mr Greg Durack will continue as Jupiter Mines' CEO.

5.3 Capital structure and impact on the Non-Associated Shareholders

Under the Proposed Transaction, Jupiter Mines will issue to the Co-Investors 1,208,667,347 Consideration Shares and a total of 23,696,683 Subscription Shares to three of the Co-Investors. As a consequence the number of shares the Company will have on issue will increase from 369,786,471 to 1,602,150,501. The table below summaries the impact of the Proposed Transaction on the capital structure of Jupiter Mines and on the Non-Associated Shareholders collective interest in the Company:

Impact of the Proposed Transaction on Existing Shareholders	Existing Shares 000's	% Held	Shares to be Issued: Consideration Shares 000's	Shares to be Issued: Subscription Shares 000's	Total: Shares 000's	Total: % Held
Pallinghurst	92,899	25.1%	187,059	13,206	293,164	18.3%
EMG	0	0.0%	246,675	0	246,675	15.4%
AMCI	0	0.0%	241,091	0	241,091	15.0%
POSCO	48,000	13.0%	271,586	5,394	324,980	20.3%
Investec	0	0.0%	262,256	5,097	267,353	16.7%
	140,899	38.1%	1,208,667	23,697	1,373,263	85.7%
Non-Associated Shareholders	228,887	61.9%			228,887	14.3%
Number of shares on issue	369,786	100.0%				
Number of shares on issue after the Proposed Transaction					1,602,151	100.0%

Source: Jupiter Mines, EY analysis

The analysis shows that on the issue of the Consideration Shares, the Non-Associated Shareholders collective interest in Jupiter Mines will reduce from 61.9% to 14.3%. Collectively, the Co-Investors' interests in the Company will increase from 38.1% to 85.7%.

Based on Jupiter Mines' shareholder register at 5 May 2010 and adjusting for the issue of the Consideration and the Subscription Shares, the following table summarises the Company's top 10 shareholders after the Proposed Transaction:

Jupiter Mines - Pro Forma Top 10 Shareholders After the Proposed Transaction	Shares 000's	%
The Co-Investors:		
- POSCO	324,980	20.3%
- Pallinghurst	293,164	18.3%
- Investec	267,353	16.7%
- EMG	246,675	15.4%
- AMCI	241,091	15.0%
	1,373,263	85.7%
- Red Rock	88,914	5.5%
- Hancock Prospecting Pty Ltd	14,192	0.9%
- Mrs S Watson	5,000	0.3%
- Cong Mining Limited	4,800	0.3%
- Mr P Thapliyal	4,397	0.3%
	1,490,566	93.0%
Other shareholders	111,584	7.0%
	1,602,151	100.0%

Source: Jupiter Mines, EY analysis

Based on this analysis, after the Co-Investors the largest individual shareholder will be Red Rock with a 5.5% interest. The four remaining top 10 shareholders, including Mr Thapliyal, will hold a collective interest of 1.8%.

The impact of the exercise of the 12,100,000 options that Jupiter Mines currently has on issue on the Company's shareholder structure would be immaterial. On this basis we have not considered the possible exercise of the options in our analysis.

6. Industry profile

6.1 Manganese overview

Due to its relatively low cost and technical benefits such as the ability to combine with sulphur and its significant de-oxidation capacity, over 90% of manganese produced annually is consumed as an alloying agent in the manufacturing of steel. Manganese is either used directly, or converted into ferromanganese or silicomanganese, which are then used in the steel-making process.

The amount of manganese required per tonne of steel is varies depending on the type of steel being produced and the efficiency of the process being applied. China steel manufacturers typically use around 7-8kg of Mn per tonne of steel produced whilst Western steel makers typically use approximately 4.5kg per steel tonne. With no satisfactory substitute, manganese is an essential input in the steel manufacturing process. As such, demand for manganese and its price are both a function of the steel market.

After steel, the second most important market for manganese is dry cell batteries. Manganese is also an important alloying element for aluminium and copper, and it is used as an additive in plant fertilisers and animal feed.

6.1.1 Global manganese reserves

The International Manganese Institute ("IMnI") classifies manganese ore into three grade categories; high grade (>43% Mn), medium grade (30% - 43% Mn) and low grade (<30% Mn). By including all grades of manganese ore, estimates of world manganese reserves in 2008 reach several billion tons. The number substantially reduces to around 680 million tons of ore when only considering high grade ores.

The majority of manganese ore deposits are located in the southern hemisphere with Australia, Brazil, Gabon and South Africa supplying over 90% of the international market. In the past, Ghana and India were both large suppliers but are now exporting only limited quantities of low or medium grade ore. China is increasingly becoming a net importer of manganese due to lack of high grade ore domestically.

6.1.2 Global manganese supply

The manganese ore industry is relatively concentrated compared to the base metals industry, with the top 10 producers accounting for 47% of production (on a tonne of ore basis). However, the manganese ore industry has a long tail of low-grade production (largely Chinese domestic production). The seaborne manganese ore market, made up of largely high grade ore, is significantly more concentrated, with the top five producers accounting for approximately 80% of supply[1].

Australia, Brazil, Gabon and South Africa account for around 80% of the world's seaborne supply. The IMnI estimated that global utilisation rates were expected to be at around 90% of capacity for CY2009 and that a Mn supply deficit may arise in 4-5 years should the demand for steel continue to grow at current rates. High grade ore is becoming scarcer and consequently medium-grade ores will increase market share. Considerable amount of medium grade world reserves are found in South Africa; however, it is recognised that due to logistical and power constraints, the ability to expand exports may be limited in the short term.

[1] Macquarie Research, February 2010.

Manganese ore production

Mn ore (wet) production increased by 19% in 2008, to nearly 45 million mt. This amounted to over 14 million metric tons ("mt") in Mn content units, an increase from 2007 of 13%. In 2009, Mn production decreased by 16% to 38 million mt or 11 million Mn content units, a decrease of 21%. The disparity in growth rates signifies increased mining of lower grade ores and a reduction in output by high grade Mn ore suppliers, who ran down inventories throughout the year.

Alloy production

Total world production of manganese alloys reached almost 14 million mt in 2008, up 3% from the previous year. China continued to be the world's largest producing country, having produced nearly 7 million mt. Alloy production was expected to grow in 2008 by more than the 3%; however, the GFC led to significant reduction in production in the last quarter of the year.

Global production of silico-manganese ("SiMn") in 2008 was just under 8 million Mt, which was greater than the combined production of high carbon ferro-manganese ("HC FeMn") and refined ferromanganese ("FeMn"), their respective totals being 4.8 million Mt and 1.1 million Mt. SiMn is commonly used in the production of steel long products, which are critical components in the construction industry. Continued investment in infrastructure and in new urban real estate in fast developing countries, such as India and China, continue to support a greater demand for steel.

In 2009, production of all three types of alloys declined as the global recession reduced the demand for ferroalloys. The table below illustrates the decrease in Mn alloy production:

Mn alloys production (millions Mt)	2008	2009	% Decline
SiMn	8.0	7.0	-13%
Hc FeMn	4.8	3.8	-21%
Ref FeMn	1.1	0.7	-37%

Source: Imnl 2008 and 2009

6.1.3 Manganese demand

Manganese demand is highly dependent on the steel industry. Due to its strong demand for steel, China has the strongest market for both manganese ore and alloy. In 2008, out of manganese ore production of over 45 million Mt, 19 million Mt were exported from the country of origin. China alone accounted for over 40% of the global trade.

Global production of crude steel fell by 8% year on year in 2009 to 1.2 billion Mt. This was the lowest level of output since 2005 and a reversal of the positive growth trend experienced over the last decade. Although predictions early in the year were that China's steel production would contract sharply in 2009, its output reached a record high of 568 million Mt, a growth of 13.5%. The rest of the world by contrast produced only 652 million Mt, a decline of 21% from the prior year. Overall, China accounted for nearly 47% of global crude steel production.

The global steel production forecast is detailed below, supporting the increasing importance of China. Manganese ore imports into China have significantly increased after early 2009, with September and October figures in excess of 1mt per month. This is consistent with the strong rebound in Chinese steel production.

Crude Steel Production (m tonnes)	2007	2008	2009f	2010f	2011f	2012f	Average 2000 - 2007	2001 - 2007
Japan	120	119	88	100	108	110	1.8%	-1.8%
China	495	500	573	641	693	741	21.4%	8.4%
India	57	58	59	62	66	71	11.3%	4.3%
Other Asia	91	92	84	93	98	102	3.8%	2.3%
North America	133	125	82	88	94	98	-0.3%	-5.9%
Western Europe	203	197	140	163	171	180	1.8%	-2.4%
Brazil	34	34	27	33	36	38	2.8%	2.4%
Other Latin America	14	14	11	12	12	12	3.6%	-2.9%
CIS	125	115	95	101	106	115	3.4%	-1.6%
Other	82	77	62	74	77	81	3.7%	-0.4%
Total World	1355	1329	1221	1367	1461	1548	6.9%	2.7%
World ex-China	860	829	647	727	770	807	2.6%	-1.3%
China	36.5%	37.6%	47.0%	46.8%	47.3%	47.9%		

Source: Macquarie Research, February 2010

In Australia there are three operating mines and one tailings re-treatment plant for manganese production. The Woodie Woodie mine, which is owned by Consolidated Minerals Pty Ltd, is located about 400km south east of Port Hedland in Western Australia. A manganese tailings processing plant also operates near the Woodie Woodie mine. The Northern Territory has two manganese mines, one at Groote Eylandt in the Gulf of Carpentaria, owned 60% by BHP Billiton and 40% by Anglo American and the other at Bootu Creek 110km north of Tennant Creek, owned by OMH. Manganese ore processing plants are operated by Tasmanian Electro Metallurgical Co. Pty Ltd, a subsidiary of BHP Billiton (60% ownership) at Bell Bay in Tasmania and by Delta plc at Newcastle in New South Wales. The Australia manganese industry typically exports about 85-90% of the manganese ore produced, with China, Japan and other Asian countries accounting for 35% and 28% of exports. Other important destinations include Western Europe (15%), Eastern Europe (11%) and the Americas (11%).

6.1.4 Manganese pricing

The price of Manganese is established by negotiation between buyers and sellers which is not traded on an exchange. Similar to iron ore contract prices, negotiations occur in line with the beginning of the Japanese fiscal year in April. Following the setting of prices with Japanese manufacturing companies, similar prices are set worldwide. The historical price is based upon a benchmark ore of 48% to 50% manganese content. Prices, which had been agreed during more buoyant times, remained high in 2008-09, but have fallen in 2009-10 in response to the weak demand climate.

The table below contains recent broker price forecasts for Manganese Ore.

