

# June Quarterly Report

31 July 2012

# Jupiter Mines Limited

## Highlights

- Tshipi Borwa Project remains on track for Q4 2012 delivery of first ore
- Formal rail contract negotiations are under way for the Tshipi Borwa project
- Mount Ida feasibility study progressing well

### Directors

Brian Gilbertson  
Paul Murray  
Priyank Thapliyal  
Soo-Cheol Shin  
Andrew Bell

### Company Secretary

Matt Finkelstein

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### ABN

51 105 991 740

### Issued Capital

Shares: 2,056,834,044  
Unlisted Options: 6,700,000

### ASX Symbol

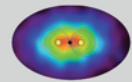
JMS

## Overview

- Tshipi Borwa – pre-strip mining continues, pit depth 40 metres at quarter end;
- Tshipi Borwa – construction activities well underway including rail siding, rapid load out stations, process plant, housing and office infrastructure;
- Mount Ida – feasibility study progressing well;
- Mount Mason – feasibility study results being compiled; and
- Consolidated cash position of \$65m.



*Tshipi Borwa – Pre-strip mining*



## **CENTRAL YILGARN IRON PROJECT (CYIP)**

### **OVERVIEW**

Jupiter continued to progress the two Feasibility Studies on the 100% owned CYIP during the quarter. The CYIP consists of one small DSO project – Mount Mason DSO Hematite Project, and the flagship long life magnetite Project – Mount Ida Magnetite Project.

### **FEASIBILITY STUDY DEVELOPMENTS**

#### **Mount Mason DSO Hematite Project**

During Q2, mine optimisation analysis continued evaluating throughput rates at varying silica cut-off grades. Work to date indicates the potential for a technically and financially robust project.

Work will also continue in regards to developing and securing a port solution. The focus is to export via Esperance, however the potential to export through Kwinana is also being evaluated.

In January the State Government announced that the Port of Esperance is to be expanded to cater for additional iron ore exports. The government has committed to increasing the export capacity by an additional 20 million tonne per annum (mtpa), and will seek private industry backing for the project.

The Port commenced the 'market sounding' process, in which Jupiter will fully participate and intends to be active in progressing the Port expansion, not only for Mount Mason but also Mount Ida.

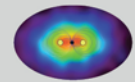
#### **Mount Ida Magnetite Project**

##### **Exploration**

Currently, the exploration focus is to finalise the geological models over a 7km strike length of the Mount Ida magnetite bearing Banded Iron Formation (BIF) sequences.

During Q2, the central portion of the Mount Ida Magnetite deposit, which extends for 3km, was geologically modelled using data from 307 RC and diamond drill holes (total 84,500m) and analytical data that includes Davis Tube Recovery (DTR) analyses for some 10,000 five metre composite samples (Figure 1). This modelling has defined twelve magnetite lodes, dipping east at 30 degrees. During 2011, RC drilling in the hinge zone of the folded BIF sequence returned magnetite BIF intersections exceeding 200m in true thickness in a number of vertical RC holes including: 11MIRC047, 55 and 65, as summarised in Table 1 and shown on Figure 2. These intersections confirm the 2010 drill results in the vicinity of drill hole 10MIRC14, that intersected a 222m thickness of BIF.

The Mount Ida infill drill programme, completed during 2011-12 comprised 202 RC and diamond holes for 67,357m and will enable a re-estimation and an upgrade in the confidence of the previously released Mount Ida Central Zone Inferred Resource estimate of 530 million tonnes @ 31.94%Fe (ASX announcement 19/1/2011) the results of which will be released during Q3 2012.



Jupiter also completed an additional 43 RC drill holes (for 12,646m) at approximately 200m x 400m spacing along a further 4kms of strike to test the continuity of the northern and southern extensions to the Mount Ida Central lodes. Geological modelling has commenced over these areas and resource modelling will be undertaken following the completion of the Mount Ida Central Zone resource re-estimate. This modelling will enable a maiden Inferred Resource estimate to be completed over an additional 4km strike length of the Mount Ida BIF.

