

**Argosy Minerals Limited**  
**ACN 073 391 189**

## **Target's Statement**

in response to the offer by Baru Resources Limited (ACN 147 324 847)

**The directors of Argosy Minerals Limited**  
**unanimously recommend that you**

**ACCEPT**

**the Baru Offer in the absence of a Superior Proposal**

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION.  
IF YOU ARE IN ANY DOUBT ABOUT HOW TO DEAL WITH THIS DOCUMENT, YOU SHOULD CONSULT YOUR  
FINANCIAL OR OTHER PROFESSIONAL ADVISER AS SOON AS POSSIBLE.

## **Important Notices**

### **Nature of this document**

This document is a Target's Statement issued by Argosy Minerals Limited (ABN 27 073 391 189) under Part 6.5 of Division 3 of the Corporations Act. This Target's Statement is given in response to the off-market takeover bid made by Baru Resources Limited (ABN 50 147 324 847) for all the ordinary shares in Argosy Minerals Limited.

### **ASIC and ASX disclaimer**

A copy of this Target's Statement has been lodged with ASIC and sent to the ASX. Neither ASIC nor the ASX nor any of their respective officers take any responsibility for the contents of this Target's Statement.

### **Definitions and interpretation**

A number of defined terms are used in this Target's Statement. These terms are explained in Section 12 of this Target's Statement. The rules of interpretation that apply to this Target's Statement are also set out in Section 12 of this Target's Statement. In addition, unless the contrary intention appears or the context requires otherwise, words and phrases used in this Target's Statement and defined in the Corporations Act have the same meaning and interpretation as in the Corporations Act.

### **Investment decisions**

Nothing in this Target's Statement constitutes investment, legal, tax or other advice. This Target's Statement does not take into account your individual objectives, financial situation or particular needs. It does not contain personal advice. You should seek your own independent legal, financial and taxation advice before deciding whether to accept or reject the Offer.

### **Forward looking statements**

Some of the statements appearing in this Target's Statement may be in the nature of forward looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to Argosy and the industry in which Argosy operates as well as general economic conditions, conditions in the financial markets, exchange rates and interest rates and regulatory changes, many of which are outside the control of Argosy and its Board. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement.

None of Argosy, Argosy's officers and employees, any persons named in this Target's Statement with their consent or any person involved in the preparation of this Target's Statement, makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward looking statement. The forward looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement.

### **Baru information in this Target's Statement**

Except where disclosed otherwise in this Target's Statement, the information on Baru contained in this Target's Statement has been prepared by Argosy using publicly available information including the Bidder's Statement, which has not been independently verified by Argosy. Accordingly Argosy does not, subject to the Corporations Act, make any representation or warranty, expressed or implied, as to the accuracy or completeness of such information.

**Maps, diagrams and rounding**

Any diagrams, charts, maps, graphs and tables appearing in this Target's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in diagrams, charts, maps, graphs and tables is based on information available at the date of this Target's Statement. In addition, any numerical information may not add up due to rounding.

**Notice to foreign shareholders**

The release, publication or distribution of this Target's Statement may, in some jurisdictions, be restricted by law or regulation and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations. This Target's Statement has been prepared in accordance with Australian law and the information contained in the Target's Statement may not be the same as that which would have been disclosed if this Target's Statement had been prepared in accordance with the laws and regulations outside of Australia.

**Privacy**

Argosy has collected your information from the Argosy register of shareholders for the purpose of providing you with this Target's Statement. The type of information Argosy has collected about you includes your name, contact details and information on your shareholding or option holding (as applicable) in Argosy. Without this information, Argosy would be hindered in its ability to issue this Target's Statement. The Corporations Act requires the name and address of shareholders to be held in a public register. Your information may be disclosed on a confidential basis to Argosy's related bodies corporate and external service providers (such as the share registry of Argosy and print and mail service providers) and may be required to be disclosed to regulators such as ASIC. If you would like details of information about you held by Argosy, please contact Argosy on +61 (08) 9389 5803 between 9:00am and 5:00pm (Perth time) Monday to Friday.

**Date of this document**

This document is dated 6th September 2013.

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## Important Dates

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Announcement Date	Tuesday, 2 July 2013
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Date of the Bidder's Statement	Wednesday, 28 August 2013
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Date of this Target's Statement	Friday, 6 September 2013
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Commencement of Offer Period	Monday, 2 September 2013
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Close of Baru Offer (unless extended or withdrawn)	5:00pm (Perth time) Thursday, 3 October 2013
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### Further information

Any questions regarding this Target's Statement should be directed to Argosy on +61 (08) 9389 5803 between 9:00am and 5:00pm (Perth time) Monday to Friday.



## Chairman's Letter

6 September 2013

Dear fellow Argosy Shareholder

On 2 July 2013, Argosy announced that it had signed a Bid Implementation Agreement with Baru Resources Limited (**Baru**) in relation to a proposed off-market takeover offer for all of the issued shares in Argosy (**the Offer** or **Baru Offer**).

Under the Baru Offer, Argosy Shareholders are being offered 1 Baru Share for every 1 Argosy Share held. You should recently have received the Baru Bidder's Statement setting out the detailed terms of the Offer. A copy of the Bidder's Statement is also available on the Argosy website ([www.Argosyminerals.com.au](http://www.Argosyminerals.com.au)).

**Your directors unanimously recommend that you ACCEPT the Baru Offer, in the absence of a Superior Proposal.**

Each of your directors intends to accept the Baru Offer in respect of the Argosy Shares they and their associates hold, in the absence of a Superior Proposal. The Argosy Shares which are held by the directors and their associates represent approximately 16% in aggregate of all Argosy Shares.

The reasons for your directors' unanimous recommendation include:

- The Merged Group will have net cash reserves of approximately \$3 million available to fund future exploration and development activities.
- The combination of the complementary Argosy and Baru assets provides Argosy Shareholders with access to a more diversified asset base.
- Argosy Shareholders are likely to enjoy the benefits of a larger combined entity including greater liquidity and greater market interest.
- The Merged Group will benefit from the combined management depth and technical expertise of Baru and Argosy.

This Target's Statement, which I encourage you to read in its entirety, sets out your directors' formal response to the Offer and contains their recommendation, the reasons for that recommendation and other important information you should consider in deciding whether to accept the Offer.

If you are in any doubt as to whether to accept the Offer, you should seek your own independent professional advice. If you have any queries in relation to the Offer, please contact Argosy on +61 (08) 9389 5803 between 9:00am and 5:00pm (Perth time) Monday to Friday.

Yours sincerely

**Philip Thick**

Chairman

ADDRESS	9/154 HAMPDEN ROAD   NEDLANDS WA 6009
PHONE	+618 9389 5803
FAX	+618 9389 5879
EMAIL	<a href="mailto:ADMIN@ARGOSYMINERALS.COM.AU">ADMIN@ARGOSYMINERALS.COM.AU</a>
WEB	<a href="http://WWW.ARGOSYMINERALS.COM.AU">WWW.ARGOSYMINERALS.COM.AU</a>

## 1. How to Accept the Offer

### 1.1. Issuer Sponsored Holdings

**If you hold your Argosy Shares in an Issuer Sponsored Holding** (such holdings will be evidenced by an 'I' appearing next to your holder number on the Acceptance Form), you will need to complete, sign and return the Acceptance Form (which accompanies the Bidder's Statement) in accordance with the instructions on that form and deliver it or send it by post so that it is received by Baru's share registry before the end of the Offer Period. A reply paid envelope (for use within Australia only) is enclosed with the Bidder's Statement.

### 1.2. CHESS Holdings

**If you hold your Argosy Shares in a CHESS Holding** (such holdings will be evidenced by an 'X' appearing next to your holder number on the Acceptance Form) you will need to:

- a) instruct your Controlling Participant (such as your Broker) to initiate acceptance of the Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules;
- b) complete, sign and send the Acceptance Form directly to your Broker or other Controlling Participant; or
- c) complete, sign and return the Acceptance Form in accordance with the instructions on it so that Baru is authorised to instruct your Controlling Participant to initiate acceptance of the Offer on your behalf,

before the end of the Offer Period.

A reply paid envelope (for use within Australia only) is enclosed with the Bidder's Statement.

### 1.3. Brokers or Non-Broker Participants

**If you are a Broker or a Non-Broker Participant**, you will need to initiate acceptance of the Offer in accordance with the requirements of the ASX Settlement Operating Rules before the end of the Offer Period.

## **2. Directors' Recommendation**

### **2.1. Summary of Offer**

Baru is offering Argosy Shareholders 1 Baru Share as consideration for every 1 Argosy Share that they hold. The Offer is subject to a number of conditions. Those conditions are summarised in Section 7.3 of this Target's Statement.

### **2.2. Directors of Argosy**

As at the date of this Target's Statement, the directors of Argosy are Peter Lloyd, Philip Thick and Danie van den Bergh.

### **2.3. Directors' recommendations**

Your directors unanimously recommend that you accept the Offer (in the absence of a Superior Proposal), for the reasons set out in Section 3 of this Target's Statement.

In considering whether to accept the Offer, your directors encourage you to:

- read this Target's Statement and the Bidder's Statement in their entirety;
- consider the alternatives noted in Section 9 of this Target's Statement;
- refer to Section 7.8 of this Target's Statement for information regarding the effect of acceptance of the Offer;
- have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances; and
- obtain independent professional advice in relation to the Offer.

### **2.4. Intentions of your directors in relation to the Offer**

Each of your directors intends to accept the Offer in respect of any Argosy Shares that they, or their associates, hold, in the absence of a Superior Proposal.

The Argosy Shares which are held by your directors and their associates as at the date of this Target's Statement represent approximately 16% in aggregate of all of the Argosy Shares.