	Date of forecast	Spot	2010f	2011f	2012f	2013f	2014f	2015f	LT
RBC (US$/t)	22-Feb-10	7.5	5.6	5.5	5.0	4.0			3.0
Macquarie (US$/mtu)	04-Feb-10		5.5	6.5	7.5	7.0	6.5	6.0	4.5
Deutsche Bank (Usc/dmtu)	12-Feb-10		6.0	7.0	5.0	5.0			

Source: Brokers forecasts

Morgan Stanley research suggests that there is a positive correlation between global steel production growth and manganese alloy prices. Manganese alloy prices typically lag behind steel production growth.

6.2 Iron ore overview

Iron in cast form has many uses; however, its main use is in the manufacture of steel. As such, as with manganese, the demand for iron ore is closely related to steel production, and indirectly related to trends in economic growth that drive the global demand for steel. Geographically, iron ore output is broadly distributed around various regions of the world, with over 80% of current known reserves being found in the Ukraine, Russia, Brazil, China, Australia, India and Kazakhstan[2].

6.2.1 Iron ore pricing

Iron ore prices have traditionally been set via direct negotiation between the producer and the customer. Historically, most iron ore has been sold through annually negotiated supply contracts that set the price and volume of iron ore sold. Negotiations between the major producers and steel mills in Japan, China and Western Europe typically start in and around November and last for several months and are set for the following year commencing 1 April. Once an agreement is reached, the price for other types of iron ore and other market segments are usually settled with reference to this benchmark price.

However, commencing in 2010, BHP Billiton, Rio and Vale have begun negotiating with its customers to supply iron ore priced on shorter-term contracts. In addition to negotiated supply contracts, spot sales can also occur after a short term agreement is reached between the parties. The depth of the spot market is dependent on the level of demand.

The benchmark price has been for iron ore fines delivered to Japan. However the rapid growth of China's steel industry over the past decade has changed the dynamics of global steel and iron ore markets. In response to this, Chinese steel producers have in recent times been attempting to negotiate different methods of pricing iron ore.

The negotiated price of iron ore decreased by 28.2% in 2009[3]. The lower price is reflective of the downturn in global economies, which resulted in a reduced demand for steel.

However, based on contracts negotiated in 2010, the price of iron ore has rebounded due to renewed demand from China and Japan coupled with the market power of the three largest iron ore producers: Vale, Rio Tinto, and BHP Billiton. These companies have entered into short term contracts with Asian consumers for the three month period to June at rates between $US100 and $US110 per tonne, well above the benchmark of about $US62 a tonne, representing an increase of more than 90%.

In Australia the sector is comprised of two of the world's largest diversified resource companies, BHP Billiton and Rio Tinto, as well as several mid-tier producers and junior miners.

6.2.2 Investment of China national companies in Australia

China's investment in Australian based iron ore projects has become much more active in recent years. The increasing need for offshore iron ore investment by Chinese national companies has been driven by China's emergence over the past two decades as a major steel manufacturer, with many steel companies significantly expanding their operations and in turn requiring increasing access to iron ore feed.

Recent investment in Western Australian Pilbara iron ore projects includes a 40% share in BHP Billiton's Wheelarra Joint Venture for Chinese companies Maanshan Iron & Steel (Australia) Pty Ltd, Shagan (Australia) Pty Ltd, Tangshan Iron and Steel (Australia) Pty Ltd and Wugang (Australia) Pty Ltd, along with the development of the Cape Preston world class, large-scale magnetite iron ore project by CITIC Pacific Mining. In South Australia Centrex Metals has recently signed a Supplementary Agreement with Chinese company Wuhan Iron and Steel (Group) Co for its Eyre Peninsula Iron Ore Joint Venture, providing WISCO with a 60% joint venture share in that project.

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[2] IBISWorld. Global Iron Ore Mining: B0611-GL
[3] IBISWorld – World Price – Metals – Iron Ore: A5221

6.2.3 Emergence of mid-tier producers in Australia

The Australian iron ore industry dynamics have changed in recent years with the emergence and success of mid-tier iron ore producers. The long term expectation that the iron ore demand from major iron ore consuming nations such as Brazil, Russia, India and China will continue to increase has allowed mid-tier companies to emerge and compete with the established producers that have historically dominated the industry. Fortescue Metals Group Ltd and Atlas Iron Limited have been the first mid-tier companies to successfully develop producing mines and secure long-term off take agreements for the sale of their iron ore. Cliffs Asia Pacific Pty Ltd (ex-Portman Limited) has had a long history as a small iron ore producer, with Mount Gibson Iron Limited bring a more recent producer. Other emerging mid-tier iron ore companies include Brockman Resources Limited and Gindalbie Metals Limited.

7. Valuation Methodology

7.1 Definition of market value

In forming our opinion as to whether or not the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders of Jupiter Mines we have assessed the value of the issued shares of Jupiter Mines and of Tshipi, together with the value of the Co-Investor Loans on a fair value basis. Fair value is generally defined as:

"*the amount at which an asset could be exchanged between a knowledgeable and willing but not anxious seller and a knowledgeable and willing but not anxious buyer both acting at arm's length*".

As detailed in section 2.2, with the Co-Investors increasing their collective interest in Jupiter Mines from 38.1% to 85.7%, the Proposed Transaction should be considered on a basis consistent with a takeover bid, as intended under RG 111. Consequently, in assessing the value of a Jupiter Mines share and comparing it with the consideration being offered (being the 49.9% interest in Tshipi plus the Co-Investor Loans), we have valued Jupiter Mines on a controlling interest basis.

7.2 Valuation methodologies

RG 111 provides guidance on the valuation methods that an independent expert should consider when valuing a company for the purposes of, amongst others, a control transaction. These methods include the:

- discounted cash flow method and the estimated realisable value of any surplus assets;
- application of earnings multiples (appropriate to the business or industry in which the entity operates) to the estimated future maintainable earnings or cash flows of the entity, added to the estimated realisable value of any surplus assets;
- amount that would be available for distribution to security holders on an orderly realisation of assets;
- quoted price for listed securities, when there is a liquid and active market and allowing for the fact that the quoted price may not reflect their value, should 100% of the securities be available for sale;
- recent genuine offers, if any, received by the target for any business units or assets as a basis for valuation of those business units or assets; and
- amount that any alternative acquirer might be willing to offer if all the securities in the target were available for purchase.

Each methodology is appropriate in certain circumstances. The decision as to which methodology to apply generally depends on the nature of the asset being valued, the methodology most commonly adopted in valuing such an asset and the availability of appropriate information.

The discounted cash flow ("DCF") methodology involves calculating the net present value of cash flows that are expected to be derived from future activities. The forecast cash flows are discounted by a discount rate that reflects the time value of money and the risk inherent in the cash flows. This methodology is particularly appropriate in valuing projects, businesses and companies that are in a start up phase and are expecting considerable volatility and/or growth in earnings during the growth phase, as well as businesses with a finite life (such as oil and gas fields). The utilisation of this methodology generally requires that the asset be sufficiently advanced to enable management to provide long term cash flows with some degree of robustness.

The capitalisation of earnings methodology involves capitalising the earnings of a project, a business or a company at an appropriate multiple, which reflects the risks underlying the earnings together with growth prospects. This methodology is theoretically most appropriate where a company or business is expected to generate a relatively stable level of earnings but in practice, is also frequently used in a range of other circumstances.

The net asset backing methodology involves the determination of the net realisable value of the assets of a business or company on a going concern basis, assuming an orderly realisation of those assets. It is not a valuation on the basis of a forced sale, where assets may be sold at values materially different to their fair market value. This methodology is appropriate where a project, a business or company is not making an adequate return on its assets, where companies have minimal revenue generating assets or where there are significant surplus non-operating assets. This method is also appropriate for companies that are holding assets that are not sufficiently advanced to enable the preparation of long term cash flow forecasts.

Market based assessments relate to the valuation of companies, the shares of which are traded on a stock exchange. While the relevant share price would, prima facie, constitute the market value of the shares, such market prices usually reflect the prices paid for small parcels of shares and as such do not include a control premium relevant to a significant parcel of shares.

The management accounts we based our assessment of Jupiter Mines on were as at 30 April 2010. In stating this, the latest available accounts for Tshipi were the 31 March 2010 management accounts. In using these accounts in our analysis management of Pallinghurst have confirmed that there was no material change to Tshipi's accounts between 31 March 2010 and 30 April 2010. There has been no material change to the circumstances of Jupiter Mines or Tshipi between 30 April 2010 and the date of this report.

8. Valuation of Jupiter Mines

8.1 Approach

Jupiter Mines' principal assets are its mining, exploration and prospecting licences located in Western Australia. Of the tenement portfolio, only the tenements covering Mt Mason within the Central Yilgarn Iron Project and the Klondyke gold project have JORC defined mineral resources. Due to the early stage of development of Jupiter Mines' exploration and evaluation assets no meaningful forecast financial information is available and no earnings projections can be made.

Consequently, we have valued Jupiter Mines' shares using the net asset backing method. Using this methodology, the fair values of the Company's assets are determined on an asset by asset basis to determine the overall fair value of the Company's shares.

In determining the fair value of the Company's mineral interests, we referenced the independent valuation of Jupiter Mines' mineral resources and exploration assets undertaken by Snowden. Jupiter Mines' other net assets, such as the Company's working capital and financial assets, have been valued separately.

The valuation of Jupiter Mines was then compared to its recent trading history as a cross check.

In determining the value of a Jupiter Mines share we have considered the application of a control premium, consistent with the requirements of RG 111.

8.2 Valuation of Mineral Resources and Exploration Potential

Snowden, a mineral specialist consulting firm, was engaged to undertake an independent valuation of Jupiter Mines' mineral assets and exploration potential. The Snowden Report is included in Appendix E of this report.

8.2.1 Valuation of Mineral Resources

To value Jupiter Mines' defined mineral resources, a market approach was applied by Snowden. The method used publically available information on recent market transactions involving iron and gold resource projects over the preceding two to three year period. From the information obtained benchmark multiples were calculated and applied against the mineral resources identified at Mt Mason and at Klondyke. Snowden's valuation of Jupiter Mines' mineral assets containing mineral resources is summarised in the table below:

Jupiter Mines - Mineral Resource Valuation $000's	High	Low	Preferred
Mt Mason (Iron)	16,900	550	6,900
Klondyke (Gold)	5,330	760	1,820
	22,230	1,310	8,720

Source: Snowden Report

Snowden valued Jupiter Mines' mineral resources at Mt Mason and Klondyke in a range of between $1.31 million to $22.23 million, with a preferred value of $8.72 million.

