

AMMTEC LIMITED

A.B.N. 23 063 332 516



23 July 2010

The Manager
Company Announcements Office
ASX Limited

By electronic lodgement

Dear Sir / Madam

AMMTEC LTD (ASX: AEC) – TAKEOVER BID BY AUSTRALIAN LABORATORY SERVICES PTY LTD – TARGET'S STATEMENT

We **enclose**, by way of service pursuant to item 13 of section 633(1) of the *Corporations Act* 2001 (Cth), a copy of the target's statement of Ammtec Ltd ACN 063 332 516 (**Ammtec**) in response to the off-market takeover bid by Australian Laboratory Services Pty Ltd ACN 009 936 029 (**Bidder**) for all of the fully paid ordinary shares in Ammtec (**Target's Statement**).

The Target's Statement has been lodged with ASIC and served on the Bidder today.

Yours faithfully

A handwritten signature in black ink, appearing to read "David Macoboy", written over a horizontal line.

David Macoboy
Chairman

Encl.

ABN 23 063 332 516



TARGET'S STATEMENT

REJECT

The Directors of Ammtec Ltd unanimously recommend that you REJECT the Offer by Australian Laboratory Services Pty Ltd (a subsidiary of Campbell Brothers Limited) to acquire all of your Ammtec Shares.

THIS IS AN IMPORTANT DOCUMENT.

If you do not understand this document or you are in doubt as to how to act you should consult your lawyer, accountant, stockbroker or other professional adviser.

If you have any queries in relation to the Offer or your Directors' recommendation, you can call the Shareholder information line on 1800 810 869 within Australia or +61 2 8280 7179 from overseas, between 9:00am to 5:00pm (EST), Monday to Friday.

Legal Advisers **STEINPREIS PAGANIN**
Lawyers & Consultants 

Corporate Advisers



Azure Capital

IMPORTANT INFORMATION

This Target's Statement is dated 23 July 2010 and is given by Ammtec Ltd (**Ammtec**) under section 638 of the Corporations Act in response to the Bidder's Statement served on Ammtec by Australian Laboratory Services Pty Ltd (**ALS**) on 5 July 2010. A copy of the Target's Statement has been lodged with the ASIC and ASX. Neither ASIC nor ASX nor any of their respective officers take any responsibility for the content of this Target's Statement.

The Directors recommend that you read this Target's Statement in full and seek independent advice if you have any queries in respect of the Offer.

Ammtec Shareholder information

If you have any queries regarding the Offer, please contact Ammtec's information line on 1800 810 869 if you are calling from within Australia or +61 2 8280 7179 if you are calling from overseas. Further information can be obtained from Ammtec's website at www.ammtec.com.au.

Your investment decision

The recommendations of the Ammtec Directors contained in this Target's Statement do not take into account the individual investment objectives, financial or tax situation or particular needs of each Ammtec Shareholder. You may wish to seek independent professional advice before making a decision as to whether or not to accept the Offer.

Defined terms

Various defined terms are used in this Target's Statement. Their meanings are set out in Section 9.

Disclaimer regarding forward looking statements

This Target's Statement contains various forward looking statements. Statements other than statements of historical fact may be forward looking statements. Ammtec considers it has reasonable grounds for making all statements relating to future matters attributed to it in this Target's Statement. However, Ammtec Shareholders should note that such statements are subject to inherent risks and uncertainties in that they may be affected by a variety of known and unknown risks, variables and other factors, many of which are beyond Ammtec's control. Actual results, values, performance or achievements may differ materially from results, values, performance or achievements expressed or implied in any forward looking statement. None of Ammtec, its officers or any person named in this Target's Statement with their consent or any person involved in the preparation of this Target's Statement makes any express or implied representation or warranty as to the accuracy or likelihood of fulfilment of any forward looking statement, or any results, values, performance or achievements expressed or implied in any forward looking statement, except to the extent required by law. Ammtec Shareholders should not place undue reliance on any such statement. The forward looking statements in this Target's Statement only reflect views held as at the date of this Target's Statement. Any forward looking statement in this Target's Statement is qualified by this cautionary statement.