### 3. Why You Should Accept the Offer

- 1) The Merged Group will benefit from a **strengthened financial position** to fund future growth.
- 2) **Combines complementary assets** and establishes a more diversified asset base.
- 3) Shareholders are likely to enjoy the **benefits of a larger combined entity**.
- 4) A Merged Group will **benefit from combined management depth and expertise**.
- 5) **No Superior Proposal** has emerged.
- 6) There are **risks in not accepting** the Offer.

**Your directors unanimously recommend that you ACCEPT the Baru Offer in the absence of a Superior Proposal**

In deciding to recommend the Offer, your directors have had regard to each of the matters in this Target's Statement and the Bidder's Statement. A more detailed overview of the principal reasons for your directors' recommendation to accept the Offer in the absence of a Superior Proposal follows.



### 3.1. Strengthened financial position to fund future growth

If the Offer is successful, the Merged Group will have significantly greater financial capacity to fund the growth of Argosy's exploration and development assets.

Argosy has a net cash position of approximately \$300,000 and the requirement to continue to progress its graphite project. In contrast, Baru has net cash reserves of \$3 million. If the Offer is successfully completed, the Merged Group will have net cash reserves of approximately \$3 million. This significantly improved financial position will assist the Merged Group to progress the exploration, development and production of its Projects.

In the absence of the Baru Offer, it is likely that Argosy would need to raise additional equity (or possibly sell assets) in order to progress its scheduled exploration and development programme on its graphite project. This could result in substantial dilution of current shareholders.

Based on the quarterly report dated July 2013, Baru had approximately \$3 million of cash reserves available at 30 June 2013. Baru currently has 49,796,009 shares on issue, equating to cash backing per share of 6 cents per share.

Under the Offer assuming Baru receives acceptances sufficient to enable it to proceed to compulsory acquisition of any outstanding Argosy Shares, the Merged Entity will be able to access these cash reserves, resulting in a dilution of 28% calculated as follows:

Baru issued capital	49,796,009	28%
Argosy issued capital	<u>126,029,105</u>	72%
Merged entity issued capital	<u>175,825,114</u>	100%

The Argosy directors believe that in the absence of this Offer, any capital raised by Argosy given current market conditions would result in a dilution factor substantially higher than the Offer.

### 3.2. Combines complementary assets and establishes a more diversified asset base

In addition to its cash reserves of approximately \$3 million, Baru has interests in other prospective projects.

If the Baru Offer succeeds, it is anticipated that Argosy Shareholders may benefit from:

- (a) Baru's Myanmar project; and
- (b) Baru's Longreach project.

Further details on these projects are contained in Baru's Bidder's Statement.

### 3.3. Shareholders are likely to enjoy the benefits of a larger combined entity

The combined pro forma market capitalisation of Baru and Argosy, assuming the successful acquisition of 100% of Argosy, will be approximately \$9 million (based on the share price of Baru as at 28 June 2013, being the trading day immediately prior to the date of execution of the Bid Implementation Agreement). The prospective increase

in scale is anticipated to provide a number of benefits to Argosy Shareholders, including:

- **Increased market interest:** the increased scale of the Merged Group may generate broader investor interest, particularly from institutional investors.
- **Increased liquidity:** Argosy Shareholders may benefit from holding more liquid shares in the form of Baru Shares, due to the increase in capitalisation of the Merged Group.

### **3.4. The Merged Group will benefit from combined management depth and expertise**

The Merged Group will benefit from the combined management talent of both organisations. Argosy Shareholders will be able to leverage off the proven experience and track record of the Baru board and senior management team. Additionally, Argosy's Chairman, Mr Philip Thick, and South African based Exploration Director, Mr Danie van den Bergh, will be invited to join the Baru board if the Offer is successful.

### **3.5. No superior proposal**

In recent months, Argosy and its advisers have had discussions with a number of parties identified as having potential interest in a corporate transaction with Argosy and have considered a range of fundraising possibilities.

Having completed this process, your directors consider that the Baru Offer is an excellent outcome for Argosy Shareholders.

As at the date of this Target's Statement, your directors have not received any competing proposals, nor are they aware of any party with an intention to make such a proposal.

### **3.6. There are risks in not accepting the Offer**

If the Offer is unsuccessful and no other offer for Argosy emerges, there is a risk that the Argosy Share price would fall. Furthermore, if Argosy is unable to raise further capital, there is a possibility that it would not remain as a going concern and could become insolvent. There is a risk that acquisition of the graphite project would not proceed if financial commitments relating to the purchase agreements cannot be met.

If you do not accept the Offer and Baru closes the Offer before it receives acceptances resulting in it being entitled to at least 90% of all Argosy Shares, then you would remain a minority Argosy Shareholder. The possible implications of being a minority shareholder following closure of the Offer include:

- It is unlikely the Argosy Share price would include any takeover premium.
- The liquidity of Argosy Shares may be lower than at present.

For further information on the implications of Baru acquiring less than 90% (being the threshold in which a compulsory acquisition would be made) of all Argosy Shares, refer to Section 8.3 of this Target's Statement and Section 7.5 of the Bidder's Statement.

## 4. Frequently Asked Questions

This section answers some commonly asked questions about the Offer. It is not intended to address all relevant issues for Argosy Shareholders. This section should be read together with all other parts of this Target's Statement.

Question	Answer	Further Information
1. What is the Offer for my Shares?	Baru has made an offer of 1 Baru Share for every 1 Argosy Share held by you. The Offer is subject to the satisfaction or waiver of the conditions to the Offer.	Sections 7.2 and 7.3
2. What choices do I have as a Argosy Shareholder?	<p>As an Argosy Shareholder, you have the following choices in respect of your Argosy Shares:</p> <ul style="list-style-type: none"> <li>▪ accept the Offer;</li> <li>▪ sell your Argosy Shares (unless you have previously accepted the Offer and you have not validly withdrawn your acceptance); or</li> <li>▪ do nothing.</li> </ul> <p>There are several implications in relation to each of the above choices. A summary of these implications is set out in Section 9 of this Target's Statement.</p>	Section 9
3. What are the directors of Argosy recommending?	Your directors unanimously recommend that you accept the Offer, in the absence of a Superior Proposal.	Section 2
4. Why are the directors of Argosy recommending that I accept the Offer (in the absence of a Superior Proposal)?	<p>Section 3 of this Target's Statement sets out the reasons why your directors are recommending you accept the Offer, in the absence of a Superior Proposal.</p> <p>However, you are encouraged to read this Target's Statement in its entirety.</p>	Section 3
5. What do the directors of Argosy intend to do with any Argosy Shares that they hold?	Each of your directors has advised that he intends to accept the Offer in respect of any Argosy Shares that he, or his associates, hold, in the absence of a Superior Proposal.	Section 2.4
6. How do I accept the Offer?	Details of how to accept the Offer are set out in Section 1 of this Target's Statement.	Section 1
7. What happens if Baru increases the consideration payable under the offer?	If Baru increases the consideration payable under the Offer, you will obtain the benefit of that higher consideration even if you have already accepted the Offer.	Section 7.11

Question	Answer	Further Information
8. What are the conditions to the Offer?	<p>The outstanding conditions to the Offer, as at the date of this Target's Statement, are in summary:</p> <ul style="list-style-type: none"> <li>▪ Minimum Acceptance Condition- before the end of the Offer Period, Baru has a relevant interest (as defined in the Corporations Act) in at least 90% of Argosy Shares (by number). <b>Note that Baru have indicated this condition will be waived when acceptances reach 50.1%;</b></li> <li>▪ obtaining any approvals or consents required in respect of the change of control of Argosy as a result of the Offer;</li> <li>▪ no Prescribed Occurrence or Material Adverse Change (as defined in the Bid Implementation Agreement) occurs before the end of the Offer period;</li> <li>▪ all existing Argosy option holders, exercisable at 9.0 cents on or before 13 June 2017, agreeing to the separate option offer (being for replacement options on a like for like basis) from Baru;</li> <li>▪ the vendors of the graphite project in Namibia agreeing in writing to a variation of the consideration payable under transaction agreements so that any shares to be issued as consideration will be Baru shares.</li> </ul>	Section 7.3
9. What are the consequences of accepting the Offer now?	If you accept the Offer, unless withdrawal rights are available (see below), you will give up your right to sell your Argosy Shares on the ASX or otherwise deal with your Argosy Shares while the Offer remains open.	Section 7.8
10. If I accept the Offer, can I withdraw my acceptance?	You may only withdraw your acceptance if Baru varies the Offer in a way that postpones the time when Baru is required to satisfy its obligations by more than one month.	Section 7.9

Question	Answer	Further Information
11. Will I get any warning when the Minimum Acceptance Condition is about to be satisfied?	<p>No. You will need to monitor the acceptance levels yourself by checking the substantial holder notices lodged by Baru with the ASX during the Offer Period.</p> <p>Baru has indicated in its Bidder's Statement that it will give a Notice of Status of Conditions to the ASX and Argosy on 26 September 2013 unless the Offer Period is extended prior to that date.</p>	Section 7.4
12. Does satisfaction of the Minimum Acceptance Condition mean that I will definitely receive the Offer consideration if I accept?	<p>All conditions of the Offer must be satisfied or waived for the Offer to become unconditional and for the consideration under the Offer to be provided to you.</p> <p>Even if the Minimum Acceptance Condition is satisfied or waived, other conditions may still be unsatisfied, and satisfaction (or waiver) of those conditions may take some time or may not occur at all.</p>	Section 7.3
13. When does the Offer close?	<p>The Offer is presently scheduled to close at 5:00pm (Perth time) on 3 October 2013, but the Offer Period can be extended in certain circumstances.</p> <p>See Section 7.6 of this Target's Statement for details of the circumstances in which the Offer Period can be extended.</p>	Sections 7.5 and 7.6
14. What happens if the conditions of the Offer are not satisfied or waived?	<p>If the conditions are not satisfied or waived on or before the end of the Offer Period (or in the case of Prescribed Occurrences within 3 Business Days thereafter), the Offer will lapse, your Argosy Shares will not be transferred to Baru and you will not be provided with your consideration (even if you had accepted the Offer as your acceptance will be void). However, you would then be free to deal with your Argosy Shares.</p>	Section 7.12
15. When will I receive my consideration if I accept the Offer?	<p>If you accept the Offer, you will have to wait for the Offer to become unconditional before you will receive your consideration from Baru.</p> <p>In the usual case, you will be issued with your consideration on or before the later of:</p> <ul style="list-style-type: none"> <li>• one month after the date the Offer becomes unconditional; and</li> <li>• one month after the date you accept the Offer if the Offer is, at the time of acceptance, unconditional,</li> </ul> <p>but, in any event (assuming the Offer becomes unconditional), no later than 21 days after the end of the Offer Period.</p>	Section 7.10