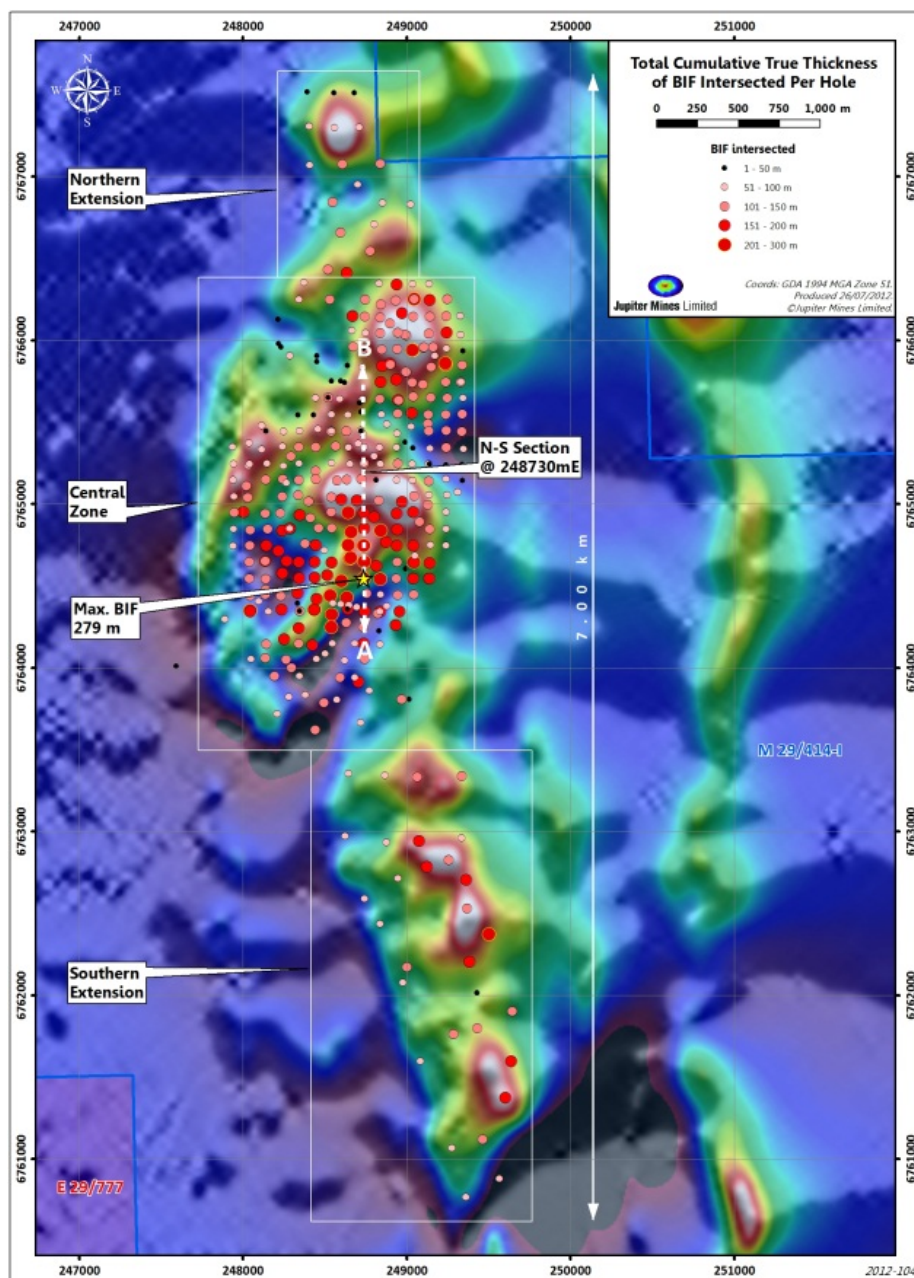


Figure 1. Mount Ida Drill hole location plan showing cumulative BIF thickness in drill holes