Risk factors

Ammtec Shareholders should note that there are a number of risk factors attached to their investment in Ammtec. Please refer to Section 4.10 of this Target's Statement for further information on those risks.

Foreign jurisdictions

The release, publication or distribution of this Target's Statement in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions 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 this 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 Australia.

Maps and diagrams

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.

Privacy

Ammtec has collected your information from the Ammtec register of shareholders and option holders for the purpose of providing you with this Target's Statement. The type of information Ammtec has collected about you includes your name, contact details and information on your shareholding or option holding (as applicable) in Ammtec.

Without this information, Ammtec would be hindered in its ability to issue this Target's Statement. The Corporations Act requires the name and address of shareholders and option holders to be held in a public register. Your information may be disclosed on a confidential basis to Ammtec's related bodies corporate and external service providers (such as the share registry of Ammtec 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 Ammtec, please contact Computershare Investor Services Pty Limited at Level 2, Reserve Bank Building, 45 St Georges Terrace, Perth, WA, Australia, 6000 or on 1300 787 272 (within Australia) or +61 (0)8 9323 2000 (from outside Australia). Ammtec's registered address is 6 MacAdam Place, Balcatta, WA, Australia, 6021.

CHAIRMAN'S LETTER



Dear Ammtec Shareholder

REJECT CAMPBELL BROTHERS' UNSOLICITED AND INADEQUATE OFFER

You have recently received from Campbell Brothers, through its wholly owned subsidiary ALS, a Bidder's Statement outlining ALS' unsolicited takeover offer to acquire your Shares in Ammtec.

I have previously written to you explaining that your Directors consider the Offer to be inadequate. Nothing has occurred since then to change this view. Your Directors **still unanimously recommend that you REJECT the unsolicited Offer from ALS.**

To **REJECT** the Offer, you should **DO NOTHING** and **IGNORE** all documents from Campbell Brothers and ALS.

Each of your Directors, who in total hold 3.8% of Ammtec, intend to **REJECT** the Offer in respect of the Shares they own. Ammtec Shareholders (including your Directors) who together control 20.3% of the Ammtec Shares have indicated to Ammtec in writing on a non-binding basis that, subject to no new information becoming available, they will not accept the Offer in its current form.

Your Directors believe the key reasons why you should REJECT the unsolicited Offer from ALS are:

- **The Offer undervalues your Ammtec Shares**

Your Directors strongly believe the Offer does not adequately reflect the underlying value of your Ammtec Shares. In recent years, Ammtec has made significant investments in new facilities and equipment, and has acquired valuable complementary businesses. As the global economy emerges from the Global Financial Crisis, your Directors expect these investments to drive strong revenue and earnings growth in the 2011 financial year.

- **The Offer does not reflect the strategic value of Ammtec to Campbell Brothers**

Your Directors believe that acquisition of Ammtec's market-leading, multi-commodity metallurgical and mineral testing expertise and capabilities would deliver significant strategic value to Campbell Brothers. The Offer is an opportunistic attempt to acquire these benefits cheaply.

- **An independent Ammtec has a robust business model with strong growth prospects**

Ammtec is a global leader in the highly specialised field of metallurgical and mineral testwork. It has an outstanding competitive position, an internationally acclaimed reputation, a highly experienced technical team and excellent long-term growth prospects. Ammtec has broadened its services with two specialist businesses that are also poised for strong growth. MARC Technologies offers high-end customised engineering solutions and PSI, Ammtec's resin technology business, has just announced its first major commercial sale of \$1.5 million.

- **If you accept the Share Offer and become a Campbell Brothers shareholder, your earnings per share and dividend income are likely to drop significantly.**

Ammtec has historically generated higher profit margins than Campbell Brothers, has paid out a higher proportion of earnings as dividends and has had a higher franking percentage.

- **The Offer is highly conditional and uncertain, and accepting it may have adverse consequences for you**

The Offer is subject to a large number of conditions, most importantly a 90% minimum acceptance condition. In addition, accepting the Offer (including the Share Offer) may lead to you incurring a CGT liability or prevent you from accepting a higher offer from a third party, should one eventuate.