Question	Answer	Further Information
16. What are the tax implications of accepting the Offer?	<p>A general outline of the tax implications of accepting the Offer is set out in Section 8 of the Bidder's Statement.</p> <p>As the outline is a general outline only, you are encouraged to seek your own specific professional advice as to the taxation implications applicable to your circumstances.</p>	Section 8 of the Bidder's Statement
17. Can I be forced to sell my Argosy Shares?	You cannot be forced to sell your Argosy Shares unless Baru acquires a relevant interest in at least 90% of all Argosy Shares by the end of the Offer Period, and proceeds to compulsory acquisition. If that happens, you will be forced to sell your Argosy Shares to Baru.	Section 7.13
18. What if I am a Foreign Shareholder?	<p>Foreign Shareholders will not be entitled to receive Baru Shares on accepting the Offer. Instead, if the Offer becomes unconditional, Foreign Shareholders who accept the Offer will receive the net cash sale proceeds of Baru Shares which they would otherwise have received.</p> <p>See Section 8.7 of the Target's Statement for further information.</p>	Section 8.7
19. Will I pay brokerage if I accept the Offer?	No. However, if your Argosy Shares are registered in a CHESS Holding, or if you are the beneficial owner whose Argosy Shares are registered in the name of a Broker, bank, custodian or other nominee, you should ask your Controlling Participant (usually your Broker) or nominee whether it will charge any transactional fees or service charges in connection with acceptance of the Offer.	Section 8.9
20. What happens if the Offer fails?	Assuming there is no other offer for Argosy, Argosy will remain a listed company on the ASX and your directors will continue to work to generate value for Argosy Shareholders.	N/A
21. Is there a number that I can call if I have further queries in relation to the Offer?	If you have any further queries in relation to the Offer, please contact Argosy on +61 (08) 9389 5803 between 9:00am and 5:00pm (Perth time) Monday to Friday.	N/A

## 5. Information About Argosy

### 5.1. Overview of Argosy

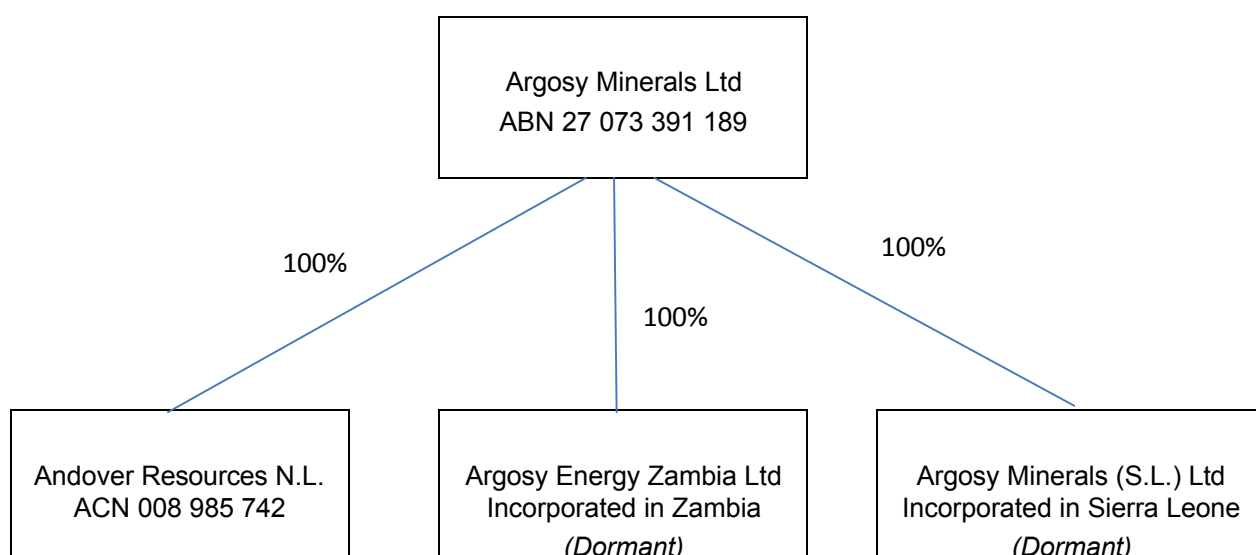
Argosy Minerals Limited (previously known as Argosy Minerals Inc.) was originally incorporated in Canada and the consolidated Argosy group was admitted to the Official List of the ASX on 3 April 1997. Argosy was incorporated in Australia as a public company on 24 December 2010 after being re-domiciled from Canada to Australia and Argosy Shares commenced trading on ASX on 1 March 2011.

Argosy's head office is located in Nedlands, Western Australia.

As at 5 July 2013, Argosy had a market capitalisation on ASX of approximately \$7.56 million. As at 30 June 2013, Argosy had net cash holdings of \$410,000.

A list of announcements made by Argosy to ASX between the date of lodgement with ASIC of its annual accounts for the year ended 31 December 2012 and the date before lodgement of the Bidder's Statement with ASIC is in Annexure C to the Bidder's Statement.

### 5.2. Corporate structure





### 5.3. Argosy board of directors

As at the date of this Bidder's Statement, the directors of Argosy are:

- (a) Philip Thick – Non-Executive Chairman
- (b) Peter Lloyd – Managing Director
- (c) Danie van den Bergh – Non-Executive Director

### 5.4. Information about Argosy securities

As at the date of this Target's Statement, Argosy's issued securities consisted of the securities set out in the following table:

Class of security	Number
Argosy Shares	126,029,105
Argosy Options (unlisted) exercisable at \$0.09 on or before 13 June 2017	12,500,000

**Notes:**

Argosy Shares are listed on ASX. Argosy Options are unlisted and cannot be traded on ASX.

### 5.5. Overview of Argosy's activities and projects

Argosy's business strategy is the acquisition, incubation and exploration of minerals in Africa.

Argosy has interests in mining tenements for the exploration of graphite in Namibia, Africa after it recently signed two agreements to acquire 100% of the share capital of Namibian incorporated companies that will hold the Exclusive Prospecting Licenses.

Completion of the acquisition of the Exclusive Prospecting Licenses is subject to regulatory approvals for the transfer of the mining tenements, the actual transfer of the mining tenements, and payment of cash and issue of shares to vendors

The projects cover a total area of approximately 95,000 hectares of highly prospective exploration ground, and are located very close to road, rail, electricity and water. They are about 200 kilometres from the port of Walvis Bay and 350 kilometres from the capital Windhoek.

### 5.6. Publicly available information about Argosy

Argosy is a listed disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Argosy is subject to the ASX Listing Rules which require continuous disclosure of any information Argosy has concerning itself that a reasonable person would expect to have a material effect on the price or value of its securities.

Argosy is also required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Argosy may be obtained from, or inspected at, an ASIC office.

The most recent audited financial statements of Argosy for the year ended 31 December 2012 were lodged with ASX on 27 March 2013.

### 5.7. Further information

Further information regarding Argosy can be obtained from Argosy's website: [www.argosyminerals.com.au](http://www.argosyminerals.com.au)

## 6. Information About Baru

### 6.1. Disclaimer

This overview of Baru and all financial information concerning Baru contained in this Target's Statement has been prepared by the Company using publicly available information.

The information in this Target's Statement concerning Baru has not been independently verified. The Company does not, subject to any applicable laws, make any representation or warranty, express or implied, as to the accuracy or completeness of this information. The information on Baru is not considered to be comprehensive.

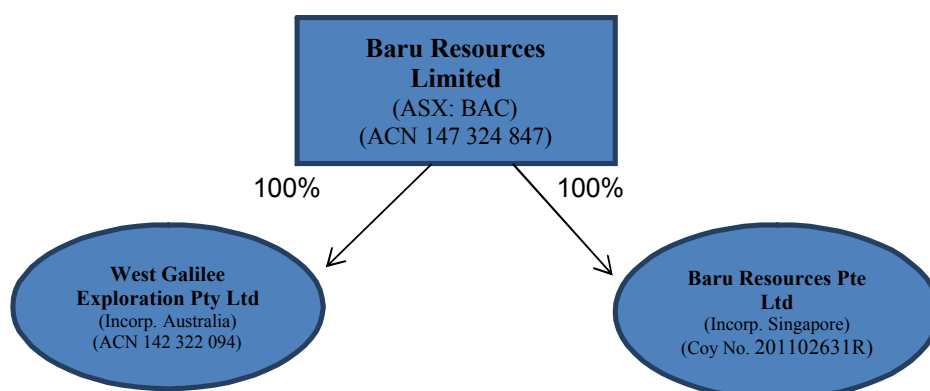
### 6.2. Overview of Baru

Baru was incorporated as a public company on 23 November 2010 and was admitted to the Official List of ASX on 22 September 2011.

Since its incorporation, Baru has explored several coal, gold and base metals projects.

As at 5 July 2013, Baru had 428 Shareholders and a market capitalisation of approximately \$2.24 million.