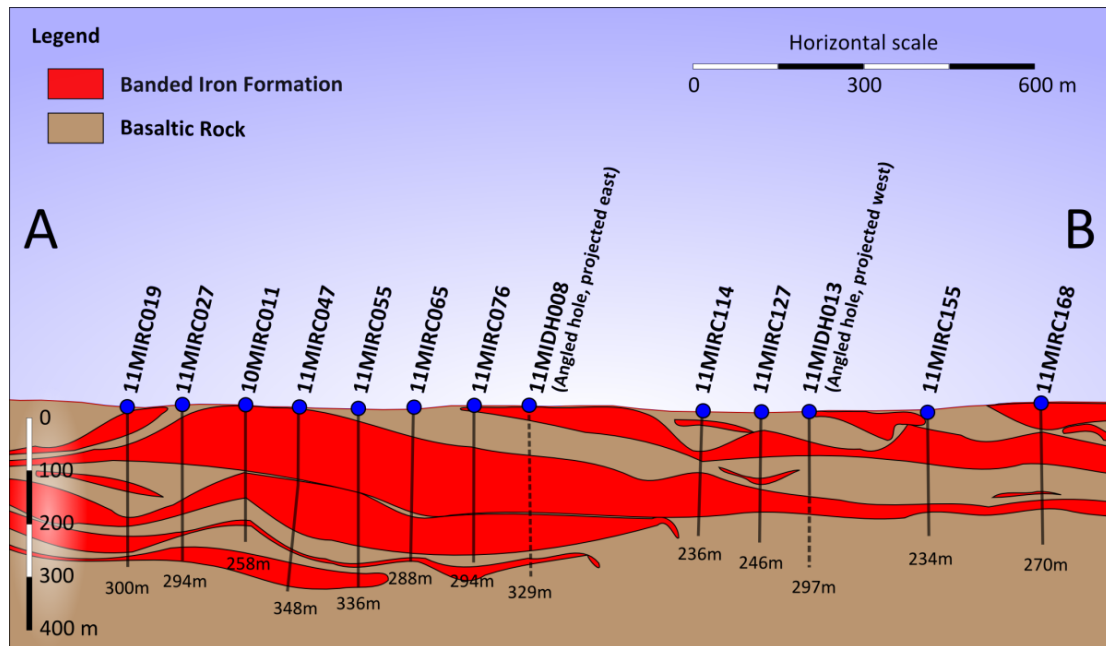
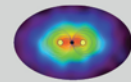
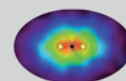


Figure 2. Mount Ida Central Zone Long Section 248730m E (looking west)

Table 1. Mount Ida Central Zone Section 248730mE cumulative BIF intersections

Hole ID	BIF Thickness (m)	Head Fe%	Mass Recovery (wt%)	DTC Fe %	DTC SiO <sub>2</sub> %	DTC Al <sub>2</sub> O <sub>3</sub> %	DTC S %	DTC P %	DTC LOI%
10MIRC011	136	30.70	40.70	64.71	9.73	0.026	0.034	0.02	-2.80
11MIRC019	104	28.44	32.70	65.14	8.41	0.07	0.25	0.02	-2.78
11MIRC027	138	31.84	35.90	65.13	9.19	0.02		0.02	-2.90
11MIRC047	261	31.67	38.60	68.93	4.14	0.01	0.16	0.01	-3.07
11MIRC055	267	33.87	43.0	68.72	4.45	0.02	0.07	0.01	-3.15
11MIRC065	213	34.73	45.1	68.84	4.29	0.01	0.02	0.01	-3.09
11MIRC076	200	35.51	46.60	68.84	4.41	0.02	0.03	0.01	-3.20
11MIDH008	188	35.92	52.2	64.34	10.32	0.02	0.03	0.02	-2.85
11MIRC114	79	30.44	37.60	67.77	5.06	0.06	0.15	0.01	-2.90
11MIRC127	98	29.31	28.8	66.73	5.65	0.17	0.38	0.02	-2.13
11MIDH013	41	27.33	30.9	67.59	4.98	0.11	0.90	0.01	-2.84
11MIRC155	74	32.27	46.30	64.37	10.03	0.065	0.2	0.02	-2.65
11MIRC168	73	35.60	50.1	63.6	10.95	0.02	0.18	0.02	-2.63

**Note:** Assays are based on length weighted average - uncut assays. Five (5) metre composite samples used for DTR with XRF assays. Sample analyses by X-Ray Fluorescence Spectrometry (XRF) at ALS in Perth. Loss On Ignition (LOI) values determined using Thermo-gravimetric Analyses at 1000° C.