- **There is no certainty that Ammtec's Share price will fall if the Offer is unsuccessful**

Campbell Brothers claim that in the absence of the Offer, Ammtec's Share price is likely to fall. This claim cannot be substantiated and does not take into account the strong earnings guidance issued by Ammtec for FY2011.

We encourage you to read this Target's Statement in full. Further details on the reasons for your Directors' unanimous recommendation to **REJECT** the Offer are provided in Section 1. We look forward to your continued support as a Shareholder of a strong and independent Ammtec.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'David Macoboy', written over a white background.

DAVID MACOBOY
Chairman

KEY DATES

18 MAY 2010

Announcement of the Offer

19 JULY 2010

Date of the Offer and Offer Period opens

23 JULY 2010

Target's Statement lodged with ASIC and dated

16 AUGUST 2010

Last date for ALS to give Notice of Status of Conditions¹

23 AUGUST 2010

5:00pm (Perth time)
Offer Period closes (unless extended or withdrawn)²

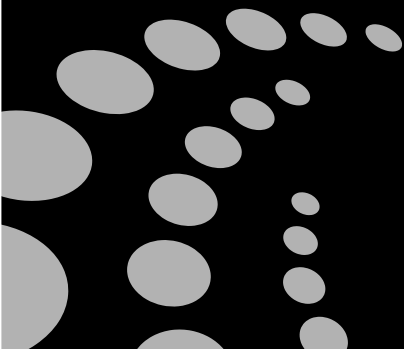
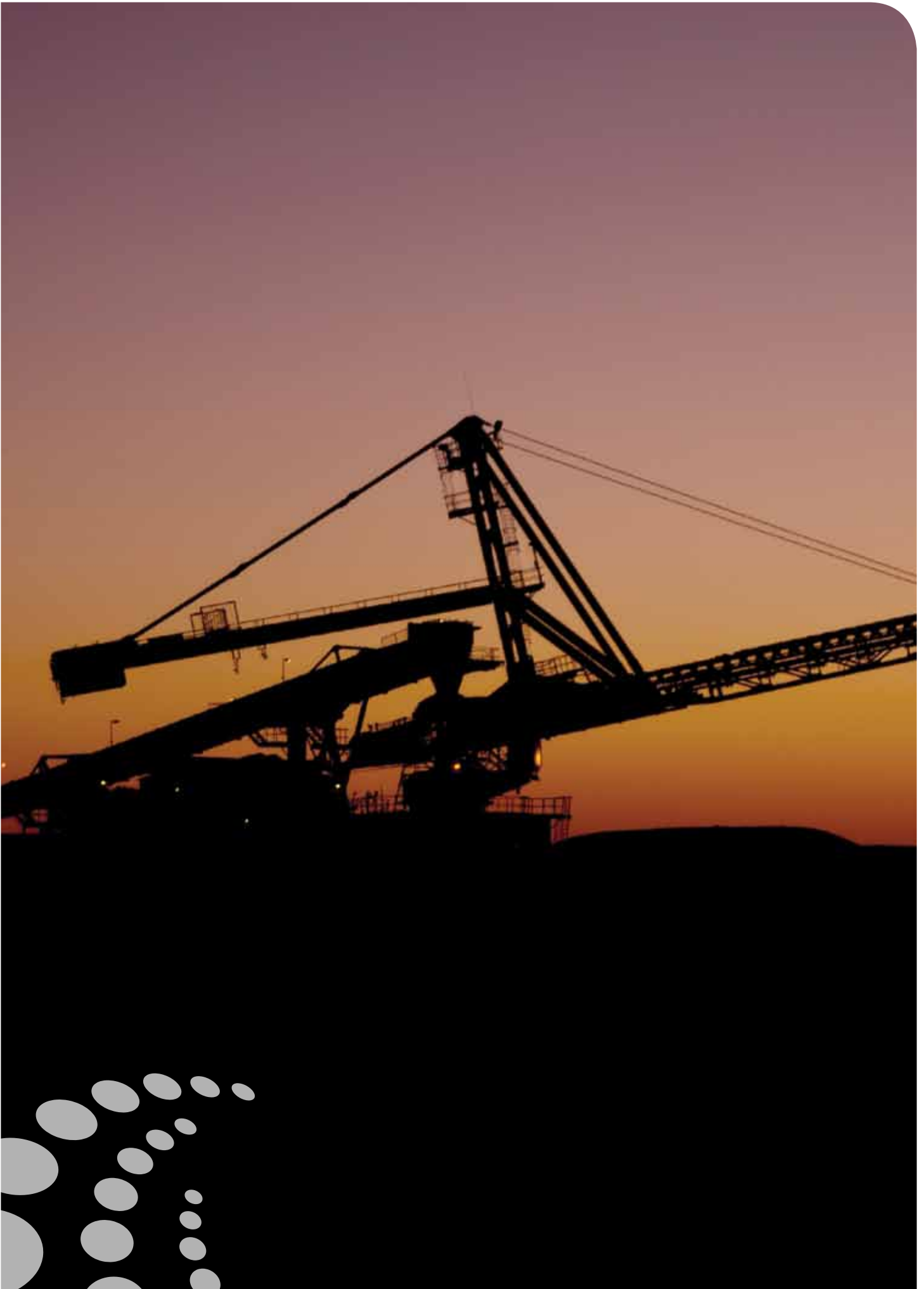
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1. This date is subject to variation in accordance with section 630(2) of the Corporations Act if the Offer Period is extended.