The corporate structure of Baru is shown in the diagram below.



### 6.3. Directors and key personnel of Baru

A brief summary of the Baru Board and key personnel, as at the date of this Target's Statement, is set out below.

#### **Mr Kevin Nichol – Executive Director (appointed 23 November 2010)**

After finishing his honours thesis in the energy sector, Kevin worked as a financial analyst for the late Kerry Packer's private company, Consolidated Press Holdings Pty Ltd (now Consolidated Media Ltd).

In the mid 1980s he joined Norths Stockbrokers, where he learnt his trade in the marketplace as an adviser. Kevin also spent several years on the trading floor of the Sydney Futures Exchange and traded commodities as well as interest-rate futures for several banking houses.

In recent times, Kevin has been involved in raising funds for several mining floats, as well as associated corporate advisory roles in other listed companies. In November 2011 he left his latest role as founding Executive Chairman of listed Victorian Gold Mines Limited (now Celamin Holdings Limited).

Kevin has been involved in corporate, institutional and private client advisory roles as well as research for several broking and investment houses during the past 25 years. He is widely experienced in the equities market with substantial capital raising experience, in particular in the resource sector. He brings to the Board many years of market knowledge.

**Mr Peter Avery – Non-Executive Chairman (appointed 23 November 2010)**

Peter Avery has over 21 years professional experience within the stockbroking industry. During the previous 11 years, Peter has held a senior role as a private client adviser at Perth broking firm, DJ Carmichael (**DJC**). Prior to joining DJC, Peter developed specialist skills as an equity adviser at Todd Partners managing client portfolios. Peter's industry experience includes extensive capital raisings within the resource and mining sectors and he holds a Diploma of Financial Planning from Deakin University.

**Mr Ian Lovett – Non-Executive Director (appointed 2 July 2013)**

Since leaving the University of Newcastle in 1975 with a degree in Commerce, Ian has been involved in the reporting, promoting and marketing of junior resource stocks.

From 1975 through to 2005 he worked as a financial journalist with a long list of titles including the Sydney Morning Herald, the Financial Times, The Australian, The South China Morning Post and the Daily Telegraph. Ian's work was also syndicated across News Limited publications. In addition, he provided most of the material for Hot Line, a telephone share tipping service which specialised in junior miners in the 1980s and 1990s.

In 2005 he left News Limited and worked in a freelance capacity, assisting junior miners to raise capital, list assets and help them to promote their projects to the wider investment community. Ian's extensive journalist, stockbroking and investment banking contacts proved invaluable in this role and some of his clients included Central West, Morning Star Gold, Silver Mines, Bowen Energy, Norton Gold, and many more.

**Ms Melanie Leydin – Company Secretary (appointed 6 July 2012)**

Melanie Leydin has 20 years experience in the accounting profession and is a director and company secretary for a number of oil and gas, junior mining and exploration entities listed on the Australian Stock Exchange. She is a Chartered Accountant and is a Registered Company Auditor. She Graduated from Swinburne University in 1997, became a Chartered Accountant in 1999 and since February 2000 has been the principal of chartered accounting firm, Leydin Freyer, specialising in outsourced company secretarial and financial duties for resources and biotechnology sectors.

#### **6.4. Overview of Baru's activities**

This Section 6.4 contains a summary of Baru's activities. Further information on Baru can be obtained from Baru's website ([www.baru.com.au](http://www.baru.com.au)).

Baru is an Australian public company that is focused on the identification and development of gold mineral projects including coal. Baru holds a granted lease in a thermal coal project area in Queensland. Baru has an agreement to acquire gold and copper applications in Myanmar following their grant.

Baru's total Queensland project area comprises 4 tenements (1 granted Coal Exploration Permit and 3 Coal Exploration Permit Applications) covering a total of approximately 3,241 square km located in Queensland.

Baru's objective is to:

- realise value for its shareholders through exploration success within these projects; and
- find an economic resource through the application of rigorous, methodical and multidisciplinary exploration processes.

Baru continues to look for opportunities to secure additional land holdings through incremental tenement applications or third party opportunities that can add to the prospectivity of its current portfolio of projects.

Further details on Baru's projects are contained in Section 3.4 of the Bidder's Statement.

#### **6.5. Publicly available information about Baru**

Baru is a listed disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Baru is subject to the ASX Listing Rules which require continuous disclosure of any information Baru has concerning itself that a reasonable person would expect to have a material effect on the price or value of its securities.

Baru is also required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Baru may be obtained from, or inspected at, an ASIC office.

Further information regarding Baru can be obtained from Baru's website: [www.baru.com.au](http://www.baru.com.au).

## **7. Key Features of the Offer**

### **7.1. Baru's Offer**

Baru announced its intention to make its takeover bid for Argosy on 2 July 2013 following the execution of a Bid Implementation Agreement dated 1 July 2013. The terms of the Offer are contained in Annexure A of the Bidder's Statement.

The Offer is open for acceptance until 5:00pm (Perth time) on 3 October 2013, unless it is extended or withdrawn (Sections 7.6 and 7.7 of this Target's Statement describe the circumstances in which Baru can extend or withdraw its Offer).

### **7.2. Consideration payable to shareholders who accept the Offer**

The consideration being offered by Baru is 1 Baru Share for every 1 Argosy Share.

### **7.3. Conditions to the Offer**

The Offer is subject to a number of conditions. Those conditions are set out in full in Annexure A of the Bidder's Statement and replicated below.

(i) Minimum acceptance

Baru obtaining a relevant interest in more than 90% (by number) of the sum of the Argosy Shares on issue on or before the end of the Offer Period.

(Note that Baru will waive this condition upon acceptances reaching 50.1% - refer to Page 1 of the Bidder's Statement).

(ii) Regulatory approvals

All Regulatory Approvals being obtained and before the end of the Offer Period:

- there is not in effect any preliminary or final decision, order or decree issued by a Government Agency;
- no action or investigation is instituted by any Government Agency; and
- no application is made to any Government Agency (other than by Baru) or commenced by a Government Agency,

in consequence of, or in connection with, the Offer (other than an application to, or a decision or order of, ASIC or the Takeovers Panel under, or relating to a breach of, Chapter 6, 6A, 6B or 6C of the Corporations Act or relating to unacceptable circumstances within the meaning of section 657A of the Corporations Act), which restrains, prohibits or impedes or otherwise materially adversely impacts upon, the making of the Offer or the rights of Baru in respect of its capacity as a shareholder in respect of Argosy and the Shares to be acquired under the Offer or otherwise, or seeks to require the divestiture by Baru of any Shares, or the divestiture of any assets of Argosy or by any Subsidiary of Argosy.

(iii) Change in control by contract

There being no existing agreements or arrangements under which other parties have rights to terminate or vary a material agreement or arrangement with Argosy, or acquire a material interest in Argosy or a substantial interest in Argosy Shares in Argosy, as a result of Baru's acquisition of Argosy Shares, except where a waiver has been given.

(iv) Change in control consent

Any approvals or consents required to the change in control of Argosy as a result of the Offer, being obtained.

(v) Material Adverse Change and Prescribed Occurrence

There being no Prescribed Occurrence or Material Adverse Change between 1 July 2013 and the end of the Offer Period (each inclusive).

(vi) No material failure in filings

Baru not becoming aware that a document filed by Argosy contains a materially incorrect or misleading statement or has a material omission and, to the extent that the statement is capable of remedy, the statement is not remedied by Argosy within five Business Days of it receiving notice from Baru or the ASX of the details of the statement or omission.

(vii) Option Offer

All Argosy Option holders accepting an Option Offer in relation to their Argosy Options and the offers pursuant to each Option Offer becoming unconditional (including grant by the ASX of a waiver of Listing Rule 6.23.2) save and except for any conditions of the Option Offers that relate to the Offer.

(viii) Variation of consideration payable for Namibian Projects

The vendors of the Namibian projects agreeing in writing to a variation of the consideration payable in respect of Argosy's proposed acquisition of the Namibian projects such that any Shares to be issued as consideration will be the equivalent number of Bidder Shares.

(ix) Access to Information

Between the Announcement Date and the end of the Offer Period, Argosy promptly, and in any event within two Business Days, providing to Baru a copy of all material information which Baru may from time to time reasonably request, whether or not generally available (within the meaning of section 1042C of the Corporations Act) relating to Argosy or any of its Subsidiaries, or their respective assets, liabilities or operations.

(x) No material litigation

There is no litigation, claim, action or proceeding pending or in progress or threatened against or relating to Argosy or any of its Subsidiaries during the Offer Period that does, or is likely to, constitute a material adverse change.

#### **7.4. Notice of Status of Conditions**

The terms of the Offer set out in Annexure A of the Bidder's Statement, indicates that Baru will give a Notice of Status of Conditions to the ASX and Argosy on 26 September 2013.

Baru is required to set out in its Notice of Status of Conditions:

- whether the Offer is free of any or all of the conditions;
- whether, so far as Baru knows, any of the conditions have been fulfilled; and

- Baru's voting power in Argosy.

If the Offer Period is extended before the time by which the Notice of Status of Conditions is to be given, the date for giving the Notice of Status of Conditions will be taken to be postponed for the same period.

In the event of such an extension, Baru is required, as soon as practicable after the extension, to give a notice to the ASX and Argosy that states the new date for the giving of the Notice of Status of Conditions.

If a condition is fulfilled (so that the Offer becomes free of that condition) during the Offer Period, but before the date on which the Notice of Status of Conditions is required to be given, Baru must, as soon as practicable, give the ASX and Argosy a notice that states that the particular condition has been fulfilled.

#### **7.5. Offer Period**

Unless the Offer is extended or withdrawn, it is open for acceptance from 2 September 2013 until 5:00pm (Perth time) on 3 October 2013.