**Table 2.** Section 248730mE Drill hole Collars

Hole ID	MGA E	MGA N	RL (AHD)	Depth (m)	Dip	Azimuth
10MIRC011	2487561	6764454	529	258	-90°	
11MIRC019	248735	6764248	524	300	-90°	
11MIRC027	2487400	6764346	533	294	-90°	
11MIRC047	248737	6764545	526	348	-90°	
11MIRC055	248741	6764648	520	336	-90°	
11MIRC065	248738	6764745	521	288	-90°	
11MIRC076	248740	6764851	527	294	-90°	
11MIDH008	248737	6764944	526	329	-70°	083°
11MIRC114	248740	6765245	517	236	-90°	
11MIRC127	248740	6765347	515	246	-90°	
11MIDH013	248721	6765445	514	297	-60°	278°
11MIRC155	248730	6765337	514	234	-90°	
11MIRC168	248731	676583	530	264	-90°	

**Note:** Drill Hole coordinate projection; GDA94, MGA Zone 51.

## Process & Infrastructure

The metallurgical test work program is progressing. The high pressure grinding roles (HPGR) test work has been completed with the ore demonstrating a consistent response to the HPGR process, with significant size reduction at a low energy consumption.

Phase 1.5 of the test work program has commenced, which encompasses the pilot plant test work. All the test work programs for the Feasibility Study will be completed during the September quarter.

The process flow sheet and layouts have been finalised, and the process plant capital estimation well advanced.

Further revisions were undertaken to optimise the general mine layout, including waste dumps, tailings management facility, process plant and supporting infrastructure.

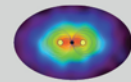
Infrastructure service providers for the gas lateral pipeline and power station have been identified and commissioned to undertake the key components of the Feasibility Study.

Planning is in process to undertake the geotechnical sampling for the key infrastructure sites, and to commence the water exploration drill program.

## Environmental and Project Permitting

As a result of the environmental survey gap analysis conducted in the March quarter, a number of studies were initiated over Mount Mason and Mount Ida.

At Mount Mason these studies included targeted priority flora, soil characterisation, landform analysis and archaeological survey.



At Mount Ida, level 2 flora and fauna, subterranean fauna sampling and archaeological surveys were completed.

All study reports are scheduled to be finalised for submission with environmental approvals documentation subject to final confirmation of optimised mine layout and location of waste dumps, tailings management facilities, process plant and supporting infrastructure.

Jupiter is now in the process of identifying geotechnical and soil characterisation survey sites for the provisional infrastructure layouts at Mount Ida, and is also commencing the Program of Works (POW) approvals process for this work, and for the regional exploration activities to identify groundwater resources to meet the requirements for the Mount Ida mining operations.

Environmental study areas will also be further refined during the September quarter and surveys initiated to cover any minor changes to project layouts.

The rehabilitation program for areas cleared during exploration activities at Mount Mason and Mount Ida is scheduled for completion in Q3 2012, in accordance with Department of Mines and Petroleum (DMP) exploration guidelines.

Ongoing reporting to DMP will continue against Jupiter's internal exploration drilling rehabilitation audit process, with a presentation scheduled to both DMP and the Department of Environment highlighting compliance with regulatory requirements.

Consultation with key stakeholders has also commenced with discussions with the Malleefowl Preservation Group and the Menzies Shire Council in respect of the current project status. Further consultation will occur with identified stakeholders in the September quarter.

## **TSHIPI KALAHARI MANGANESE PROJECT - JUPITER 49.9% JOINT VENTURE INTEREST**

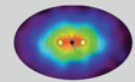
Jupiter has a 49.9% interest in Tshipi é Ntle Manganese Mining (Pty) Ltd (Tshipi). Tshipi owns two manganese projects in the Kalahari Manganese fields, namely Tshipi Borwa and Tshipi Bokone, adjacent to the operating Mamatwan and Wessels mines respectively.

### **Tshipi Borwa Manganese Mine**

Pre-stripping and construction of the 2.4mtpa processing plant and support facilities continued at the Tshipi Borwa Manganese mine. The project remains on track to commence production during Q4 2012.

### **Pre-strip mining**

Pre-strip mining has progressed significantly during the quarter. At the end of the quarter the pit had reached a pit depth of 40 metres, with ore access expected in another 30 metres. The mining contractor stripped over 2.744m BCM in the June quarter.



*Tshipi Borwa – Pre-strip mining*



*Tshipi Borwa – Pre-strip mining*

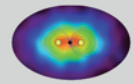
## **Construction**

Rail siding – during the quarter, overhead traction pylon, electric line installation and ballast placement were largely completed. Final level adjustments and destressing of the rail line has commenced; it is anticipated the rail line will be commissioned during Q3 2012.

Rapid load out station – civil works continued during the quarter, the rapid load out station has now been delivered to site from the USA. Assembly is due to commence during Q3 2012.