2. This date is indicative only and may be extended as permitted by the Corporations Act.



1 WHY YOU SHOULD REJECT THE OFFER

THE OFFER UNDERVALUES YOUR AMMTEC SHARES

SECTION 1.1

THE OFFER DOES NOT REFLECT THE STRATEGIC VALUE OF AMMTEC'S BUSINESS TO CAMPBELL BROTHERS

SECTION 1.2

AN INDEPENDENT AMMTEC HAS A ROBUST BUSINESS MODEL WITH STRONG GROWTH PROSPECTS

SECTION 1.3

YOUR EARNINGS PER SHARE AND DIVIDEND INCOME ARE LIKELY TO DROP SIGNIFICANTLY IF YOU ACCEPT THE SHARE OFFER

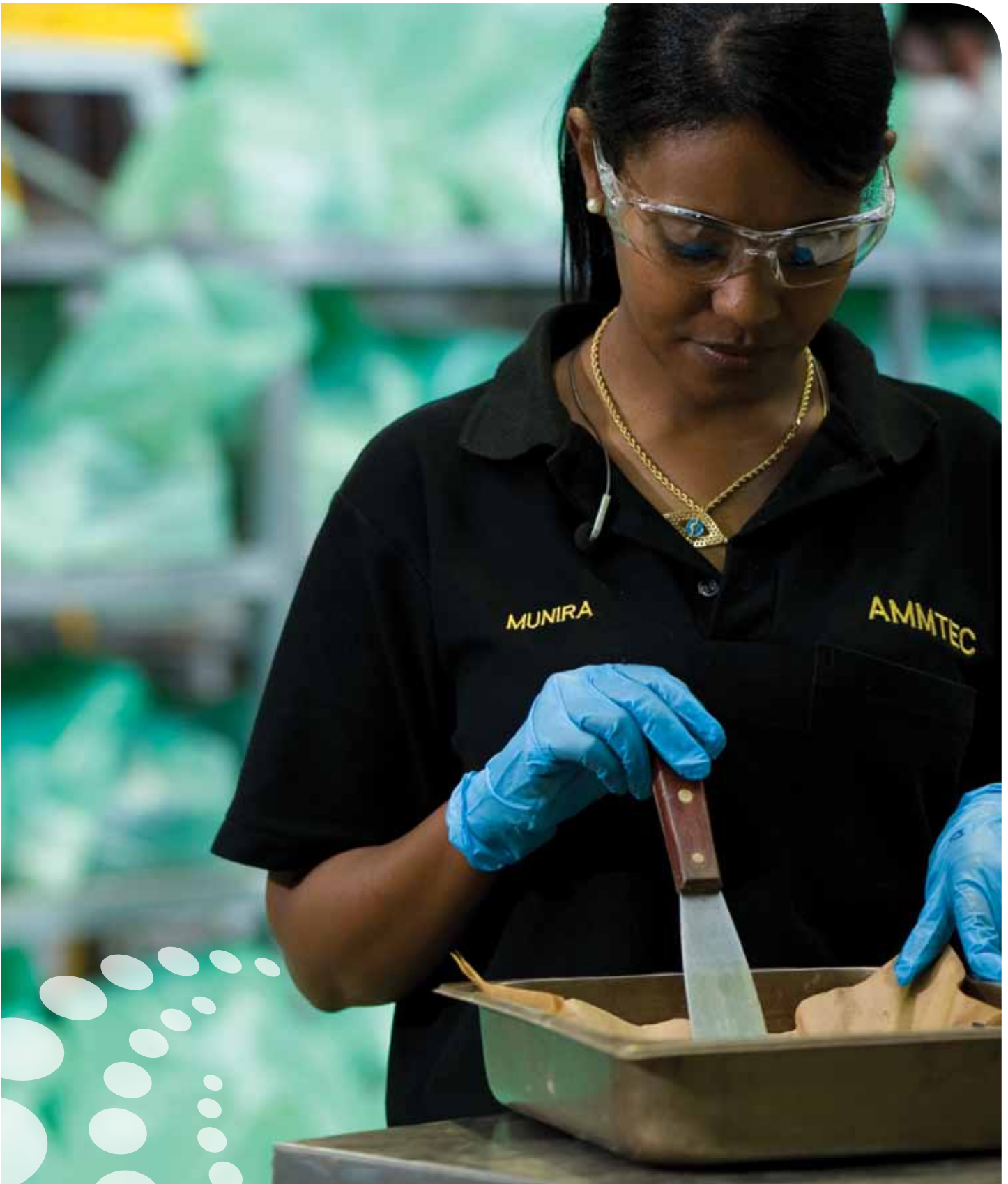
SECTION 1.4

THE OFFER IS HIGHLY CONDITIONAL AND UNCERTAIN, AND ACCEPTING IT MAY HAVE ADVERSE CONSEQUENCES FOR YOU

SECTION 1.5

THERE IS NO CERTAINTY THAT AMMTEC'S SHARE PRICE WILL FALL IF THE OFFER IS UNSUCCESSFUL

SECTION 1.6



1.1 THE OFFER UNDERVALUES YOUR AMMTEC SHARES

Your Directors believe the Offer does not reflect the value of Ammtec's current business or its future prospects.

Recent acquisitions and investments expected to result in significant revenue and earnings growth in FY2011

In recent years, Ammtec has invested more than \$30 million in new facilities and equipment, and more than \$23 million in acquiring valuable complementary businesses. These include:

- acquisition of specialist engineering business MARC Technologies and its subsequent expansion to bigger, more modern premises in Bibra Lake, Western Australia;
- acquisition of a majority interest in resin technology developer and manufacturer, PSI;
- completion of a new, purpose-built assay laboratory, enabling faster turnarounds on metallurgical testwork and higher profit margins from greater cost efficiency;
- expansion of Ammtec's pilot plant facilities to allow multiple simultaneous pilot projects;
- introduction of mineralogy analytical capabilities, including mobile mineralogy for the oil and gas industry;
- expansion of Ammtec's metallurgical testing capabilities to specialty minerals such as lithium, phosphate and rare earths;
- development of a new hydromet facility to expand pilot scale testing capabilities for nickel, iron ore, uranium and other metals, scheduled for completion in December 2010; and
- adoption of new, labour saving, automated sample preparation equipment by December 2010.

These investments and acquisitions provide Ammtec with the capability to offer new services and expand into new markets, as well as driving cost savings. Coupled with improving global economic conditions, they are expected to significantly grow Ammtec's revenue base and reinstate profit margins to the levels experienced prior to the Global Financial Crisis.