8.2.2 Valuation of Exploration Potential

In considering Jupiter Mines' mineral assets, Snowden assessed the exploration potential of those areas that had no JORC defined resources using the 'Kilburn' method. This method involves specifying and ranking various aspects associated with a particular tenement and considering whether that aspect either enhances or downgrades the intrinsic value of the property. The method considers the exploration work completed to date, the results of that work, the location of the tenement and other relevant information.

Snowden's valuation of Jupiter Mines' exploration potential is summarised in the table below:

Jupiter Mines - Exploration Potential Valuation $000's	High	Low	Preferred
Central Yilgarn Iron Project			
- Mt Ida	3,542	1,020	2,281
- Mt Hope	90	20	55
- Mt Mason	906	311	608
- Walling Rock	90	20	55
- Mt Alfred	901	324	612
	5,528	1,694	3,611
Oakover Manganese Project	4,665	1,503	3,064
Pilbara Projects			
- Klondyke (Gold)	937	330	634
- Corunna Downs (Base Metals)	155	37	96
	1,092	367	729
Widgiemooltha Nickel Project	833	344	588
	12,117	3,907	7,992

Source: Snowden Report

Snowden valued Jupiter Mines' exploration potential in a range of between $3.907 million to $12.117 million, with a preferred value of $7.992 million.

8.2.3 Summary

Snowden's valuation of Jupiter Mines' mineral assets, including mineral resources and exploration potential, is summarised as follows:

Jupiter Mines - Value of Mineral Assets $000's	High	Low	Preferred
Central Yilgarn Iron Project			
- Mt Ida - exploration potential	3,542	1,020	2,281
- Mt Hope - exploration potential	90	20	55
- Mt Mason - mineral resources	16,900	550	6,900
- Mt Mason - exploration potential	906	311	608
- Walling Rock - exploration potential	90	20	55
- Mt Alfred - exploration potential	901	324	612
	22,428	2,244	10,511
Oakover Manganese Project - exploration potential	4,665	1,503	3,064
Pilbara Projects			
- Klondyke (Gold) - mineral resources	5,330	760	1,820
- Klondyke (Gold) - exporation potential	937	330	634
- Corunna Downs (Base Metals) - exploration potential	155	37	96
	6,422	1,127	2,549
Widgiemooltha Nickel Project - exploration potential	833	344	588
	34,347	5,217	16,712

Source: Snowden Report

Accordingly, Snowden has valued Jupiter Mines' mineral assets in a range of between $5.217 million to $34.347 million, with a preferred value of $16.712 million.

8.3 Valuation of Financial Assets

Jupiter Mines holds shares in ASX listed companies, Mindax and GWR. In valuing the respective interest in each company we note that the last trading price for Mindax at 30 April 2010 was 50 cents and 93 cents for GWR. Since that date the share price of both companies has deteriorated so that at 11 June 2010, the closing price of Mindax's shares was 38 cents and 65 cents for GWR (there has been no material change in respective share prices since that date and the date of this report). To reflect this, in valuing Jupiter Mines investment in Mindax and GWR we have taken the 10 day VWAP for the period up to and including 11 June 2010. The 10 day VWAP for Mindax at that date was 44 cents and 64 cents for GWR. Accordingly, our assessment of the value of the Company's financial assets is summarised as follows:

Jupiter Mines - Value of Financial Assets $000's	
Investment in Listed Companies:	
- Mindax	5,814
- GWR	2,820
	8,634
Investment in Unlisted Company	107
	8,741

Source: EY analysis

In valuing the shares in Mindax and GWR we have not specifically considered the liquidity of each company's shares in comparison to the size of Jupiter Mines' holding in each company to determine whether or not a marketability discount is appropriate. Neither have we considered the capital gains tax implications, if any, of our valuation on the basis that any gain on the disposal of Mindax or GWR shares would be offset by capital losses Jupiter Mines has available.

The unlisted investment represents Jupiter Mines' interest in Indochine Mining Limited, which has a number of early stage precious and base metal exploration projects in South East Asia.

8.4 Valuation of other assets

The other assets included in our valuation include the Company's cash balance and liabilities. We have assumed that for these assets, their book value equals their fair value.

8.5 Net Asset Backing Valuation

The calculation of Jupiter Mines' net asset backing, based on the Company's balance sheet as at 30 April 2010, is summarised in the table below. In addition, the total number of shares on issue before the Proposed Transaction has been used to determine the value of Jupiter Mines on a per share basis.

Jupiter Mines - Net Asset Backing Valuation $000's	High	Low	Preferred
Assets:			
- Cash and cash equivalents	7,743	7,743	7,743
- Financial assets	8,741	8,741	8,741
- Mineral assets	34,347	5,217	16,712
- Other assets	344	344	344
	51,175	22,046	33,540
Liabilities	429	429	429
Fair value of net assets	50,747	21,617	33,112
Number of shares on issue (000's)	369,786	369,786	369,786
Fair value per share ($)	0.137	0.058	0.090

Source: EY analysis

Based on Jupiter Mines' net asset backing, the fair value of a Jupiter Mines share is assessed to be in the range of between 5.8 cents and 13.7 cents, with a preferred value of 9.0 cents. The preferred value is based on Snowden's assessment of the Company's mineral assets.

8.6 Consideration of Jupiter Mines' Trading Prices on the ASX

A summary of the trading prices of Jupiter Mines' shares on the ASX for the period 2 March 2009 to 31 May 2010 is detailed in section 3.5. The last trading price of the Company's shares on the ASX on 24 February 2010, being the last trading day before the Proposed Transaction was announced, was 22.5 cents.

Included in the table below is a summary of Jupiter Mines' trading VWAP for different periods leading up to the announcement of the Proposed Transaction on 1 March 2010, being the date from which the Company's share price would have been influenced by knowledge of the Proposed Transaction.

Jupiter Mines - Trading Prices	VWAP A$
5 Day*	0.220
10 Day*	0.217
20 Day*	0.210

* - prior to the announcement of the Proposed Transaction
Source: Bloomberg, EY analysis

A review of the share trading history table in section 3.5 shows that between June 2009 and the end of February 2010, Jupiter Mines' shares generally traded in the range of 15 cents to 25 cents, with the monthly VWAP for each month within that period being around 20 cents. In the three trading days between 21 May 2009 and 25 May 2009, the Company's shares traded up from 9.3 cents to 16.5 cents and from that time have traded above 15 cents. No explanation of the increase is evident in that in a response to a query from the ASX on 25 May 2009, Jupiter Mines confirmed that it was not aware of any information that had not already been announced to the market. The VWAPs calculated for the periods noted in the table above are not inconsistent with the Company's trading prices over the last 12 months.

In adopting Snowden's assessment of the value of Jupiter Mines' mineral assets, we assessed the value of the Company's shares to be in the range of 5.8 cents and 13.7 cents, with a preferred value of 9.0 cents. The prices at which Jupiter Mines' shares have traded at on the ASX are at a significant premium to this range. Given the many factors that influence the prices at which shares trade in an open market, it is difficult to reconcile the difference between our assessed value of a Jupiter share and its trading price on the ASX.

It is of note that the increase in Jupiter Mines share price in May 2009 was not long after the Red Rock/Pallinghurst Transaction was completed and not long before the placement with POSCO. With Pallinghurst's corporate reputation and the significance of POSCO becoming a substantial shareholder the trading of Jupiter Mines' shares at a premium to the assessed value of its mineral assets may reflect market speculation that the Company would undertake a significant transaction.

In considering the prices at which Jupiter Mines' shares traded on the ASX it is of note that market prices usually reflect the prices paid for small parcels of shares representing minority interests and as such do not include a control premium relevant to a significant parcel of shares. It is generally accepted that in order to acquire a 100% controlling interest in a company, the acquirer must pay a premium over and above the prices at which the shares in the target are trading at prior to the announcement of the takeover bid. Takeover transactions in Australia are typically completed with an implied premium to the pre-bid trading price in the order of 20% to 40%.

Given the nature of the Company's underlying mineral assets and their early stage of exploration, the benefits normally afforded to a bidder in a takeover transaction such as access to additional earnings/cash flows and to synergies are less applicable to Jupiter Mines. For this reason in valuing a Jupiter Mines share on a controlling interest basis based on trading prices we have applied a premium 10%.

The following table summarises the VWAP trading information for the various periods up to the announcement inclusive of a control premium of 10%:

Jupiter Mines - Trading Prices with a 10% Control Premium	VWAP A$
5 Day*	0.241
10 Day*	0.239
20 Day*	0.231

* - prior to the announcement of the Proposed Transaction
Source: Bloomberg, EY analysis

8.7 Resource Super Profits Tax

The Australian Federal Government announced on 2 May 2010 its intention to, amongst other things, introduce a Resource Super Profits Tax ("RSPT") proposed to be applied to all existing and future non-renewable resource projects from 1 July 2012.

The tax is to be applied at a rate of 40% on a project-by project basis and is in addition to the assessment of income tax. However, for companies with projects that are operating at a loss, those losses can be carried forward, transferred to other projects or refunded.

Also included in the proposed tax changes is a Resource Exploration Rebate ("RER"), which is to provide a rebate on exploration expenditure carried out in Australia. This new tax measure is expected to benefit junior exploration companies and will be introduced from 1 July 2011.

In comparison to the existing deductions for exploration expenditure, a refundable tax offset provides a stronger incentive to carry out exploration. The current tax treatment of exploration expenditure is as follows:

- Expenditure incurred in exploring or prospecting for minerals, petroleum or quarry minerals can be immediately deducted, subject to the taxpayer passing certain tests. Expenditure on depreciating assets that are first used for exploration can also be written off immediately.

- For companies with little or no taxable income, the existing deductions simply add to tax losses that are carried forward and offset against future income. This timing difference erodes the net present value of the tax deduction, and in some cases the loss may not be able to be used.

Thus for exploration companies carrying out exploration in Australia the new tax initiatives may prove beneficial.

As at the date of this report, the exact form of the RSPT and the RER has not been finalised. Accordingly, for the purposes of this report, we have not included the impact of any changes in the tax legislation in the valuation of Jupiter Mines.

8.8 Valuation conclusion

Based on the foregoing, we conclude that the underlying value of a Jupiter Mines share on a controlling interest basis is in the range of 13.7 cents and 23.9 cents. The low end is represented by the high end of our assessed value of a Jupiter Mines' based net asset backing basis and the high end is based on the 10 day VWAP of the Company's shares prior to the announcement of the Proposed Transaction, inclusive of a 10% control premium.

9. Valuation of Tshipi

9.1 Introduction

Tshipi's principal assets consist of the entitlement to the Mamatwan Mining Right related to the Kalahari Project and the Wessels Prospecting Right related to the Wessels Exploration Project.