Site construction – during the quarter the permanent mine offices were completed, and the operational team has occupied the premises. Process plant construction continued with foundation and structure preparation well advanced and concrete works commenced.

Housing – construction of 33 houses, which are to be used as lodging for local employees, were delivered during the quarter. Employees have commenced occupying the premises during the quarter.



**Tshipi Borwa – Rail siding**



**Tshipi Borwa - Rail loop**



**Tshipi Borwa – Rapid load out station under construction**



**Tshipi Borwa – Housing**

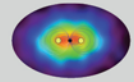


**Tshipi Borwa – Stockpile tunnels being assembled**



**Tshipi Borwa – Aerial view**





## **Logistics**

During the quarter, formal rail contract negotiations were established with the national rail logistics provider Transnet, to ensure rail allocation to Port Elizabeth. Meetings to date have made good progress, and the contracts are expected to be concluded in Q3 2012.

## **Financing**

The capital budget for the construction of the Tshipi Borwa Mine remains in line with forecasts.

## **Operations**

With construction and pre-strip mining well underway, management continues to focus on ensuring the appointment of key operational staff, policies, systems and procedures and general operational readiness of the mine.

## **Tshipi Bokone**

Exploration activities at Tshipi Bokone have been scaled back as Tshipi management focus their attention at bringing Tshipi Borwa on line.

## **CORPORATE**

### **Staff Change**

Mr Richard Mehan resigned as Chief Executive Officer and Managing Director on 5<sup>th</sup> of June 2012. Mr Greg Durack was appointed as Chief Executive Officer.

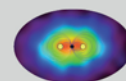
A project director for the Mount Ida Magnetite Project has been identified and will join the company during the next quarter.

### **Share Buyback**

On 17 October 2011, the Company announced an on market buy back. No shares were purchased under the buy back during this quarter.

### **Cash Position**

At the end of the quarter, the Company had a consolidated cash balance of \$65m and held marketable securities to the value of \$2.5m.



## Shareholder Information

Details of the 20 largest shareholders by registered name as at 30 June 2012:

	<b>Name</b>	<b>No of Shares</b>	<b>%</b>
1	POSCO AUSTRALIA PTY LTD	327,210,775	18.11%
2	PALLINGHURST STEEL FEED (DUTCH) B V	301,020,834	16.66%
3	INVESTEC BANK LIMITED	275,836,647	15.27%
4	EMG JUPITER L.P	246,674,875	13.65%
5	HJM JUPITER L.P	125,545,747	6.95%
6	FRK JUPITER L.P	125,545,746	6.95%
7	RED ROCK RESOURCES PLC	74,192,997	4.11%
8	PALLINGHURST EMG AFRICAN QUEEN L.P	42,857,143	2.37%
9	J P MORGAN NOMINEES AUSTRALIA LIMITED	35,526,517	1.97%
10	NATIONAL NOMINEES LIMITED	33,058,977	1.83%
11	HANCOCK PROSPECTING PTY LTD	18,566,340	1.03%
12	MR PRIYANK THAPLIYAL	11,727,080	0.65%
13	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	8,257,003	0.46%
14	COGENT NOMINEES PTY LTD	7,329,033	0.41%
15	CITICORP NOMINEES PTY LIMITED	6,920,725	0.38%
16	AMP LIFE LIMITED	6,904,187	0.38%
17	BRISPOT NOMINEES PTY LTD	6,780,066	0.38%
18	GAFFWICK PTY LIMITED	5,714,285	0.32%
19	INVIA CUSTODIAN PTY LIMITED	5,000,000	0.28%
20	UBS NOMINEES PTY LTD	4,662,412	0.26%
	Total	1,669,331,389	92.39%

Yours Faithfully,

**Jupiter Mines Limited**

Greg Durack

**Chief Executive Officer**

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

**Jupiter Mines Limited**

ABN

**51 105 991 740**

Quarter ended ("current quarter")