EARNINGS GUIDANCE

	FY2010 unaudited \$ million	FY2011 earnings guidance \$ million	% increase
Revenue	54.3	73.3 - 79.1	35 - 46%
EBITDA	12.8	19.6 - 22.2	53 - 73%
NPAT	7.2	11.1 - 12.9	55 - 80%

Your Directors have provided this earnings guidance for FY2011 based on material best estimate assumptions, as set out in Section 4.9, which reflect our judgment of current economic and operational conditions. In particular:

- Ammtec has just achieved a record half year result, with revenue of \$29.7 million, EBITDA of \$7.6 million and NPAT of \$4.3 million¹. This is a significant improvement on Ammtec's results from the first half of FY2010 and second half of FY2009, which were materially adversely impacted by the effects of the Global Financial Crisis on the mining sector.
- The Metallurgical Testing business unit is experiencing unprecedented demand for its services. Revenue in FY2010 was \$39.7 million, with revenue in the second half of the year being 9% higher than the first half. Revenue is expected to continue to grow to \$45.4 - 50.9 million in FY2011 and profit margins for the business unit are expected to return to pre-Global Financial Crisis levels.

1. Based on FY2010 unaudited results.

- The MARC Technologies business unit has a strong and growing order book. Revenue for FY2011 is expected to be \$25.4 million, a 75% increase over FY2010. At the time of preparing the FY2011 earnings guidance, 52% of this revenue was already under contract and a further 26% under negotiation.
- Ammtec has invested heavily to advance PSI's resin technology and whilst revenue from PSI currently represents less than 1% of Ammtec's total, recent marketing initiatives have led to increased interest from potential customers. PSI's first major commercial sale of \$1.5 million was recently announced. The Board expects PSI to be profit neutral in FY2011, compared to a loss of \$1.5 million in FY2010, and this announced sale locks-in over 40% of that guidance³.

Minimal profit impact of Mineral Resources Rent Tax

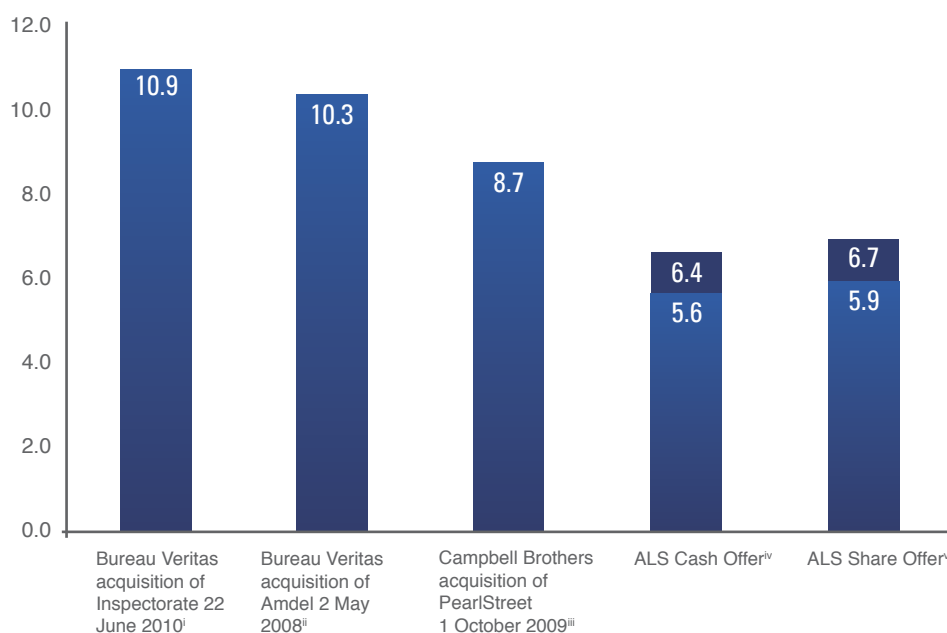
Ammtec's FY2011 earnings guidance was prepared against the background of the proposed Resource Super Profits Tax (**RSPT**). It is now clear that the RSPT will not go ahead. Instead, a more limited and significantly less onerous Mineral Resources Rent Tax (**MRRT**) is proposed.

If it is implemented, your Directors expect the proposed MRRT to have minimal impact on Ammtec's future operations. Approximately 90% of revenue in FY2010⁴ was sourced from projects that we believe will be unaffected, or minimally affected, by the MRRT. In the Metallurgical Testing business unit, this includes projects in commodities that are not covered by the MRRT, projects located outside Australia, and established iron ore projects located in Australia that we believe are unlikely to cease operation as a result of the MRRT.