As with the valuation of Jupiter Mines, we have valued Tshipi's shares using the net asset backing method. Using this methodology, the fair values of the Tshipi's assets are determined on an asset by asset basis to determine the overall fair value of the company's shares.

As part of Jupiter Mines' due diligence process, an independent expert, SRK Consulting ("SRK") was engaged to perform an independent valuation of Tshipi's mineral assets. SRK provided Jupiter Mines with a report (the "SRK Report") with an effective valuation date of 7 May 2010. In valuing Tshipi we have relied on the SRK Report. The SRK Report is included in Appendix F of this report.

SRK is part of an international group which offers independent project evaluations, technical due diligence audits, competent person's reports and independent feasibility evaluations on behalf of exploration and mining companies and financial institutions worldwide. SRK has stated in its report that it is independent of Jupiter Mines and Tshipi.

We valued Tshipi's other assets and liabilities separately. The latest financial information provided with respect to Tshipi is as at 31 March 2010. We have based our assessment of Tshipi on that information.

9.2 Valuation of the Kalahari Project

SRK's valuation was performed with regards to the South African Code for the Reporting of Mineral Asset Valuation (the "SAMVAL Code"), which is consistent with the VALMIN Code. Under the SAMVAL Code, there are three acceptable methods by which to value a geological or mining property. These are:

- The cash flow or income approach;
- The cost method which is based on historical costs incurred; and
- The sales comparative approach which relies on market related comparison.

In valuing the Kalahari Project, SRK valued the indicated and inferred resources separately. In valuing the indicated resources, SRK adopted the cash flow approach on a DCF basis due to the completion of the FS and demonstration of economically viable mineral resources. In addition, SRK reviewed comparable company transactions as a cross check to the valuation using the cash flow approach. Due to the uncertainty associated with inferred resources, SRK adopted a market approach to value the Kalahari Project's inferred resources.

SRK's assessment was primarily based on the information contained in the FS, including the resource estimation available as at 30 April 2009. Between then and the date of SRK's assessment a small portion of the JV area was disposed of by Ntsimbintle to HMM and assay results for 40 diamond drillholes were received. Because of this the indicated and inferred resource estimate for the Kalahari Project were revised from 189 Mt at a grade of 37.03% Mn, to 163 Mt at 37.1% Mn. The level of indicated resources increased from 58 Mt at 36.77% Mn to 62 Mt at 37.1% Mn. SRK confirmed that this change did not impact their valuation assessment.

9.2.1 DCF analysis

In applying the cash flow approach on a DCF basis for the indicated resources, SRK modelled the expected cash flows to be derived from the project's indicated resources. In estimating those cash flows, SRK utilised the following assumptions:

- JORC and SAMREC compliant indicated resources of 58 Mt, with a Mn content of 36.8% (indicated resources since revised to 62 Mt at 37.1% Mn, SRK confirmed that this did not impact their valuation assessment);
- capital and operating costs including royalties in line with similar sized manganese mining operations;
- manganese pricing based on price forecasts from international stockbrokers; and
- South African tax rate of 28%.

SRK's model was based on the evaluation model complied for the purposes of the FS. The model considered road and rail transport scenarios for getting product from mine to port. The most appropriate scenario was to assume 100% road transport until 2015, 50% road and 50% rail between 2016 and 2020 and 100% rail thereafter.

SRK applied a range of real discount rates in the range of 12.5% to 17.5% to the forecast cash flows, valuing the indicated mineral resources contained within the Kalahari Project, on a 100% basis, in the range of between ZAR2,227 million and ZAR4,100 million, with a preferred value of ZAR3,004 million.

9.2.2 Review of inputs

Manganese price assumptions

To determine the reasonableness of the manganese prices adopted by SRK, we reviewed broker forecasts for manganese that were available to 30 April 2010. Our findings, as well as the price assumptions adopted by SRK are summarised in the table below (stated in US$/ metric ton unit ("mtu")):

Mn Prices - Broker Estimates	Date	2010F	2011F	2012F	2013F	2014F	LT
RBC	22-Feb-10	5.7	5.6	5.1	4.1		3.0
Macquarie	4-Feb-10	5.5	6.5	7.5	7.0	6.5	4.5
Deutsche Bank	12-Feb-10	6.0	7.0	5.0	5.0		
Morgan Stanley	13-Apr-10	4.5	6.0	7.3			
Citi Group	12-Apr-10	5.0	5.0	5.0	5.0	5.0	4.5
UBS	22-Apr-10	7.4	7.1	6.2			
Average		5.7	6.2	6.0	5.3	5.8	4.0
Median		5.6	6.2	5.6	5.0	5.8	4.5
Adopted by SRK		5.5	6.0	6.1	5.9	5.0	4.5

Source: Brokers reports and SRK's Report

As shown in the table above, the price assumptions adopted by SRK are in line with consensus estimates.

Discount rate

In considering the reasonableness of the discount rates applied by SRK, in Appendix D we undertook our own weighted average cost of capital ("WACC") analysis. Our analysis resulted in a WACC range, on a real, post-tax basis, of 13.5% to 16.0%, which compares to SRK's range of discount rates of 12.5% to 17.5%, with a preferred rate of 15.0%. Further details regarding our methodology, assumptions and calculations, are discussed in Appendix E.

9.2.3 Inferred resources valuation

SRK valued the Project's inferred resources using a market approach. The approach involved determining a value per mtu of resource in the ground at various prices, discounting that value to January 2010 and then multiplying the value by a probability factor. The probability factor was based on the depth of mineralisation, capital expenditure required to exploit the ore, likely operating costs, grade of ore, possibly dilution and when the resources can be exploited. The preferred value utilised the long term price forecast of manganese and a discount rate of 15.0%. SRK assessed the value of inferred resources within the Kalahari Project, on a 100% basis, to be in the range of between ZAR57.88 million to ZAR104.6 million, with a preferred value of ZAR74.42 million.

9.2.4 Valuation conclusion

Based on the foregoing, the value of the Kalahari Project as determined by SRK, is summarised as follows

Tshipi - Valuation of the Kalahari Project (100%)			
ZARm's	High	Low	Preferred
Kalahari Project:			
- Indicated resources	4,110	2,227	3,004
- Inferred resources	105	58	74
	4,215	2,285	3,078

Source: SRK Report

Based on the A$:ZAR exchange rate at 30 April 2010 of A$1.00:ZAR6.8474, SRK's valuation of the Kalahari Project is restated into A$'s as follows:

Tshipi - Valuation of the Kalahari Project (100%)			
A$000's	High	Low	Preferred
Kalahari Project:			
- Indicated resources	600,228	325,233	438,707
- Inferred resources	15,276	8,453	10,868
	615,504	333,686	449,575

Source: SRK Report

9.3 Valuation of the Wessels Exploration Project

As an exploration project, the Wessels Exploration Project has not reached a stage where the resource defined by initial drilling can be classified and hence a cash flow forecast approach is not appropriate. Furthermore, the cost method could not be used as the drilling work undertaken at Wessels was carried out a number of years ago and on a larger area than that covered by the Wessels Prospecting Rights. Due to the lack of information SRK valued the project using a Value Probability Product ("VPP") method. The methodology involves assessing the prospectivity of the geology of an area with the planned exploration program and applying the VPP to the exploration cost to reach a value for the project.

In applying the methodology, SRK incorporated the fact that Tshipi intends to drill a further 10 exploration holes in the Wessels area at an estimated cost of ZAR5.4 million. The multiplier range applied by SRK of 0.75 to 3.0 was determined based on the fact that the drilling at Wessels is expected to enable the resource to be classified in the inferred resource category. Accordingly, SRK valued the Wessels Exploration Project using the VPP method n the range between ZAR4.05 million to ZAR16.2 million, with a preferred value of ZAR12.15 million.

9.4 Mineral Asset Valuation Conclusion

Based on the foregoing, the value of Tshipi's mineral assets as determined by SRK, on a 100% basis, is summarised as follows:

Tshipi - Mineral Asset Valuation (100%) ZARm's	High	Low	Preferred
Kalahari Project	4,215	2,285	3,078
Wessels Project	16	4	12
	4,231	2,289	3,091

Source: SRK, EY analysis

Based on the A$:ZAR exchange rate at 30 April 2010 of A$1.00:ZAR6.8474, SRK's valuation of Tshipi's mineral assets is restated into A$'s as follows:

Tshipi - Mineral Asset Valuation (100%) A$000's	High	Low	Preferred
Kalahari Project	615,504	333,686	449,575
Wessels Project	2,366	591	1,774
	617,870	334,277	451,349

Source: EY analysis

9.5 The Co-Investor Loans

As at 31 March 2010, the date of Tshipi's most recent management accounts, the balance of the Co-Investor Loans, including both interest bearing and non interest bearing loans, was ZAR54,885,385. We have used this balance in our net asset backing valuation of Tshipi.

9.6 Valuation of other assets and liabilities

The other assets included in our valuation include Tshipi's cash balance and other assets and liabilities as per the 31 March 2010 accounts. We have assumed that for these assets and liabilities, their book value equals their fair value.

9.7 Net Asset Backing Valuation

The calculation of Tshipi's net asset backing on a 100% basis is summarised in the table below, as is the net asset backing value per share.

Tshipi - Net Asset Backing Value (100%) ZARm's	High	Low	Preferred
Assets:			
- Cash and cash equivalents	7	7	7
- Mineral assets	4,231	2,289	3,091
- Other assets	2	2	2
	4,239	2,298	3,099
Liabilities:			
- Trade and other payables	1	1	1
- Loan from Ntsimbintle	4	4	4
- Co-Investor Loans (incluidng non-interest bearing advances)	55	55	55
- Deferred tax	2	2	2
	63	63	63
Fair value of net assets	4,177	2,235	3,037

Source: EY analysis

Based on the A$:ZAR exchange rate at 30 April 2010 of A$1.00:ZAR6.8474, Tshipi's net asset backing value is restated into A$'s as follows:

Tshipi - Net Asset Backing Value (100%) A$000's	High	Low	Preferred
Assets:			
- Cash and cash equivalents	961	961	961
- Mineral assets	617,870	334,277	451,349
- Other assets	308	308	308
	619,139	335,547	452,619
Liabilities:			
- Trade and other payables	205	205	205
- Loan from Ntsimbintle	653	653	653
- Co-Investor Loans (incluidng non-interest bearing advances)	8,016	8,016	8,016
- Deferred tax	272	272	272
	9,146	9,146	9,146
Fair value of net assets	609,993	326,401	443,473
Fair value of 49.9%	304,387	162,874	221,293

Source: EY analysis

Based on the net asset backing method, the fair value of Tshipi on a 100% basis is in the range of between $326.401 million and $609.993 million, with a preferred value of $443.473 million. The preferred value is derived from the preferred value determined by SRK for Tshipi's mineral assets.