The circumstances in which Baru may extend or withdraw the Offer are set out in Sections 7.6 and 7.7 respectively of this Target's Statement.

#### **7.6. Extension of the Offer Period**

Baru may extend the Offer Period at any time before giving the Notice of Status of Conditions (referred to in Section 7.4 in this Target's Statement) while the Offer is subject to conditions. However, if the Offer is unconditional (that is, all the conditions are fulfilled or waived), Baru may extend the Offer Period at any time before the end of the Offer Period.

In addition, there will be an automatic extension of the Offer Period if, within the last 7 days of the Offer Period:

- Baru improves the consideration offered under the Offer; or
- Baru's voting power in Argosy increases to more than 50%.

If either of these 2 events occurs, the Offer Period is automatically extended so that it ends 14 days after the relevant event occurs.

#### **7.7. Withdrawal of Offer**

Baru may not withdraw the Offer if you have already accepted it. Before you accept the Offer, Baru may withdraw the Offer with the written consent of ASIC and subject to the conditions (if any) specified in such consent.

#### **7.8. Effect of Acceptance**

The effect of acceptance of the Offer is set out in Section 13 of the terms of the Offer set out in Annexure A of the Bidder's Statement. You should read these provisions in full to understand the effect that acceptance will have on your ability to exercise the rights attaching to your Argosy Shares and the things which you are deemed to have done by accepting of the Offer.

You should note that, if you accept the Offer, unless you are able to withdraw your acceptance in the circumstances described in Section 7.9 of this Target's Statement, you will forgo the opportunity to benefit from any competing proposal (including any

Superior Proposal) which may be put forward by another party, unless the Offer does not become unconditional at the end of the Offer Period and the competing proposal remains open for acceptance. As at the date of this Target's Statement, your directors are not aware of any competing proposal.

You should also note that, if you accept the Offer, you will be deemed to have irrevocably appointed Baru or any nominee of Baru as your attorney to exercise all your powers and rights attaching to your Argosy Shares, including (but not limited to) the right to attend and vote at general meetings of Argosy on your behalf, from the time of acceptance to the earlier of:

- the Offer becoming unconditional;
- the withdrawal of your acceptance in the manner described in Section 7.9 of this Target's Statement; and
- the end of the Offer Period.

In particular, if you accept the Offer prior to a general meeting held prior to the earliest of the dates listed above, Baru will be entitled to vote in respect of your Argosy Shares on any proposal which competes with the Offer and requires the approval of Argosy Shareholders.

It is therefore possible that Baru could vote against any competing proposal in respect of your Argosy Shares, possibly resulting in the competing proposal being rejected by Argosy Shareholders. If subsequently Baru is not successful in completing the acquisition of your Argosy Shares under the Offer, and Baru has voted down all competing proposals, you will remain an Argosy Shareholder.

The above attorney right is in addition to the usual attorney rights conferred on a bidder by a shareholder accepting an offer under a takeover bid, which apply from the time when an offer becomes wholly unconditional. You should be aware that these attorney rights will not be limited to resolutions relating to, or affecting, the Offer.

#### **7.9. Your ability to withdraw your acceptance**

You only have limited rights to withdraw your acceptance of the Offer.

You may only withdraw your acceptance of the Offer if Baru varies the Offer in a way that postpones, for more than one month, the time when Baru needs to meet its obligations under the Offer. This will occur if Baru extends the Offer Period by more than one month and the Offer is still subject to conditions.

#### **7.10. When you will receive your consideration if you accept the Offer**

In the usual case, you will be issued your consideration on or before the later of:

- one month after the date the Offer becomes unconditional; and
- one month after the date you accept the Offer if the Offer is, at the time of acceptance, unconditional, but, in any event (assuming the Offer becomes unconditional), no later than 21 days after the end of the Offer Period.

However, there are certain exceptions to the above timetable for the payment of consideration to Foreign Shareholders or where additional documents are required to be given with your acceptance (such as a power of attorney).

Section 14 of the terms of the Offer set out in Annexure A of the Bidder's Statement sets out full details of when you will be issued with your consideration.



### **7.11. Effect of an improvement in consideration on shareholders who have already accepted the Offer**

If Baru improves the consideration offered under the Offer, all Argosy Shareholders who accept the Offer, whether or not they have accepted the Offer before that improvement, will be entitled to the benefit of that improved consideration.

### **7.12. Lapse of Offer**

The Offer will lapse if the Offer conditions are not satisfied or waived by Baru by the end of the Offer Period or in the case of Prescribed Occurrences within 3 Business Days after the end of the Offer Period, in which case, all contracts resulting from acceptance of the Offer and all acceptances that have not resulted in binding contracts are void. In that situation, you will be free to deal with your Argosy Shares as you see fit.

### **7.13. Compulsory acquisition**

Baru has indicated in section 7.4 of the Bidder's Statement that if it satisfies the required 90% threshold it intends to compulsorily acquire any outstanding Argosy Shares. Argosy Shareholders should read these sections in full to understand the compulsory acquisition rights Baru may acquire under the Corporations Act and, if it acquires them, how Baru intends to exercise them.

## **8. Other Important Matters**

### **8.1. Baru's intentions with respect to the Offer and Argosy**

Baru has indicated its intentions in relation to the Offer and the business of Argosy generally in Section 7.4 of the Bidder's Statement.

### **8.2. Argosy Options**

There are currently 12,500,000 unlisted Argosy options on issue, exercisable on or before 13 June 2017 at 9 cents each. It is a condition of the Offer that Argosy option holders agree to accept replacement options in Baru on a like for like basis.

### **8.3. Minority ownership consequences**

The Offer is presently subject to a minimum acceptance condition (refer Section 7.3 of this Target's Statement). Baru has the right to waive the minimum acceptance condition and has indicated it will do so upon acceptances reaching 50.1%. If Baru acquires more than 50% but less than 90% of the Argosy Shares under the Offer, Baru will acquire a majority shareholding in Argosy. In that situation Argosy Shareholders who do not accept the Offer will remain as minority shareholders in Argosy. This has a number of possible implications, including:

- Baru will be in a position to cast the majority of votes at a general meeting of Argosy. This will enable it to control the composition of the Board and senior management, determine Argosy's dividend policy and control the strategic direction of the businesses of Argosy and its subsidiaries;
- the Argosy Share price may fall immediately following the end of the Offer Period and it is unlikely that the Argosy Share price will contain any takeover premium;
- the liquidity of Argosy Shares may be lower than at present;
- if the number of Argosy Shareholders is less than that required by the ASX Listing Rules to maintain an ASX listing then Baru may seek to have Argosy removed from the official list of the ASX. If this occurs, Argosy Shares will not be able to be bought or sold on the ASX;
- if Baru acquires 75% or more of the Argosy Shares it will be able to ensure the passing of special resolutions of Argosy at general meetings. This will enable Baru to, among other things, change Argosy's constitution; and
- transactions between Baru and Argosy will be subject to the related party provisions of Chapter 2E of the Corporations Act and ASX Listing Rule 10.1 and, as a consequence, shareholder approval from the Argosy minority shareholders may need to be obtained in respect of such transactions.

### **8.4. Argosy Share price absent the Offer**

While there are many factors that influence the market price of Argosy Shares, your directors anticipate that, following the close of the Offer, the market price of Argosy Shares may fall if the Offer does not become unconditional or the Offer becomes unconditional but Baru acquires less than 90% of Argosy Shares.

## **8.5. Other alternatives to the Offer**

As at the date of this Target's Statement, your directors are not aware of any alternatives to the Offer. Your directors will keep Argosy Shareholders informed in a timely manner should any material developments occur in this regard.

## **8.6. Taxation consequences of a change in control in Argosy**

The taxation consequences of accepting the Offer depend on a number of factors and will vary depending on your particular circumstances. A general outline of the Australian taxation considerations of accepting the Offer are set out in Section 8 of the Bidder's Statement.

You should carefully read and consider the taxation consequences of accepting the Offer. The outline provided in the Bidder's Statement is of a general nature only and you should seek your own specific professional advice as to the taxation implications applicable to your circumstances.

## **8.7. Treatment of Foreign Shareholders**

If you are a Foreign Shareholder, you will not be entitled to receive Baru Shares as consideration for your Argosy Shares, unless Baru determines that:

- it is lawful and not unduly onerous or impracticable to make the Offer to you and issue you with Baru Shares on acceptance of the Offer; and
- it is not unlawful for you to accept the Offer by the law of the relevant place outside Australia, its external territories or New Zealand.

Instead, the relevant Baru Shares which would otherwise be issued to Foreign Shareholders will be allotted to a nominee approved by ASIC who will sell the Baru Shares and will distribute to each of those Foreign Shareholders their proportion of the proceeds of sale net of expenses.

See Section 8 of Annexure A of the Bidder's Statement for further information.

## **8.8. No brokerage payable**

Unless you are a Foreign Shareholder (see Section 8.7 of this Target's Statement), you will not be required to pay brokerage or any other costs in relation to the sale of your Argosy Shares under the Offer. However, if your Argosy Shares are registered in a CHESS Holding, or if you are a beneficial owner whose Argosy Shares are registered in the name of a Broker, bank, custodian, or other nominee, you should ask your Controlling Participant (usually your Broker) or nominee whether it will charge any transactional fees or service charges in connection with acceptance of the Offer.

## **8.9. Risk factors in investing in Baru Shares**

If you accept the Offer, unless withdrawal rights are available and you exercise them (refer to Section 7.9 of this Target's Statement), you will become a shareholder in Baru if the Offer becomes unconditional. Section 9 of the Bidder's Statement outlines the risks that you may face when investing in Baru Shares. If you require further information regarding such risks in order to make a decision as to whether or not to accept the Offer, you should consult your legal, taxation, accounting or other professional advisers.