**30<sup>th</sup> June 2012**

### Consolidated statement of cash flows

Cash flows related to operating activities	Current Quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(9,835)	(34,414)
(b) development	(7,938)	(32,672)
(c) production	-	-
(d) administration	(831)	(3,164)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	1,068	5,624
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)		
- GST refund	750	2,813
- R&D refund	-	872
- rental income	-	54
<b>Net Operating Cash Flows</b>	<b>(16,786)</b>	<b>(60,887)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(448)	(3,028)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	(6,817)	(17,487)
1.11 Loans repaid by other entities	-	-
1.12 Other - Cash acquired	-	-
<b>Net investing cash flows</b>	<b>(7,265)</b>	<b>(20,515)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(24,051)</b>	<b>(81,402)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(24,051)	(81,402)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	(5,880)
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	6,021	18,783
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material) Share Issue Costs	-	-
	<b>Net financing cash flows</b>	<b>6,021</b>	<b>12,903</b>
	<b>Net increase (decrease) in cash held</b>	<b>(18,030)</b>	<b>(68,499)</b>
1.20	Cash at beginning of quarter/year to date	84,887	139,937
1.21	Exchange rate adjustments to item 1.20	(1,852)	(6,433)
1.22	<b>Cash at end of quarter</b>	<b>65,005</b>	<b>65,005</b>

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

		Current Quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	159
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Directors fees	\$ 159k
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**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A
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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil
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+ See chapter 19 for defined terms.

### Financing facilities available

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	N/A
3.2 Credit standby arrangements	87	Nil

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	9,796
4.2 Development	23,112
4.3 Production	-
4.4 Administration	1,206
<b>Total</b>	<b>34,114</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current Quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	664	3,846
5.2 Deposits at call	10,456	7,333
5.3 Bank overdraft	-	-
5.4 Other – Term Deposits	53,885	73,708
Other	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>65,005</b>	<b>84,887</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

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**Changes in interests in mining tenements**

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter	
6.1	Interests in mining tenements relinquished, reduced or lapsed	E45/2964	Surrender – 03/04/2012	100%	0%
		E46/864	Surrender – 03/04/2012	100%	0%
		E46/888	Surrender – 03/04/2012	100%	0%
6.2	Interests in mining tenements acquired or increased	L29/106	Granted – 20/06/2012	0%	100%

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+ See chapter 19 for defined terms.

### Issued and quoted securities at end of current quarter

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference +securities</b> <i>(description)</i>	Nil	N/A	N/A	N/A
7.2 Changes during quarter				
(a) Increases through issues	Nil	Nil	N/A	N/A
(b) Decreases through returns of capital, buy-backs, redemptions	Nil	Nil	N/A	N/A
7.3 <b>+Ordinary securities</b>	1,806,834,044	1,806,834,044	N/A	N/A
7.4 Changes during quarter				
(a) Increases through issues	Nil	Nil	N/A	N/A
(a.1) Conversion of options	Nil	Nil	N/A	N/A
(b) Decreases through returns of capital, buy-backs	Nil	N/A	N/A	N/A
(c) Increases through the release and quotation of restricted securities (released from escrow)	Nil	Nil	N/A	N/A
7.5 <b>+Convertible debt securities</b> <i>(description)</i>	Nil	Nil	N/A	N/A
7.6 Changes during quarter				
(a) Increases through issues	Nil	Nil	N/A	N/A
(b) Decreases through securities matured, converted	Nil	Nil	N/A	N/A


+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

7.7	Options (description and conversion factor)			Exercise Price	Expiry date
	Employee Share Scheme	800,000	Nil	25 cents	04/09/2012
	Employee Share Scheme	600,000	Nil	30 cents	04/09/2012
	Employee Share Scheme	600,000	Nil	35 cents	04/09/2012
	Employee Share Scheme	500,000	Nil	19 cents	06/11/2012
	Employee Share Scheme	500,000	Nil	22 cents	06/11/2013
	Employee Share Scheme	1,233,334	Nil	70 cents	11/04/2016
	Employee Share Scheme	1,233,333	Nil	80 cents	11/04/2016
	Employee Share Scheme	1,233,333	Nil	90 cents	11/04/2016
	Employee Share Scheme	6,700,000			
7.8	Issued during quarter			Exercise Price	Expiry date
		Nil	Nil	N/A	N/A
7.9	Exercised during quarter				
		Nil	Nil	N/A	N/A
7.10	Expired during quarter				
		Nil	Nil	N/A	N/A
7.11	Debentures (totals only)				
		Nil	N/A		
7.12	Unsecured notes (totals only)				
		Nil	N/A		

**Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  .....  
 (Company secretary)

Date: 31<sup>th</sup> July 2012

Print name: Matt Finkelstein

+ See chapter 19 for defined terms.



## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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