The Proposed Transaction involves the acquisition of only a 49.9% interest in Tshipi, which based on the assessment above equates to a valuation range of between $162.874 million and $304.387 million, with a preferred value of $221.293 million.

9.8 Recent proposed and actual transactions involving Tshipi

In September 2009, OM Holdings Limited ("OM Holdings"), an ASX listed manganese mining and marketing company, announced that it had executed a memorandum of understanding to acquire a 49.9% interest in Tshipi from the Co-Investors for a consideration to be satisfied by the issue of 139.9 million shares, valued based on OM Holdings' 30 day VWAP, at approximately $245 million. In addition, OM Holdings agreed to acquire a 20% interest in Ntsimbintle for a cash consideration of $49.2 million. Accordingly, through these transactions OM Holdings was to acquire an indirect 59.9% interest in the Kalahari Project for a total consideration of $294.2 million.

In November 2009, OM Holdings announced that the results of its due diligence investigations undertaken and the findings of various independent specialists confirmed that the technical and commercial rationale supporting OM Holdings' participation in Tshipi was "compelling and robust".

Notwithstanding this, in the same announcement OM Holdings confirmed that it and the Co-Investors were not able to agree the final terms for the acquisition of the 49.9% interest in Tshipi and as such that part of the previously announced transaction was not proceeding. However to partially compensate for this OM Holdings had negotiated an increase in the interest it was to acquire in Ntsimbintle from 20% to 26% for an increased cash consideration of $64 million.

OM Holdings also stated that the Co-Investors were fully supportive of the stand-alone transaction between it and Ntsimbintle and that all parties would work together to ensure Tshipi's "successful and timely development". As a consequence of the acquisition, OM Holdings will have an indirect 13.03% interest in Tshipi.

On 27 May 2010, OM Holdings announced that it had completed the acquisition and the $64 million had been remitted in accordance with the agreement with Ntsimbintle.

The 49.9% interest in Tshipi that was to be the subject of the original OM Holdings transaction announced in September 2009 is the same 49.9% interest being acquired by Jupiter Mines under the Proposed Transaction.

OM Holdings' transaction with Ntsimbintle excluded the acquisition of any of Ntsimbintle's interest in HMM.

The $64 million paid by OM Holdings for an indirect 13.03% interest in Tshipi effectively values Tshipi on a 100% basis at approximately $491 million. This compares to our valuation assessment of Tshipi of in the range of between $326.401 million and $609.993 million, with a preferred value of $443.473 million.

10. Valuation of the Co-Investor Loans

As part of the Proposed Transaction, Jupiter Mines is to acquire the Co-Investor Loans owing by Tshipi from the Co-Investors. The balance of the Co-Investor Loans to be acquired is ZAR69,409,790, of which ZAR60,510,170 will be interest bearing and ZAR8,899,620 will be interest free. If the balance of the Co-Investor Loans at the time of the Proposed Transaction is greater than that amount then the Company will be required to make a cash payment for the excess.

Repayment of the interest bearing Co-Investor Loans will be dependent on the successful development or exploitation of the Kalahari Project and its ability to generate sufficient surplus cash flows to meet Tshipi's ongoing commitments. It is proposed by the Board of Tshipi that the level of dividends shall not exceed 25% of net profit after tax ("NPAT"), after allowing for future expenditure, until such time as the Co-Investor Loans are repaid. If the development of the Kalahari Project does not occur then Tshipi's ability to repay the Co-Investor Loans would, at best, be uncertain.

In considering the likely timing of the repayment of the interest bearing Co-Investor Loans we have had consideration of the SRK Report and the forecast cash flows contained in Appendix 2 of that report. According to the SRK Report, the Project will generate positive cash flows from the fourth year of operation. By accruing interest from 31 March 2010 on the interest bearing component of the Co-Investor Loans and assuming their earliest possible repayment, in discounting the expected cash flows back to 30 April 2010 by a discount rate of 15%, the present value of the interest bearing Co-Investor Loans is calculated at ZAR49.745 million.

In regards to the interest free component of the Co-Investor Loans, once the drawdown amount reaches a total of approximately ZAR104 million, the balance is to be converted into shares such that the exact shareholding of Tshipi will be 50.1% and 49.9% between Ntsimbintle and the Co-Investors, respectively. At 31 March 2010 the balance of the interest free Co-Investor Loans was ZAR3,754,741. The benefit of this expenditure is assumed to be reflected in the value of our assessed value of Tshipi. The interest free component of the Co-Investor Loans being acquired will total ZAR8,899,620. With the drawdown of the difference of ZAR5,144,879 being applied to the development of the Kalahari Project it is assumed for the purpose of valuing the Co-Investor Loans that any expenditure is value accretive. On this basis in valuing the Co-Investor Loans we have included the ZAR5,144,879 as being the value of the interest free component of the Co-Investor Loans.

On this basis, for the purposes of this report we have valued the Co-Investor Loans in the range of between ZAR54.890 million and ZAR65.655 million. Using the exchange rate of A$1.00:ZAR6.8474, this equates to a range of $8.016 million to $9.588 million.

11. Evaluation of the Proposed Transaction

In forming our opinion as to whether the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders, we have considered:

- whether the fair value of the interest in Tshipi and the Co-Investor Loans being acquired by Jupiter Mines is higher or lower than the fair value of the Consideration Shares to be issued by the Company in exchange;
- whether the pro forma fair value of a Jupiter Mines' share after the Proposed Transaction is higher or lower than the fair value of a Jupiter Mines share prior to the Proposed Transaction;
- other qualitative factors which we believe represent either advantages or disadvantages to the Non-Associated Shareholders;
- the likelihood of an alternative superior offer being made to the Non-Associated Shareholders; and
- the alternatives available to the Non-Associated Shareholders.

In the terms of a control transaction as contemplated by RG 111, the fair value of what is being acquired represents what the entity gaining control is offering the 'target' and the shares being issued as consideration are the 'securities the subject of the offer'. If the value of what is being offered is greater than or equal to the securities subject to the offer, consistent with RG 111, the transaction is 'fair'.

11.1 Valuation conclusion

Sections 8 and 9 describe our respective assessment of the fair value of Jupiter Mines and Tshipi and Section 10 describes our assessment of the Co-Investor Loans. The following table summarises our comparison of the assessed values of what Jupiter Mines is acquiring under the Proposed Transaction and what it is paying:

Valaution Assessment of the Proposed Transaction $000's	High	Low
Value of what Jupiter Mines is acquiring:		
- the 49.9% interest in Tshipi	304,387	162,874
- the Co-Investor Loans	9,588	8,016
	313,975	170,890
Value of the Consideration Shares being issued:		
- Assessed value of a Jupiter Mine share (cents)	23.9	13.7
- Number of Consideration shares being issued (000's)	1,208,667	1,208,667
	288,871	165,587
Premium / (discount) of what is being acquired to what is being paid ($000's)	25,103	5,303
Premium / (discount) as a % of what is being paid	8.7%	3.2%

Source: EY analysis

Based on this assessment, the value of what is being acquired (i.e. the 49.9% interest in Tshipi and the Co-Investor Loans) at the low end of the range is greater than what Jupiter Mines is paying by 3.2% and 8.7% on the high end of the range. Reference to 'premium' means that what the Non-Associated Shareholders are receiving under the Proposed Transaction (i.e. 49.9% interest in Tshipi and the Co-Investor Loans) is greater than what they are paying (i.e. the Consideration Shares). The existence of a premium is to the benefit of the Non-Associated Shareholders.

Our assessment of Tshipi was effectively at 30 April 2010, with the conversion from ZAR's to A$'s being done based on the A$:ZAR exchange rate at that date. Since 30 April 2010 the Australian dollar has weakened in comparison to the ZAR. Given the fluctuation of foreign exchange rates over time, we have not made an adjustment to our valuation. A lower A$ against the ZAR results in a higher value for Tshipi. Any longer term deterioration in the relative value of the A$ against the ZAR would, all other things being equal, be to the benefit of the Non-Associated Shareholders.

Included in the following table is the pro forma value of a Jupiter Mines share before and after the Proposed Transaction. In deriving the pro forma value we have simply aggregated the assessed value of Jupiter Mines with the assessed value of Tshipi without regard to any potential synergies and/or transaction costs. In addition, the values of the Co-Investor Loans and Subscription Shares were added to the pro forma value and the additional shares that will be issued were added to the number of issued shares of Jupiter Mines, to account for the loans that Jupiter Mines will be acquiring and the Subscription Shares it will be issuing as part of the Proposed Transaction.

Pro Forma Valuation of Jupiter Mines After the Proposed Transaction **$000's**	**High**	**Low**
Assessed value of a Jupiter Mines share (cents)	23.9	13.7
Number of shares currently on issue (000's)	369,786	369,786
Assessed value of Jupiter Mines	88,379	50,661
Add:		
- Assessed value of the 49.9% interest in Tshipi	304,387	162,874
- Assessed value of the Co-Investor Loans	9,588	8,016
- Issue of Subscription Shares	5,000	5,000
Pro forma value of Jupiter Mines after the Proposed Transaction	407,354	226,551
Number of shares on issue after the Proposed Transaction	1,602,151	1,602,151
Pro-forma value of a Jupiter Mines share after the Proposed Transaction (cents)	25.4	14.1
Increase in value of a Jupiter Mines share (cents)	1.5	0.4
Increase as a percentage (%)	6.4%	3.2%

Source: EY analysis

At the low end of the range the pro forma value per share increases by 3.2% while at the high end it increases by 6.4%. Any increase is to the advantage of the Non-Associated Shareholders.

Based on this analysis, in our opinion, the Proposed Transaction is fair to the Non-Associated Shareholders of Jupiter Mines.

11.2 Commercial and qualitative factors

In accordance with RG 111 an offer is reasonable if it is fair. On this basis, given we have assessed the Proposed Transaction as being fair; in our opinion the Proposed Transaction is also reasonable. However, as part of assessing the reasonableness of the Proposed Transaction, we also considered the potential advantages and disadvantages to the Non-Associated Shareholders of the Proposed Transaction and considered whether the advantages outweigh the disadvantages in the context of Jupiter Mines' position going forward.

In this regard, we consider that the advantages and disadvantages of rejecting the Proposed Transaction are the inverse of the advantages and disadvantages of accepting the Proposed Transaction.

In assessing the advantages and disadvantages of Proposed Transaction, we have considered a number of commercial and qualitative factors relating to the Proposed Transaction. These factors are summarised below. We note that because of their own individual circumstances the Non-Associated Shareholders may interpret these factors differently.