## **8.10. Risk factors in continuing to hold Argosy Shares**

There are various risks associated with continuing to hold Argosy Shares that you should be aware of before deciding whether or not to accept the Offer. A summary of some of those risks is set out below. They are not exhaustive and are relevant to Argosy Shareholders as at the date of this Target's Statement and will continue to be relevant to Argosy Shareholders who remain Argosy Shareholders following completion of the takeover by Baru. However, you should note that many of these risks are similar to the risks you may face when investing in Baru Shares as outlined in Section 8.10 of this Target's Statement and Section 9 of the Bidder's Statement.

In addition, if you do not accept the Offer during the Offer Period (and the Offer becomes unconditional), you may remain as a minority Argosy Shareholder. Section 8.3 of this Target's Statement sets out a summary of some of the risks associated with being a minority shareholder in Argosy.

If the Offer is unsuccessful, there is a risk that the market price of Argosy Shares may fall (as noted in Section 8.4 of this Target's Statement).

You should have regard to your own personal investment objectives and financial circumstances, and should consult your professional advisers, before deciding whether or not to accept the Offer.

## **8.11. General risks**

### **General and industry risks**

#### **(i) Title Risk**

Argosy cannot give any assurance that title to such tenements will not be challenged or impugned. The tenements which comprise the Argosy projects may be subject to prior unregistered agreements or transfers or title may be affected by undetected defects or indigenous claims.

#### **(ii) Reliance on Key Management**

The responsibility of overseeing the day-to-day operations and the strategic management of Argosy depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on Argosy if one or more of these employees cease their employment.

#### **(iii) Competition Risk**

The industry in which Argosy will be involved if it successfully develops its projects is subject to domestic and global competition. Although Argosy will undertake all reasonable due diligence in its business decisions and operations, Argosy will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of Argosy's projects and business.

#### **(iv) Economic, Taxation and Insurance Risk**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on Argosy's exploration, development and production activities, as well as on its ability to fund those activities.

Further, share market conditions may affect the value of Argosy's quoted securities regardless of Argosy's operating performance. Share market conditions

are affected by many factors such as general economic outlook, interest rates and inflation rates, currency fluctuations, changes in investor sentiment toward particular market sectors, the demand for, and supply of, capital, and terrorism or other hostilities.

In addition, future changes in taxation law in Australia and other jurisdictions (including Namibia) may affect taxation treatment of an investment in Argosy, or the holding or disposal of Argosy Shares or the way in which Argosy operates. This may impact Argosy's future tax liabilities and may affect Argosy's ability to provide returns to shareholders and/or alter the post-tax returns to shareholders.

(v) Insurance

Argosy intends to insure its operations in accordance with industry practice. However, in certain circumstances, Argosy's insurance may not be of a nature or level to provide adequate insurance cover.

(vi) Regulatory Risk

Argosy's mining operations are subject to extensive laws and regulations relating to numerous matters including resource licence consent, conditions including environmental compliance and rehabilitation, taxation, employee relations, health and worker safety, waste disposal, protection of the environment, native title and heritage matters, protection of endangered and protected species and other matters. Argosy requires permits from regulatory authorities to authorise Argosy's operations. These permits may relate to exploration, development, production and rehabilitation activities.

Obtaining necessary permits can be a time consuming process and there is a risk that the Company will not obtain these permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could materially delay or restrict Argosy from proceeding with the development of a project or the operation or further development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in material fines, penalties or other liabilities. In extreme cases, failure could result in suspension of Argosy's activities or forfeiture of one or more of Argosy's projects.

(vii) Force Majeure

The Argosy projects now or in the future may be adversely affected by risks outside the control of Argosy including labour unrest, civil disorder, war, subversive activities or sabotage, extreme weather conditions, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

(viii) Litigation Risks

Argosy is exposed to possible litigation risks including native title claims, tenure disputes, environmental claims, occupational health and safety claims and employee claims. Further, Argosy may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on Argosy's operations, financial performance and financial position. Argosy is not currently engaged in any litigation.

## Specific risks relating to Argosy

### (i) Additional Requirements for Capital

Argosy will be required to raise additional funds in the future in the event exploration costs exceed Argosy's estimates and to effectively implement its business and operations plans in the future, to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which Argosy may incur.

Argosy may seek to raise further funds through equity or debt financing, joint ventures, production sharing arrangements or other means. Failure to obtain sufficient financing for Argosy's activities and future projects may result in delay and indefinite postponement of exploration, development or production on Argosy's properties, including the Namibian Project, or even loss of a property interest. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to Argosy and might involve substantial dilution to Shareholders.

Further, Argosy, in the ordinary course of its operations and developments, is required to issue financial assurances, particularly insurances and bond/bank guarantee instruments to secure statutory and environmental performance undertakings and commercial arrangements. Argosy's ability to provide such assurances is subject to external financial and credit market assessment, and its own financial position.

Loan agreements and other financing rearrangements such as debt facilities, convertible note issues and finance leases (and any related guarantee and security) that may be entered into by Argosy may contain covenants, undertakings and other provisions which, if breached, may entitle lenders to accelerate repayment of loans and there is no assurance that Argosy would be able to repay such loans in the event of an acceleration. Enforcement of any security granted by Argosy or default under a finance lease could also result in the loss of assets.

### (ii) Exploration Success

The Argosy projects are at early stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that exploration of the Argosy projects, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of Argosy may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of Argosy.

In the event that exploration programmes prove to be unsuccessful this could lead to a diminution in the value of the Argosy projects, a reduction in the cash reserves of Argosy and possible relinquishment of the tenements which comprise the Argosy projects.

The exploration costs of Argosy are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly,

no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect Argosy's viability.

(iii) Development and Production Risks

The development and operation of any mine by Argosy within the Argosy projects may be affected by various factors, including failure to achieve predicted grades in exploration and mining; failure to obtain or maintain any necessary regulatory approvals, operational and technical difficulties encountered in mining; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; unanticipated metallurgical problems which may affect extraction costs; adverse weather conditions; industrial and environmental accidents; industrial disputes; and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

(iv) Extraterritorial Risks

Argosy has interests in assets overseas and in that respect such assets are subject to risks particular to their extraterritoriality such as changes in laws, practices and policies in the relevant jurisdictions, including laws that deal with overseas investors. In particular, logistical difficulties may arise due to the assets being located overseas including the incurring of additional costs with respect to overseeing and managing the same, including costs associated with taking advice in relation to the application of local laws as well as the cost of establishing a local presence in that jurisdiction and/or infrastructure as necessary. Fluctuations in the currency of the relevant jurisdiction may also affect the dealings and operations of Argosy in such jurisdiction.

(v) Commodity Price Volatility and Exchange Rate Risks

If Argosy achieves success leading to mineral production in respect of any of the Argosy projects, the revenue it will derive through the sale of commodities exposes the potential income of Argosy to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of Argosy. Such factors include general world economic activity, world demand, supply and demand fluctuations for precious and base metals, forward selling activities, gold reserve movements at central banks, costs of production by gold and other base metals producers, inflationary expectations, interest rates and other macro-economic and political factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

(vi) Trading Price of Argosy Shares

Argosy's credit quality, operating results, economic and financial prospects and other factors will affect the trading price of the Argosy Shares. In addition, the price of Argosy Shares is subject to varied and often unpredictable influences on the market for equities, including, but not limited to general economic conditions including the Australian dollar and United States dollar performance on world markets, commodity price fluctuations, fluctuations in the global market for gold and other base metals, inflation rates, foreign exchange rates and interest rates, variations in the general market for listed stocks in general or Australian mining stocks in particular, changes to government policy, legislation or regulation, industrial disputes, general operational and business risks and hedging or arbitrage trading activity that may develop involving the Argosy Shares.

In particular, the share prices for many companies have been and may in the future be highly volatile, which in many cases may reflect a diverse range of non-company specific influences such as global hostilities and tensions relating to certain unstable regions of the world, acts of terrorism and the general state of the global economy. No assurances can be made that Argosy's market performance will not be adversely affected by any such market fluctuations or factors.

(vii) Tenure and Access

Mining and exploration permits are subject to periodic renewal. There is no guarantee that current or future permits or future applications for production concessions will be approved. Permits are subject to numerous legislation conditions. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of Argosy.

Furthermore, if a permit is not renewed or granted, the Merged Entity may suffer significant damage through loss of the opportunity to develop and discover any mineral resources on that permit.

Argosy permits may also be subject to access by third parties including, but not limited to, indigenous people. This access could potentially impact Argosy's activities and/or may involve payment of compensation to parties whose existing access to the land may be affected by Argosy's activities.

(viii) Namibian Project

Completion of the acquisition of the Namibian project is subject to regulatory approvals for the transfer of the mining tenements, the actual transfer of the mining tenements, and payment of cash and issue of shares to vendors.



## **9. Your Choices as a Argosy Shareholder**

The choices that are available to you as Argosy Shareholders are set out below. Your directors encourage you to consider your personal risk profile, investment strategy, tax position and financial circumstances before making any decision in relation to your Argosy Shares.

### **9.1. Accept the Offer**

Your directors recommend, in the absence of a Superior Proposal, that all Argosy Shareholders accept the Baru Offer and note that they intend to accept the Offer in respect of the Argosy Shares they, or their associates, hold, which represent approximately 16% in aggregate of all Argosy Shares.

The consequences of accepting the Offer are described in Section 7.8 of this Target's Statement. In particular, if you accept the Offer:

- you will receive 1 Baru Share for every 1 of your Argosy Shares;
- you will not incur any brokerage charges (except if you are a Foreign Shareholder - refer to Section 8.7 of this Target's Statement); and
- you will not be able to sell your Argosy Shares to anyone else, either on the ASX or by accepting any competing proposal (including a Superior Proposal) that might emerge, unless either the Offer does not become unconditional or you are able to withdraw your acceptance in the circumstances described in Section 7.9 of this Target's Statement.

