



2 July 2013

Recommended off-market takeover offer of Argosy Minerals Limited by Baru Resources Limited

Baru Resources Limited and Argosy Minerals Limited are pleased to announce the signing of a Takeover Bid Implementation Deed (**Implementation Deed**) under which it is proposed that Baru will acquire all of the issued shares of Argosy in a share based transaction by way of an off-market takeover offer.

Highlights:

- Under the Offer, Argosy shareholders will receive one (1) new Baru share for every one (1) Argosy share held. Baru currently has on issue 49,796,009 shares and Argosy has on issue 126,029,105 shares. Baru will therefore issue 126,029,105 shares as consideration for the acquisition.
- The Offer values Argosy at \$0.038 per share based on Baru's closing share price on the ASX on 1 July 2013. Baru has cash reserves and other receivables on hand at current date of approximately \$3 million, representing a net asset backing of approximately \$0.06 per share.
- The Argosy Board unanimously recommends that Argosy shareholders accept the Offer in the absence of a superior proposal. The takeover is supported by a majority of the Baru board.
- The transaction would create an entity with net cash and semi-liquid reserves of approximately \$3 million held by Baru, combined with the potential of the Argosy graphite project in Namibia. In addition, management expertise will be combined, and those shareholders who hold interests in both Companies will enjoy the synergies of one combined entity.
- Argosy shareholders will hold approximately 72% of the combined group thereby enabling shareholders to:
 - retain material exposure to future upside of the Graphite Projects in Namibia (as announced on 30 April 2013);
 - benefit from the management expertise of the Baru Board, which is headed by Managing Director Kevin Nichol. Mr Nichol has a background of equity, commodity, financial and corporate activity and management over the last 29 years. In the last six years and before Baru Resources, he has been the executive director of two other public companies before they were taken over;
 - utilise cash and semi-liquid reserves of Baru of approximately \$3 million to assist with development of the Namibia graphite projects.

- Baru shareholders secure the benefit of an opportunity to share in the potential world class graphite project.
- Under the Offer, Argosy shareholders will receive one (1) new Baru share for every one (1) Argosy share held. Existing Argosy option holders will be offered replacement options on a like for like basis under separate private treaty arrangements.
- Existing Argosy Directors Philip Thick and Danie van den Bergh will be invited to join the Baru board. Kevin Nichol will continue as Managing Director of Baru.

The Offer is unanimously recommended by the Directors of Argosy who have also agreed to accept Baru's offer in respect of all shares they control, in each case in the absence of a superior offer.

Argosy Chief Executive Officer, Peter Lloyd said:

"Given the current tough market conditions to raise capital, this is an excellent opportunity for Argosy shareholders to progress the Namibian graphite projects given Baru's cash reserves and management expertise".

Baru Executive Director, Kevin Nichol, said:

"The Argosy graphite project is really exciting, and with the continued expertise of Argosy Directors Danie van den Berg and Phillip Thick, Baru will look to progress this project as soon as possible".

Transaction Details

The Offer will be implemented by way of an off market takeover offer under the Corporations Act.

The Offer extends to any Argosy shares that are on issue as at the date of this announcement. In addition, Baru intends to enter into private treaty arrangements with Argosy's option holders to acquire their options in exchange for new Baru options.

Following the implementation of the Offer, Argosy is expected to become a wholly owned subsidiary of Baru with current Argosy and Baru shareholders holding 72% and 28% respectively of the enlarged Baru.

Timetable and Conditions

The Offer is subject to the following conditions:

- 90% minimum acceptance condition;
- all necessary regulatory approvals being obtained;
- there being no existing agreements under which other parties have rights to terminate a material agreement with Argosy or acquire a material interest in Argosy as a result of the Offer;
- obtaining any approvals or consents required in respect of the change of control of Argosy as a result of the Offer;
- no Prescribed Occurrence or Material Adverse Change (as defined in the Implementation Deed) occurs before the end of the Offer period;

- Baru not becoming aware of a document filed by Argosy containing a materially incorrect or misleading statement;
- 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;
- the vendors of the Graphite Projects 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;
- Argosy providing Baru with a copy of all material information which Baru may from time to time request; and
- 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.

Further details about the offer and proposed timetable are set out in the Implementation Deed, a copy of which is being concurrently released to the market.

It is expected that Baru's bidder's statement and Argosy's target's statement, containing further information about the Offer will be posted to Argosy shareholders in the near future.

Advisers

GTP Legal is acting as legal advisers to Baru and Nova Legal is acting as legal advisers to Argosy.

For further information please contact:

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