11.2.1 Business scale and ongoing strategy

If the Proposed Transaction proceeds as intended, Jupiter Mines will be a company with a more advanced and more geographically diverse portfolio of mineral assets, including, via its interest in Tshipi, exposure to one of the largest undeveloped manganese deposits. In this regard, the Kalahari Project is expected to be developed over the short term with production forecast to commence within a two to three year time frame.

While Ntsimbintle has a 50.1% interest in Tshipi and Jupiter Mines will have a 49.9% interest, it is clear from the Tshipi Agreement, in which Jupiter Mines will replace PKML and Investec if the Proposed Transaction proceeds, that the intention of all parties is to support the development of the Kalahari Project and the Wessels Exploration Project as expediently as possible.

The Company's increased scale and its transition from an exploration company to having a significant interest in a world class manganese mining venture should be to the advantage of the Non-Associated Shareholders. While the success of the Kalahari Project cannot be guaranteed and will depend on many interacting factors, many of which are outside of the control of the Company, involvement in such a project will assist in lifting the profile of Jupiter Mines in Australia and overseas. The acquisition of the interest in Tshipi is consistent with Jupiter Mines' steel feed strategy.

Shareholder approval of Mr Brian Gilberton's appointment to the Board is to be sought at the Company's next annual general meeting. Mr Gilbertson is a world recognised mining executive having been the Executive Chairman of Samancor and the inaugural CEO of BHP Billiton. Mr Gilbertson's expertise will complement the existing Board and provide significant guidance with respect to Tshipi and the Company's other mineral assets.

Pallinghurst, AMCI, EMG, POSCO and Investec are significant companies in their own right. Having them as significant shareholders in Jupiter Mines will enable the Company to take advantage of other opportunities as and when they arise. A key component of the Company's steel feed strategy is to create an integrated business centred on being able to provide the steel industry with the necessary raw materials. The support of the Co-Investors to the growth of Jupiter Mines should be to the advantage of the Non-Associated Shareholders.

11.2.2 Effective ownership of Jupiter Mines

Under the Proposed Transaction, Jupiter Mines will issue 1,208,667,347 Consideration Shares and 23,696,683 Subscription Shares. The Co-investors will increase their collective shareholding in Jupiter Mines from 38.1% to 85.7% and the Non-Associated Shareholders will be diluted from 61.9% to 14.3%.

A summary of the shareholder structure following the Proposed Transaction is set out below:

Jupiter Mines - Effective Ownership Before and After the Proposed Transaction

	Shares Before 000's	% Held	Shares After 000's	% Held
Pallinghurst	92,899	25.1%	293,164	18.3%
EMG	0	0.0%	246,675	15.4%
AMCI	0	0.0%	241,091	15.0%
POSCO	48,000	13.0%	324,980	20.3%
Investec	0	0.0%	267,353	16.7%
	140,899	38.1%	1,373,263	85.7%
Non-Associated Shareholders	228,887	61.9%	228,887	14.3%
Number of shares on issue	369,786	100.0%	1,602,151	100.0%

Source: Jupiter Mines, EY analysis

With a collective 85.7% interest in Jupiter Mines, as a group, the Co-Investors will be able to control the outcome of any ordinary or special resolution put before shareholders in general meeting regardless of who else votes. This is assuming that the resolution did not involve any of the Co-Investors. Under all circumstances, the Co-Investors would be prevented from voting on any resolution in which they have a material interest.

The next largest shareholder of Jupiter Mines after the Proposed Transaction will be Red Rock, with an interest of 5.5%.

While collectively the Co-Investors will have a total 85.7% interest, under the Jupiter Agreement each of the Co-Investors have the right to vote their effective see-through interest in the Company separately. Given their relative shareholdings, if any three of the Co-Investors vote the same way then it is likely that they will be able to control the outcome of any ordinary resolution.

Under the current shareholding structure, with Pallinghurst and POSCO having a collective 38.1% interest in Jupiter Mines, if less than 76.2% of the shares on issue are voted these two Co-Investors would be able to control the outcome of an ordinary resolution. If less than 50.8% of the shares on issue are voted Pallinghurst and POSCO would be able to control the outcome of a special resolution.

The increase in voting rights the Co-investors gain through the Proposed Transaction may be seen as a disadvantage to the Non-Associated Shareholders. However, given the significance of Pallinghurst's and POSCO's current collective shareholding, the increase in voting rights may not create a position that is significantly different from the present position, especially with respect to ordinary resolutions.

It is intended via the Jupiter Agreement that the Co-Investors will have certain pre-emptive rights. Depending on the level of increase in shareholding brought about by any proposed acquisition of shares in the Company, it is likely that any such share transaction will need the prior approval of Jupiter Mines' shareholders.

As a consequence of Mr Brian Gilbertson's appointment to the Company's Board of Directors, the Co-Investors have three out of five representatives on the Board. It is intended that Mr Gilbertson will become Jupiter Mines' Chairman. In this circumstance, the Co-Investors, together, are in a position to exert significant influence on the day-to-day operations of the Company.

11.2.3 Market reaction to the Proposed Transaction

The last trading price on the ASX of a Jupiter Share prior to the announcement of the Proposed Transaction was 22.5 cents. The following table summarises the prices and volumes at which the Company's shares traded over the period 1 February 2009 and 31 May 2010.

Jupiter Mines - Share Trading History

Month	High $	Low $	Close $	VWAP* $	Volume 000's	Number of Trades	Monthly Liquidity Issued Shares	Monthly Liquidity Free Float**
Feb-10	0.230	0.195	0.225	0.210	4,978	206	0.8%	2.9%
Mar-10	0.320	0.230	0.285	0.283	33,096	1,398	9.0%	19.5%
Apr-10	0.300	0.260	0.295	0.277	10,190	440	2.8%	6.0%
May-10	0.300	0.255	0.270	0.275	8,852	405	2.4%	5.2%

* Volume weighted average price for the month

** Excludes shares held by Red Rock, PRL and POSCO

Source: Bloomberg, EY analysis

The announcement of the Proposed Transaction had an immediate impact on Jupiter Mines' share price, trading up from 1 March 2010 from the 22.5 cents to a 12 month high of 32 cents on 8 March 2010. The monthly VWAPs across March, April and May were at levels substantially above those of previous months. The last trading price of the Company's shares on 18 June 2010 was 23 cents.

It is evident from the movement in Jupiter Mines' share price that the market has a positive view of the Proposed Transaction. Given this positive reaction, if the Proposed Transaction does not proceed, the market may react negatively and cause the Jupiter Mines' share price to decrease to levels experienced prior to the announcement.

11.2.4 Jupiter Mines' future capital requirements

Following the Proposed Transaction, the development of the Kalahari Project will become a focus for Jupiter Mines. Based on the FS it is estimated that the capital costs of developing the Kalahari Project will be in excess of US$200 million, with the Company's share being approximately US$100 million. At 30 April 2010 the Company's cash balance was $7.743 million. With the issue of Subscription Shares a further $5 million is being raised.

It is evident that to fund its share of the Kalahari Project's development and to continue the development of its own Australian iron and manganese assets, Jupiter Mines will need to source substantial additional capital. While the timing of this requirement is not known, depending on the form of any capital raising and the ability of all shareholders to participate, the Non-Associated Shareholders may be further diluted as a result of that capital raising. Any delay in being able to raise capital may impact the timing of the development of the Company's mineral assets, including its interest in the Kalahari Project.

In this regard having the Co-Investors involved should assist Jupiter Mines in accessing suitable sources of capital. While each of the Co-Investors has its own access to capital, as a group they will be able to provide the Company with access to channels for sourcing capital that would not have necessarily been available on a stand-alone basis. Having the Co-Investors supporting the capital raising initiatives of Jupiter Mines into the future will be to the benefit of the Non-Associated Shareholders.

11.2.5 Liquidity in Jupiter Mines' shares

Although the number of listed Jupiter Mines shares will increase significantly as a result of the Proposed Transaction, the number of the Company's 'free float' shares will effectively remain consistent with the current position. While the acquisition of the 49.9% interest in Tshipi may create additional investor interest in Jupiter Mines as the Project advances towards production, we do not see any reason to suggest there will be any significant impact on the liquidity of Jupiter Mines' shares should the Proposed Transaction proceed. In stating this, it is noted that trading in the Company's shares since the announcement of the Proposed Transaction on 1 March 2010 has been higher than the preceding three months. Any increase in the liquidity of Jupiter Mines' shares would be to the advantage of the Non-Associated Shareholders in that it enables shares to be realised in a more efficient manner.

11.2.6 Possible future synergies

While there is unlikely to be any immediate synergies resulting from the implementation of the Proposed Transaction, if the Kalahari Project proceeds as anticipated and a world class manganese mining operation is established this may present Jupiter Mines with the opportunity to derive some synergistic benefits from the development of its own Australian iron and manganese projects. Any such synergies would represent an advantage to Jupiter Mines' shareholders should the Proposed Transaction proceed.

11.2.7 Board view

We note that the Independent Directors of Jupiter Mines have unanimously recommended the Proposed Transaction to the Non-Associated Shareholders in the absence of a superior proposal. The support of the Independent Directors of Jupiter Mines should provide additional comfort to the Non-Associated Shareholders.

11.3 Alternatives

11.3.1 Alternative offer

We are not aware of any alternative offers or transactions that may be forthcoming.

11.3.2 If the Proposed Transaction does not proceed

In the event the Proposed Transaction does not proceed, and in the absence of an alternate transaction emerging, Jupiter Mines would continue to operate as manganese and iron ore exploration company. We note that:

- Jupiter Mines' exploration assets are significantly less advanced than those of Tshipi and therefore future performance of Jupiter Mines is at higher risk and potentially more delayed compared to that if it acquired the 49.9% interest in Tshipi;
- In the context of further developing its own exploration assets, Jupiter Mines' existing cash balances will last longer as a stand-alone entity, than if it were to be required to fund the Kalahari Project, thereby potentially deferring the requirement to raise additional capital;
- Jupiter Mines has an established Board and experienced senior management team in place to operate the business independently of the proposed changes to the Board as a result of the Proposed Transaction; and
- Jupiter Mines had a market capitalisation prior to the Proposed Transaction being announced of approximately $83 million.

If the Proposed Transaction does not proceed it is likely that Jupiter Mines' shares will trade at the level they did prior to the announcement of the acquisition of the 49.9% interest in Tshipi.

As major shareholders in Jupiter Mines, Pallinghurst and POSCO, as Co-Investors, are major proponents and supporters of the Proposed Transaction. If the Proposed Transaction is not approved it is not known what Pallinghurst's and POSCO's reaction may be. Should they decide to dispose of their shareholding in the Company, given the significance of their shareholding, it would be expected that this would have a negative impact on Jupiter Mines' share price.