The taxation implications of accepting the Offer depend on a number of factors and will vary according to your particular circumstances. A general outline of the Australian tax consequences of accepting the Offer is set out in Section 8 of the Bidder's Statement. You should seek your own specific professional advice as to the taxation implications applicable to your circumstances.

Details of how to accept the Offer are set out in Section 1 of this Target's Statement.

### **9.2. Reject the Offer**

If you do not wish to accept the Offer and wish to retain your Argosy Shares, no action is required.

However, if you do not accept the Offer and Baru becomes entitled to compulsorily acquire your Argosy Shares under the Corporations Act, you may be provided with your consideration later than Argosy Shareholders who chose to accept the Offer.

Baru has stated in its Bidder's Statement that if it becomes entitled to 90% of all Argosy Shares it intends to progress to compulsory acquisition. Further details on compulsory acquisition are provided in Section 7.13 of this Target's Statement.

If the Offer becomes unconditional, but Baru does not become entitled to compulsorily acquire your Argosy Shares, you will be a minority shareholder in Argosy. Some of the implications of becoming a minority Argosy Shareholder are described in Section 8.3 of this Target's Statement.

### **9.3. Sell your Argosy Shares on the ASX**

You may decide to sell your Argosy Shares for cash on the ASX, provided you have not accepted the Offer. If you do sell your Argosy Shares on the ASX:

- you will receive cash payment based on the price at which you sell your Argosy Shares on the ASX and will not be able to accept the Offer or any other proposal that may emerge; and
- depending on the sale price achieved and brokerage charges incurred you may receive more or less for your Argosy Shares than the value of the 1 Baru Share which is being offered under the Offer for each Argosy Share.

The taxation implications of selling your Argosy Shares on the ASX depend on a number of factors and will vary according to your particular circumstances.

You should seek your own specific professional advice regarding the taxation consequences for you of selling your Argosy Shares on the ASX relative to accepting the Offer.

## 10. Information Relating to Your Directors

### 10.1. Interests of directors in Argosy Shares

#### Interests in Argosy Shares and Argosy Options

As at the date of this Target's Statement, your directors had relevant interests in the number of Argosy Shares and Argosy Options set out in the table below.

Director	Number of Shares	Number of Options
Philip Thick	2,790,000	1,000,000
Peter Lloyd	17,951,161	7,500,000
Danie van den Bergh	Nil	4,000,000

Note that the options are unlisted, and are exercisable on or before 13 June 2017 at 9 cents.

#### Dealings by Directors in Argosy Shares

As at the date of this Target's Statement, none of your directors have acquired or disposed of a relevant interest in any Argosy Shares or Argosy Options in the 4 month period ending on the date immediately before the date of this Target's Statement, other than the issue of options on 13 June 2013, which was approved by shareholders at Argosy's Annual General Meeting held on 31 May 2013.

### 10.2. Interest and dealings in Baru Shares

As at the date of this Target's Statement:

- neither Argosy, nor any of your directors, have a relevant interest in any Baru Shares or the shares of any related body corporate of Baru and
- there have been no acquisitions or disposals of Baru Shares by any of your directors in the 4 months ending on the date of this Target's Statement.

### 10.3. Benefits and agreements

#### Benefits in connection with retirement from office

As a result of the Offer, no person has been or will be given any benefit (other than a benefit which can be given without member approval under the Corporations Act) in connection with the retirement of that person, or someone else, from a board or managerial office of Argosy or Related Body Corporate of Argosy.

**Agreements connected with or conditional on the Offer**

Other than as disclosed in Section 10.3 of this Target's Statement and as disclosed below, there are no agreements made between any of your directors and any other person in connection with, or conditional upon, the outcome of the Offer, other than in their capacity as a holder of Argosy Shares or Argosy Options.

**Benefits from Baru**

None of your directors have agreed to receive, or are entitled to receive any benefit from Baru which is conditional on, or related to, the Offer, other than in their capacity as a holder of Argosy Shares or Argosy Options.

**Interests of Directors in contracts with Baru**

None of your directors have any interest in any contract entered into by Baru.

## **11. Additional Information**

### **11.1. Effect of the takeover on Argosy's material contracts**

To the best of Argosy's knowledge, none of the material contracts to which Argosy is a party contain change of control provisions which may be triggered as a result of, or as a result of acceptances of, the Offer.

However, it is a condition of the Offer that Argosy obtain from the vendors of the Namibian graphite project the subject of the Namibian transaction agreement in writing to a variation of the consideration payable in respect of the Namibian transaction such that any shares to be issued as consideration will be the equivalent number of Baru shares.

### **11.2. Material litigation**

Your directors do not believe that Argosy is involved in any ongoing litigation which is material in the context of Argosy and its subsidiaries taken as a whole.

### **11.3. Bid Implementation Agreement**

On 1 July 2013, Argosy and Baru entered into the Bid Implementation Agreement in relation to the Offer by Baru for all of the Argosy Shares.

The terms of the Bid Implementation Agreement are summarised in Section 10 of the Bidder's Statement.

### **11.4. Issued capital**

As at the date of this Target's Statement Argosy's issued capital consisted of:

- 126,029,105 Argosy Shares; and
- 12,500,000 Argosy Options.

### **11.5. Due Diligence**

Due diligence on Argosy was conducted on behalf of Baru prior to execution of the Bid Implementation Agreement. The due diligence was a process undertaken under obligations of confidentiality.

### **11.6. Consents**

As permitted by ASIC Class Order 01/1543 this Target's Statement contains statements which are made, or based on statements made, in documents lodged with ASIC or given to the ASX, or announced on the Company Announcements Platform of the ASX, by Baru. Pursuant to that Class Order, the consent of the person who made the statement is not required for the inclusion of such statements in this Target's Statement. Any Argosy Shareholder who would like to receive a copy of any of those documents may obtain a copy (free of charge) during the Offer Period by contacting Argosy on +61 (08) 9389 5803 between 9:00am and 5:00pm (Perth time) Monday to Friday.

As permitted by ASIC Class Order 03/635, this Target's Statement may include or be accompanied by certain statements:

- fairly representing a statement by an official person; or
- from a public official document or a published book, journal or comparable publication.

In addition, as permitted by ASIC Class Order 07/429, this Target's Statement contains share price trading data sourced from IRESS Market Technology Limited without its consent.

#### **11.7. No other material information**

This Target's Statement is required to include all the information that Argosy Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer, but:

- only to the extent to which it is reasonable for investors and their professional advisers to expect to find this information in this Target's Statement; and
- only if the information is known to any director of Argosy.

Your directors are of the opinion that the information that Argosy Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer is:

- the information contained in the Bidder's Statement (to the extent that the information is not inconsistent or superseded by information in this Target's Statement);
- the information contained in Argosy's releases to the ASX, and in the documents lodged by Argosy with ASIC before the date of this Target's Statement; and
- the information contained in this Target's Statement.

Your directors have assumed, for the purposes of preparing the Target's Statement, that the information in the Bidder's Statement is accurate (unless they have expressly indicated otherwise in this Target's Statement). However, your directors do not take any responsibility for the contents of the Bidder's Statement and are not to be taken as endorsing, in any way, any or all statements contained in it.

In deciding what information should be included in this Target's Statement, your directors have had regard to:

- the nature of the Argosy Shares;
- the matters that Argosy Shareholders may reasonably be expected to know;
- the fact that certain matters may reasonably be expected to be known to Argosy Shareholders' professional advisers; and
- the time available to Argosy to prepare this Target's Statement.

## 12. Glossary

### 12.1. Glossary

The meanings of the terms used in this Target's Statement are set out below.

Term	Meaning
1P	Means certified to be 'Proved' (developed plus undeveloped) in accordance with SPE- PRMS.
2P	Means certified to be 'Proved' plus 'Probable' in accordance with SPE-PRMS.
3P	Means certified to be 'Proved', 'Probable' plus 'Possible' in accordance with SPE- PRMS.
\$, A\$ or AUD	Means Australian dollar.
Acceptance Form	Means the form of acceptance and transfer accompanying the Bidder's Statement.
Announcement Date	Means 2 July 2013, being the date of announcement of the Offer.
Argosy	Means Argosy Minerals Limited (ABN 27 073 391 189).
Argosy Group	Means Argosy and each of its subsidiaries.
Argosy Option	Means an option to acquire an unissued Argosy Share.
Argosy Shareholder	Means a registered holder of Argosy Shares.
Argosy Shares	Means fully paid ordinary shares of Argosy.
ASIC	Means Australian Securities and Investments Commission.
ASX	Means ASX Limited or the securities exchange operated by it, as the context requires.
ASX listing Rules	Means the Listing Rules of the ASX.
ASX Settlement Operating Rules	Means the settlement rules of the ASX.
Baru	Means Baru Resources Limited (ABN 50 147 324 847).
Baru Constitution	Means the constitution of Baru.
Baru Group	Means Baru and each of its subsidiaries.
Baru Shares	Means fully paid ordinary shares of Baru.
Bidder's Statement	Means the bidder's statement of Baru dated 28 August 2013.
Board	Means the board of directors of Argosy.
Broker	Means a person who is a share broker and participant in CHESS.
CHESS	Means the Clearing House Electronic Subregister System, which provides for electronic share transfers in Australia.
CHESS Holding	Means a number of shares which are registered on Argosy's share register being a register administered by ASX Settlement and Transfer Corporation Pty limited and which records uncertificated holdings of shares.
Controlling Participant	Means the Broker or Non-Broker Participant who is designated as the controlling participant for shares in a CHESS Holding in accordance with the ASX Settlement Operating Rules.
Corporations Act	Means the Corporations Act 2001 (Cth).