11.4 Other considerations

This independent expert's report only provides general information. It does not take into account a shareholder's individual situation, objectives and needs. It is not intended to replace professional advice obtained by Jupiter Mines' shareholders. Non-Associated Shareholders should consider whether this report is appropriate for their circumstances, having regard to their own situation, objectives and needs before relying on or taking action based on this report. Shareholders should seek their own professional advice.

This report has been prepared to assist Jupiter Mines' shareholders in assessing the merits of the Proposed Transaction.

Whether individual shareholders should vote to accept or not accept the Proposed Transaction depends upon their individual situation, objectives and needs, as well as each shareholder's views as to the reasonableness factors associated with either accepting or not accepting the Proposed Transaction.

11.5 Conclusion on the Proposed Transaction

Ernst & Young Transaction Advisory Services considers the Proposed Transaction, including the issue of the Consideration Shares to the Co-Investors, to be fair and reasonable to the Non-Associated Shareholders of Jupiter Mines.

As a part of assessing whether or not the Proposed Transaction is fair and reasonable, Ernst & Young Transaction Advisory Services has assessed the value of the 49.9% interest in Tshipi and the Co-Investor Loans being acquired and compared that value with the valuation of the Consideration Shares being issued under the Proposed Transaction.

Ernst & Young Transaction Advisory Services notes that the some of the expected benefits and advantages of the Proposed Transaction proceeding are not easily quantifiable and, accordingly, evaluation of the Proposed Transaction is, in part, subjective. Having regard to the nature of the Proposed Transaction it is the opinion of Ernst & Young Transaction Advisory Services that, on balance, Non-Associated Shareholders as a whole are likely to be better off if the Proposed Transaction proceeds.

The alternative to the Proposed Transaction proceeding is for the shareholders to vote against the proposal, in the hope of either realising greater value through maintaining the stand-alone business of Jupiter Mines or a superior offer emerging. There is no evidence to suggest that the Non-Associated Shareholders of Jupiter Mines would be better off under this alternative.

Appendix A Statement of qualifications and declarations

Ernst & Young Transaction Advisory Services, which is wholly owned by Ernst & Young, holds an Australian Financial Services Licence under the Corporations Act and its representatives are qualified to provide this report. The directors of Ernst & Young Transaction Advisory Services responsible for this report have not provided financial advice to Jupiter Mines.

Prior to accepting this engagement, Ernst & Young Transaction Advisory Services considered its independence with respect to Jupiter Mines and Tshipi with reference to Regulatory Guide 112, *Independence of experts*.

This report has been prepared specifically for the Non-Associated Shareholders of Jupiter Mines in relation to the Proposed Transaction. Neither Ernst & Young Transaction Advisory Services, Ernst & Young and any employee thereof undertakes responsibility to any person, other than the Non-Associated Shareholders, in respect of this report, including any errors or omissions howsoever caused.

The statements and opinions given in this report are given in good faith and the belief that such statements and opinions are not false or misleading. In the preparation of this report Ernst & Young Transaction Advisory Services has relied upon and considered information believed after due inquiry to be reliable and accurate. Ernst & Young Transaction Advisory Services has no reason to believe that any information supplied to it was false or that any material information has been withheld from it. Ernst & Young Transaction Advisory Services has evaluated the information provided to it by Jupiter Mines, its advisors, as well as other parties, through inquiry, analysis and review, and nothing has come to its attention to indicate the information provided was materially mis-stated or would not afford reasonable grounds upon which to base its report. Ernst & Young Transaction Advisory Services does not imply and it should not be construed that it has audited or in any way verified any of the information provided to it, or that its inquiries could have verified any matter which a more extensive examination might disclose.

The information relied upon in the preparation of this report is set out in Appendix B to this report.

Jupiter Mines has provided an indemnity to Ernst & Young Transaction Advisory Services for any claims arising out of any mis-statement or omission in any material or information provided to it in the preparation of this report.

Ernst & Young Transaction Advisory Services provided draft copies of this report to the directors and management of Jupiter Mines for their comments as to factual accuracy, as opposed to opinions, which are the responsibility of Ernst & Young Transaction Advisory Services alone. Changes made to this report as a result of this review by the directors and management have not changed the methodology or conclusions reached by Ernst & Young Transaction Advisory Services.

Ernst & Young Transaction Advisory Services will receive a professional fee based on time spent in the preparation of this report estimated at approximately $70,000 (exclusive of GST). Ernst & Young Transaction Advisory Services will not be entitled to any other pecuniary or other benefit whether direct or indirect, in connection with the making of this report.

Mr Ken Pendergast, a director and representative of Ernst & Young Transaction Advisory Services and a partner of Ernst & Young and Mrs Brenda Moore, a representative of Ernst & Young Transaction Advisory Services and an executive director of Ernst & Young have assumed overall responsibility for this report. Both have the necessary experience and professional qualifications appropriate to the advice being offered. Other Ernst & Young Transaction Advisory Services staff have been consulted in the preparation of this report where appropriate.

It is not intended that the report should be used for any other purpose other than to be included in the Notice of Meeting and Explanatory Statement to be sent to Jupiter Mines shareholders with respect to the Proposed Transaction. In particular, it is not intended that this report should be used for any other purpose other than as an expression of its opinion as to whether or not the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders.

The financial forecasts used in the preparation of this report reflect the judgement of directors and management of Jupiter Mines and Tshipi based on present circumstances, as to both the most likely set of conditions and the course of action it is most likely to take. It is usually the case that some events and circumstances do not occur as expected or are not anticipated. Therefore, actual results during the forecast period will almost always differ from the forecast and such differences may be material. To the extent that our conclusions are based on forecasts, we express no opinion on the achievability of those forecasts.

Ernst & Young Transaction Advisory Services consents to the issue of this report in the form and context in which it is included in the Notice of Meeting and Explanatory Statement.

Appendix B Sources of information

In preparing this report, we had regard to the following sources of information:

- Jupiter Mines' audited financial statements for FY07, FY08 and FY09;
- Jupiter Mines' management accounts for the period YTDApr10;
- the Sale and Purchase Agreement, dated 24 December 2009, entered into by Jupiter Mines in relation to the Proposed Transaction;
- various presentations prepared by Jupiter Mines in relation to its operations and the Proposed Transaction;
- Tshipi's audited financial statements for the year ended 28 February 2010 and management accounts for the one month ended 31 March 2010;
- the Legal Due Diligence Report prepared by Werksmans Incorporating Jan S. De Villiers, dated 3 March 2010;
- the Ntsimbintle Mining Project Kalahari Feasibility Study Summary Report prepared by Turgis Mining Consultants, dated May 2009;
- the report by Snowden, dated 20 May 2010, included in full as Appendix E;
- the independent technical review of Project Kalahari report by SRK, dated May 2010, included in full as Appendix F;
- Jupiter Mines shareholder information at various dates, as provided by the Company's share registry;
- various broker and analyst reports prepared in regards to companies with mining operations;
- Final draft Notice of Meeting and Explanatory Statement prepared by Jupiter Mines for the Meeting;
- various public disclosure documents lodged by Jupiter Mines with the ASX;
- Manganese industry information from IMnI;
- ASIC Regulatory Guides 110, 111 and 112;
- Bloomberg;
- DatAnalysis;
- discussions with Jupiter Mines and Pallinghurst management; and
- other publicly available information.

Appendix C Glossary

Abbreviation	Full Title / Description
28Feb10	As at 28 February 2010
30Apr10	As at 30 April 2010
30Jun09	As at 30 June 2009
31Mar10	As at 31 March 2010
A$	Australian dollar
Act	The Corporations Act
AMCI	American Metals & Coal International Inc.
Anglo American	Anglo American plc
APG	Algemene Pensioen Group
ASIC	Australian Securities & Investment Commission
ASX	Australian Securities Exchange
BEE	Black Economic Empowerment
BHP Billiton	BHP Billiton Limited
Billiton	Billiton plc
Board	Board of Directors of Jupiter Mines
BSX	Bermuda Stock Exchange
CAPM	Capital asset pricing model
CEO	Chief Executive Officer
Co-Investors	Pallinghurst, AMCI, EMG, POSCO and Investec
Co-Investor Loans	The loans made to Tshipi by the Co-Investors
Consideration Shares	1.2 billion ordinary shares in Jupiter to be issued as consideration to the Co-Investors for the 49.9% interest in Tshipi and the assignment to Jupiter Mines of the Co-Investor Loans.
DSO	Direct Shipping Ore
EMG	Energy and Minerals Group
Ernst & Young Transaction Advisory Services	Ernst & Young Transaction Advisory Services Limited
FS	Feasibility study
FYxx	Financial year ended 30 June 20xx
FYFeb10	Tshipi's fiscal year ended 28 February 2010
Gencor	Gencor Limited
GFC	Global financial crisis
GWR	Golden West Resources Limited
HC FeMn	high carbon ferro-manganese
HMM	Hotazel Manganese Mines (Pty) Limited
IBISWorld	IBISWorld Pty Ltd
IMnI	International Manganese Institute
Investec	Investec Bank Limited
JSE	Johannesburg Securities Exchange
Jupiter Mines	Jupiter Mines Limited
JV Agreement	A joint venture agreement between PKML and the other Co-Investors, which at that time did not include POSCO, and Ntsimbintle
Kalahari Project or the Project	Tshipi Kalahari Manganese Project
Km^2	Square kilometre
KRX	Korean Exchange

Abbreviation	Full Title / Description
LSX	London Stock Exchange
Meeting	Jupiter Mines' general meeting of shareholders to be held on or about 9 August 2010
Mindax	Mindax Limited
Mn	Manganese
Mt	Metric Tonnes
Mtu	Metric Tonne Unit
Mt Alfred Bonus Option	The bonus option arising from the acquisition of Mt Alfred, under which Red Rock and Pallinghurst will become entitled to be issued with additional Jupiter Mines shares if in excess of 10 million tonnes of JORC compliant indicated and inferred resources of saleable Direct Shipping Ore are identified at Mt Alfred.
Non-Associated Shareholders	Jupiter Mines shareholders not associated with the Co-Investors
NPAT	Net profit after tax
Ntsimbintle	Ntsimbintle Mining (Proprietary) Limited
NYSE	New York Stock Exchange
OM Holdings	OM Holdings Limited
PKML	Pallinghurst Kalahari (Mauritius) Limited
POSA	POSCO Australia Pty Ltd
POSA/PSF Agreement	The co-agreement entered into by PKL and POSCO with respect to their shareholding in the Tshipi
Pallinghurst	Pallinghurst Resources (Guernsey) Limited
Proposed Transaction	The proposed acquisition of a 49.9% interest in Tshipi by Jupiter Mines
PSF	Pallinghurst Steel Feed (Dutch) BV
Red Rock	Red Rock Resources plc
Red Rock/Pallinghurst Transaction	Jupiter Mines acquired certain iron ore and manganese exploration assets from Red Rock in November 2008
Ref FeMn	refined ferromanganese
Report	Independent Expert's Report
RER	Resource Exploration Rebate
RG 111	ASIC Regulatory Guide 111: Content of expert reports
RSPT	Resource Super Profits Tax
Samancor	Samancor Manganese Pty Limited
SAMVAL Code	South African Code for the Reporting of Mineral Asset Valuation
SiMn	silico-manganese
Snowden	Snowden Mining Consultants Pty Ltd
Snowden Report	The report prepared by Snowden regarding the valuation of Jupiter Mines' mineral interests, dated 20 May 2010.
SRK	SRK Consulting (South Africa) (Pty) Ltd
SRK Report	The report prepared by SRK regarding the valuation of Tshipi's mineral interests, dated May 2010.
Subscription Shares	The shares to be issued by Jupiter Mines to three of the Co-Investors for a cash consideration of $5 million
US$	United States dollars
Tshipi	Tshipi é Ntle Manganese (Proprietary) Mining Limited
Tshipi Agreement	The voting pool agreement entered into by the Co-Investors which details the cooperative nature of their relationship in regards to their collective 49.9% interest in Tshipi.
VPP	Value probability product
VWAP	Volume weighted average price

Abbreviation	Full Title / Description
WACC	Weighted average cost of capital
Wessels Exploration Project	The Wessels prospecting right
YTD Apr10	10 month period ended 30 April 2010
YTDMar10	One month period ended 31 March 2010
ZAR	South African Rand

Appendix D Discount Rate Calculation

The determination of the asset-specific, risk-adjusted discount rate is based on the weighted average cost of capital ("WACC"). The following formula is applied to calculate WACC:

WACC = WE * KE + WD * KD

with

WE = value of equity / value of total capital

KE = market cost of equity

WD = value of interest bearing debt / value of total capital

KD = after tax costs of interest bearing debt

Since the WACC reflects the specific risk of an enterprise, adjustments have to be considered based on the asset-specific risk profile.

Cost of equity

To estimate the opportunity cost of equity the capital asset pricing model ("CAPM") is used. The CAPM postulates that the opportunity cost of equity is equal to the return on risk-free securities plus an individual risk premium. The risk premium is the asset's systematic risk (beta) multiplied by the market price of risk (market risk premium).

The equation for the cost of equity is as follows:

KE = RF + β * MRP

with

KE = market cost of equity

RF = risk-free rate of return

β = systematic risk of the equity

MRP = market risk premium

Starting point for the estimate of cost of equity is the risk-free rate of return. In practice the interest rate of long-term risk-free financial investments, e.g. fixed-interest public sector securities, is used as a guideline for determining the prevailing interest rate. For the purpose of this report, we adopted the 10 year Commonwealth bond rate as at 30 April 2010 of 5.7%.

The market risk premium (the price of risk) is the difference between the expected rate of return on the market portfolio and the risk-free rate. Historical capital market investigations have shown that investments in shares generate between 3.5% and 7% higher returns than investments in low-risk debt securities. We have adopted a market risk premium of 6.0%.

The average market risk premium must be modified to reflect the specific risk structure. The CAPM accounts for the asset-specific risk within the beta factor. A beta factor represents a weighting figure for the sensitivity of the company's returns compared to the trend of the entire market. They are thus a measure of volatility for the systematic risk. Beta factors of more than one reflect a higher volatility; beta factors of less than one reflect a lower volatility than the market average. Beta factors are ideally determined with reference to the entire equity market, since the concept of systematic and specific risk requires that individual shares are measured in relation to the market portfolio. Based on an analysis of companies with operations broadly comparable to the operations of the Project, we consider a beta factor of between 1.8 and 2.2 to be appropriate.

Cost of debt

The estimate of the cost of debt is based on the margins applicable to an entity with a BBB rated credit rating.

Capital structure

The capital structure is derived from the average capital structure of a group of comparable companies (peer group).

WACC derivation

Peer group analysis

Starting point of our calculation was peer group analysis to determine optimal capital structure and unlevered beta for the subject companies.

Company Name	Market cap 30-Apr-10 $A million	Debt to equity %	Observed equity beta	Asset beta	Re-levered equity beta
Western Plains Resources Limited	84	-8%	2.46	2.46	2.46
Talisman Mining Ltd	85	-8%	2.29	2.29	2.29
Strike Resources Limited	101	-46%	5.00	5.00	5.00
Moly Mines Ltd.	132	51%	3.14	2.31	2.31
Aurora Minerals Ltd.	86	-7%	2.02	2.02	2.02
Sundance Resources Ltd.	434	-22%	2.67	2.67	2.67
Indo Mines Limited	39	6%	3.14	3.02	3.02
Jupiter Mines Ltd.	109	-10%	1.29	1.29	1.29
Cape Lambert Resources Limited	273	-11%	1.23	1.23	1.23
Centrex Metals Limited	149	-10%	2.38	2.38	2.38
IMX Resources Ltd.	102	-13%	1.11	1.11	1.11
Territory Resources Limited	58	105%	2.41	1.39	1.39
AusQuest Ltd.	39	-57%	1.21	1.21	1.21
Sphere Minerals Limited	295	-4%	3.24	3.24	3.24
Brockman Resources Limited	507	-18%	2.02	2.02	2.02
Golden West Resources Ltd.	133	-10%	2.12	2.12	2.12
Australasian Resources Ltd	195	-1%	3.59	3.59	3.59
FerrAus Ltd.	163	-14%	2.90	2.90	2.90
Giralia Resources NL	373	-16%	3.38	3.38	3.38
Cazaly Resources Ltd.	62	-4%	1.67	1.67	1.67
Accent Resources N.L.	24	-13%	1.05	1.05	1.05
Ironclad Mining Limited	53	-4%	2.54	2.54	2.54
Iron Ore Holdings Limited	285	-4%	1.66	1.66	1.66
Northern Iron Limited	422	28%	1.73	1.45	1.45
BC Iron Limited	152	-11%	2.40	2.40	2.40
Grange Resources Ltd.	703	-1%	1.36	1.36	1.36
Aurox Resources Ltd.	159	1%	3.18	3.16	3.16
Low	24	-57%	1.05	1.05	1.05
Average	193	-4%	2.34	2.26	2.26
Median	133	-8%	2.38	2.29	2.29
High	703	105%	5.00	5.00	5.00
				Low	**High**
Assessed beta - Ernst & Young Transaction Advisory Services				1.80	2.20

Assumptions and calculations

Summary of assumptions effective as of 30 April 2010 and cost of equity and WACC derivation are presented in the following table:

Ernst & Young

Project Kalahari WACC	Low	High
Cost of Equity:		
Risk Free Rate (R_f)	5.7%	5.7%
Market Risk Premium (R_f - R_m)	6.0%	6.0%
Equity Beta (β_e)	1.80	2.20
Small company premium	0.0%	0.0%
Specific risk premium	0.0%	0.0%
After-Tax Cost of Equity	16.5%	18.9%
Cost of Debt:		
Pre-Tax Cost of Debt (R_d)	9.3%	9.3%
Tax Rate (t)	30.0%	30.0%
After-Tax Cost of Debt	6.5%	6.5%
Optimal Capital Structure:		
Equity Proportion (E / EV)	100.0%	100.0%
Debt Proportion (D / EV)	0.0%	0.0%
Nominal After-Tax WACC	16.5%	18.9%
Inflation rate	2.5%	2.5%
Real After-Tax WACC	**13.7%**	**16.0%**
WACC Adopted	**13.5%**	**16.0%**

Appendix E Snowden Report

Appendix F SRK Report

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THIS FINANCIAL SERVICES GUIDE FORMS PART OF THE INDEPENDENT EXPERT'S REPORT

PART 2 – FINANCIAL SERVICES GUIDE

1. Ernst & Young Transaction Advisory Services

Ernst & Young Transaction Advisory Services Limited ("Ernst & Young Transaction Advisory Services" or "we," or "us" or "our") has been engaged to provide general financial product advice in the form of an Independent Expert's Report ("Report") in connection with a financial product of another person. The Report is set out in Part 1.

2. Financial Services Guide

This Financial Services Guide provides important information to help retail clients make a decision as to their use of the general financial product advice in a Report, information about us, the financial services we offer, our dispute resolution process and how we are remunerated.

3. Financial services we offer

We hold an Australian Financial Services Licence which authorises us to provide the following services:

- financial product advice in relation to securities, derivatives, general insurance, life insurance, managed investments, superannuation, and government debentures, stocks and bonds; and

- arranging to deal in securities.

4. General financial product advice

In our Report we provide general financial product advice. The advice in a Report does not take into account your personal objectives, financial situation or needs.

You should consider the appropriateness of a Report having regard to your own objectives, financial situation and needs before you act on the advice in a Report. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain an offer document relating to the financial product and consider that document before making any decision about whether to acquire the financial product.

We have been engaged to issue a Report in connection with a financial product of another person. Our Report will include a description of the circumstances of our engagement and identify the person who has engaged us. Although you have not engaged us directly, a copy of the Report will be provided to you as a retail client because of your connection to the matters on which we have been engaged to report.

5. Remuneration for our services

We charge fees for providing Reports. These fees have been agreed with, and will be paid by, the person who engaged us to provide a Report. Our fees for Reports are based on a time cost or fixed fee basis. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority.

Ernst & Young Transaction Advisory Services is ultimately owned by Ernst & Young, which is a professional advisory and accounting practice. Ernst & Young may provide professional services, including audit, tax and financial advisory services, to the person who engaged us and receive fees for those services.

Except for the fees and benefits referred to above, neither Ernst & Young Transaction Advisory Services, nor any of its directors, employees or associated entities received any fees or other benefits, directly or indirectly, for or in connection with the provision of a Report.

6. Associations with product issuers

Ernst & Young Transaction Advisory Services and any of its associated entities may at any time provide professional services to financial product issuers in the ordinary course of business.

7. Responsibility

The liability of Ernst & Young Transaction Advisory Services is limited to the contents of this Financial Services Guide and the Report.

8. Complaints process

Contacting Ernst & Young Transaction Advisory Services	**Contacting the Independent Dispute Resolution Schemes:**
Compliance and Legal Manager Ernst & Young 680 George Street Sydney NSW 2000 Telephone: (02) 9248 5555	Financial Industry Complaints Service Limited PO Box 579 – Collins Street West Melbourne VIC 8007 Telephone: 1800 335 405 Insurance Brokers Disputes Limited Level 10 99 William Street Melbourne VIC 3000 Telephone 1800 064 169

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