Encumbrance	<p>Means:</p> <p>(a) any mortgage, charge, pledge or lien, and any security interest or a preferential or adverse interest of any kind;</p> <p>(b) a title retention arrangement;</p> <p>(c) a right of any person to purchase, occupy or use assets (including under a hire purchase agreement, option, licence, lease, or agreement to purchase);</p> <p>(d) a right to set-off or right to withhold payment of a deposit or other money;</p> <p>(e) an easement, restrictive covenant, caveat or similar restriction over property (except, in the case of land, a covenant noted on the certificate of title to the land concerned);</p> <p>(f) an agreement to create any of the items referred to in paragraphs (a) to (e) above or to allow any of those items to exist; or</p> <p>(g) a notice under section 255 Tax Act (1936), subdivision 260-A in schedule 1 Taxation Administration Act 1953 (Cth), or any similar legislation.</p>
Financial Indebtedness	<p>Means any debt or other monetary liability (whether actual or contingent) in respect of money borrowed or raised or any financial accommodation including under or in respect of any:</p> <p>(a) bill, bond, debenture, note or similar instrument;</p> <p>(b) acceptance, endorsement or discounting arrangement;</p> <p>(c) guarantee;</p> <p>(d) finance or capital lease;</p> <p>(e) agreement for the deferral of a purchase price or other payment in relation to the acquisition of any asset or service; or</p> <p>(f) obligation to deliver goods or provide services paid for in advance by any financier.</p>
Foreign Shareholder	<p>Means a Argosy Shareholder whose address on the Argosy Share register is in a jurisdiction other than Australia or its external territories or New Zealand.</p>
Issuer Sponsored Holding	<p>Means a holding of Argosy Shares on Argosy's issuer sponsored subregister.</p>
Material Adverse Change	<p>Means any matter, event or circumstance that has, or is reasonably likely, in the opinion of the Bidder, to have, a materially adverse effect on:</p> <p>(a) the ability of the Target to perform its obligations under this Agreement; or</p> <p>(b) the business, assets, liabilities, material contracts, financial position, performance or prospects of the Target or any of its Subsidiaries or their respective businesses or affairs including completion of the Namibian Transaction,</p> <p>That, individually or when aggregated together, would reasonably be expected to result in a diminution of the net assets of the Target by more than \$500,000 other than:</p> <p>(c) any matter, event or circumstance which the parties agree in writing is not a Material Adverse Change;</p> <p>(d) matters that are required to be done in order to implement the Takeover Bid; or</p> <p>(e) matters which the Target fully and fairly disclosed to the Bidder or in an announcement made to the ASX prior to the Announcement Date where the relevant disclosure is not, and is not likely to be, incomplete, incorrect, untrue, or misleading.</p>
Namibian Transaction	<p>Means the Target's proposed acquisition of two Graphite Projects in Namibia as announced on the ASX on 30 April 2013.</p>
Merged Group	<p>Means the Baru Group (including Argosy Group) which will exist as a result of the takeover bid as constituted by the Offer, should the takeover proceed to its conclusion and Baru acquires all of the Argosy Shares on issue.</p>
Bid	<p>Means the Bid Implementation Agreement dated 1 July 2013 between Baru</p>



Implementation Agreement	and Argosy.
Non-Broker Participant	Means a non-broker participant under the ASX Settlement Operating Rules.
Notice of Status of Conditions	Means Baru's notice disclosing the status of the conditions to the Offer which is Required to be given by section 630(3) of the Corporations Act.
Offer or Baru Offer	Means the offer by Baru for the Argosy Shares, which offer is contained in Schedule 1 of the Bidder's Statement.
Offer Period	Means the period during which the Offer will remain open for acceptance in accordance with section 3 of the terms of Offer set out in Schedule 1 of the Bidder's Statement.
Prescribed Occurrence	<p>Means (other than as required or contemplated by this Agreement) the occurrence of any of the following:</p> <p>(a) the Target converting all or any of its Shares into a larger or smaller number of Shares under Section 254H of the Corporations Act;</p> <p>(b) the Target or a Subsidiary of the Target resolving to reduce its share capital in any way or reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its shares;</p> <p>(c) the Target or a Subsidiary of the Target:</p> <p style="padding-left: 20px;">(i) entering into a buy-back agreement; or</p> <p style="padding-left: 20px;">(ii) resolving to approve the terms of a buy-back agreement under the Corporations Act;</p> <p>(d) the Target declaring, paying or distributing any dividend, bonus or other share of its profits or assets which has not been declared on or before the date of this Agreement;</p> <p>(e) the Target or a Subsidiary of the Target issuing shares, or granting an option over its shares, or agreeing to make such an issue or grant such an option;</p> <p>(f) the Target or a Subsidiary of the Target issuing or agreeing to issue, securities convertible into Shares or debt securities;</p> <p>(g) the Target or a Subsidiary of the Target making any change to its constitution;</p> <p>(h) the Target or a Subsidiary of the Target disposing, or agreeing to dispose, of the whole, or a part, of its business or property;</p> <p>(i) the Target or a Subsidiary of the Target:</p> <p style="padding-left: 20px;">(i) acquiring or disposing of;</p> <p style="padding-left: 20px;">(ii) agreeing to acquire or dispose of; or</p> <p style="padding-left: 20px;">(iii) offering, proposing, announcing a bid or tendering for,</p> <p>any business assets, entity or undertaking (<b>Acquisition or Disposal Event</b>), the value of which, when aggregated with any other Acquisition or Disposal Event, exceeds \$100,000, without the Bidder's prior written consent (consent will be deemed to be given by the Bidder if the Bidder does not respond in writing to the Target's request for consent within 3 Business Days after the Target's request is given to the Bidder) otherwise than in the ordinary course of business or in respect of the Target's acquisition of the two Graphite Projects in Namibia as announced on the ASX on 30 April 2013;</p> <p>(j) the Target or a Subsidiary of the Target creating, or agreeing to create, any mortgage, charge, lien or other encumbrance over the whole, or a substantial part, of its business or property otherwise than:</p> <p style="padding-left: 20px;">(i) in the ordinary course of business; and</p> <p style="padding-left: 20px;">(ii) a lien or other encumbrance which arises by operation of law or legislation securing an obligation that is not yet due;</p> <p>(k) the Target or a Subsidiary of the Target:</p> <p style="padding-left: 20px;">(i) entering into any contract or commitment requiring payments by the</p>

	<p>Target and its Subsidiary taken as a whole (<b>Contract</b>), when aggregated with any other Contracts in excess of \$100,000; or</p> <p>(ii) accepting as a settlement or compromise of a material matter (relating to an amount in excess of \$100,000), less than the full compensation due to the Target or a Subsidiary of the Target,</p> <p>otherwise than in the ordinary course of business except with the prior written consent of the Bidder (consent will be deemed to be given by the Bidder, if the Bidder does not respond in writing to the Target's request for consent within 2 Business Days after the Target's request is given to the Bidder);</p> <p>(l) the Target or a Subsidiary of the Target resolving that it be wound up;</p> <p>(m) a liquidator or provisional liquidator of the Target or of a Subsidiary of the Target being appointed;</p> <p>(n) the Court making an order for the winding up of the Target or of a Subsidiary of the Target'</p> <p>(o) an Administrator of the Target or of a Subsidiary of the Target being appointed under the Corporations Act.</p> <p>(p) the Target or a Subsidiary of the Target being deregistered as a company or otherwise dissolved;</p> <p>(q) the Target or a Subsidiary of the Target executing a deed of company arrangement;</p> <p>(r) a receiver, or a receiver and manager, being appointed in relation to the whole, or a substantial part, of the property of the Target or of a Subsidiary of the Target;</p> <p>(s) the Target or a Subsidiary of the Target licensing, selling or otherwise giving any third party rights under any of the material Intellectual Property that the Target or a Subsidiary of the Target owns or has a rights to use, other than in the ordinary course of business or pursuant to contractual requirements in effect on the date of this Agreement; or</p> <p>(t) the Target or a Subsidiary of the Target changing any accounting policy applied by them to report their financial position other than as required by law.</p>
Proposal	Means a transaction or arrangement which, if completed, would mean a person other than Baru (or its associates, or both) would acquire a relevant interest (as defined in the Corporations Act) in 20% or more of the Argosy Shares, acquire control (as defined in section SOAA of the Corporations Act) of Argosy, acquire all or a substantial part of Argosy's business, assets or undertaking or otherwise acquire or merge with Argosy.
Reserve	Means a Reserve as defined in SPE-PRMS.
Superior Proposal	Means a Proposal that the directors of Argosy, acting in good faith, taking into account all aspects of the Proposal, have determined is reasonably capable of being completed and is more favourable to Argosy Shareholders than the Offer.
Target's Statement	Means this document (including the attachments), being the statement of Argosy under Part 6.5 of Division 3 of the Corporations Act.
Trading Day	Has the same meaning as in the ASX Listing Rules.
VWAP	Means volume weighted average price.

## 12.2. Interpretation

In this Target's Statement, unless the context otherwise requires:

- a) other words and phrases have the same meaning (if any) given to them in the Corporations Act;
- b) words of any gender include all genders;
- c) words indicating the singular include the plural and vice versa;
- d) an expression indicating a person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;
- e) a reference to a section, clause, attachment and schedule is a reference to a section of, clause of and an attachment and schedule to this Target's Statement as relevant;
- f) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them;
- g) headings and bold type are for convenience only and do not affect the interpretation of this Target's Statement;
- h) a reference to time is a reference to Perth time in Western Australia; and
- i) a reference to dollars, \$, A\$, AUD, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia.

## **Authorisation of Target's Statement**

This Target's Statement is dated 6 September 2013 (being the date on which this Target's Statement was lodged with ASIC) and has been approved by a unanimous resolution of the directors of Argosy.

Signed for and on behalf of Argosy Minerals Limited:

A handwritten signature in black ink, appearing to read 'Philip Thick', is written over a light blue rectangular background.

**Philip Thick**

Chairman