The Offer Price is lower than comparable transactions

Recent acquisitions of comparable businesses – including Campbell Brothers' own acquisition of PearlStreet in 2009 – have been completed on significantly higher earnings multiples than implied by the Offer.

COMPARABLE TRANSACTIONS EV/EBITDA (ONE YEAR FORWARD)



i. Source: EV £450.0 million, Bureau Veritas announcement, 22 June 10. EBITDA £41.2 million, Bureau Veritas presentation, 22 June 10.

ii. Source: EV \$462.6 million, Bureau Veritas Annual Report, financial year ended 31 December 2008. EBITA \$45.0 million, Bureau Veritas announcement, 2 May 2008.

iii. Source: EV \$108.3 million, based on revised offer of 75 cents per share, PearlStreet announcement 27 October 2009. EBITDA \$12.4 million, PearlStreet Target Statement, 10 November 2009, p17. FY2010 revenue calculated by applying a 9% ("high single digit") increase to FY2009 revenue of \$94.9 million. FY2010 EBITDA calculated by applying EBITDA margin forecast of 12% to FY2010 revenue.

iv. Source: EV \$125.1 million assuming 36.7 million Ammtec Shares outstanding (36.5 million Shares on issue plus 0.2 million vested, in the money Options assumed to be exercised) and net debt of \$2.2 million as at 30 June 2010 (including option exercise proceeds). EBITDA estimates of \$19.6 to \$22.2 million.

v. Source: EV \$131.7 million assumes Campbell Brothers' closing price as at 22 July 2010 of \$30.00. Trading data sourced from Bloomberg. EBITDA estimates of \$19.6 to \$22.2 million.

3. Based on an expected 50% gross margin.

4. Based on FY2010 unaudited results.

Additional value from tangible assets on Ammtec's balance sheet

In addition to its strong earnings position, Ammtec has tangible assets which would have significant value to Campbell Brothers, including:

- **Franking credits:** As at 30 June 2010, Ammtec has a franking balance of approximately \$8.1 million⁵, representing value of approximately \$0.22 per Share.
- **Freehold property:** Ammtec owns the majority of its key operating premises, including 12,911m² of freehold property in the industrial suburb of Balcatta, Western Australia and 6,194m² in Burnie, Tasmania. These freehold properties have a carrying value on Ammtec's 30 June 2010 balance sheet of \$23.0 million⁶.

1.2 THE OFFER DOES NOT REFLECT THE STRATEGIC VALUE OF AMMTEC'S BUSINESS TO CAMPBELL BROTHERS

Your Directors believe that ownership of Ammtec would deliver significant strategic benefits to Campbell Brothers, and the Offer is an attempt to acquire these benefits cheaply.

Significantly expanded metallurgical capability for Campbell Brothers

Ammtec's core Metallurgical Testing business unit is one of the largest, most comprehensive businesses of its type in the world, offering a range of metallurgical and mineral testing services across a broad range of commodities. These include gold and other precious metals, base metals (including nickel, copper, lead and zinc), iron ore (both hematite and magnetite), uranium and speciality minerals such as lithium, phosphate and rare earths.

Ammtec's clients include some of the world's largest mining companies and the Company's senior technical professionals are widely recognised as international experts in their fields.

In contrast, Campbell Brothers currently has a rudimentary⁷ metallurgical and mineral testing business.

Consequently, your Directors believe that owning Ammtec would deliver Campbell Brothers with a substantial increase in the breadth and depth of its metallurgical and mineral testing capabilities, as well as the ability to leverage Ammtec's market-leading position into new geographies and commodities.

We believe the Offer does not reflect these strategic benefits to Campbell Brothers.

Synergy benefits for Campbell Brothers

Campbell Brothers would likely to generate cost synergies if it owned Ammtec, primarily through eliminating overheads and costs from duplicated activities. We believe that any Offer should include a fair share of the value of these potential synergies.

5. Unaudited.

6. Unaudited.

7. Campbell Brothers Bidder's Statement, p34.

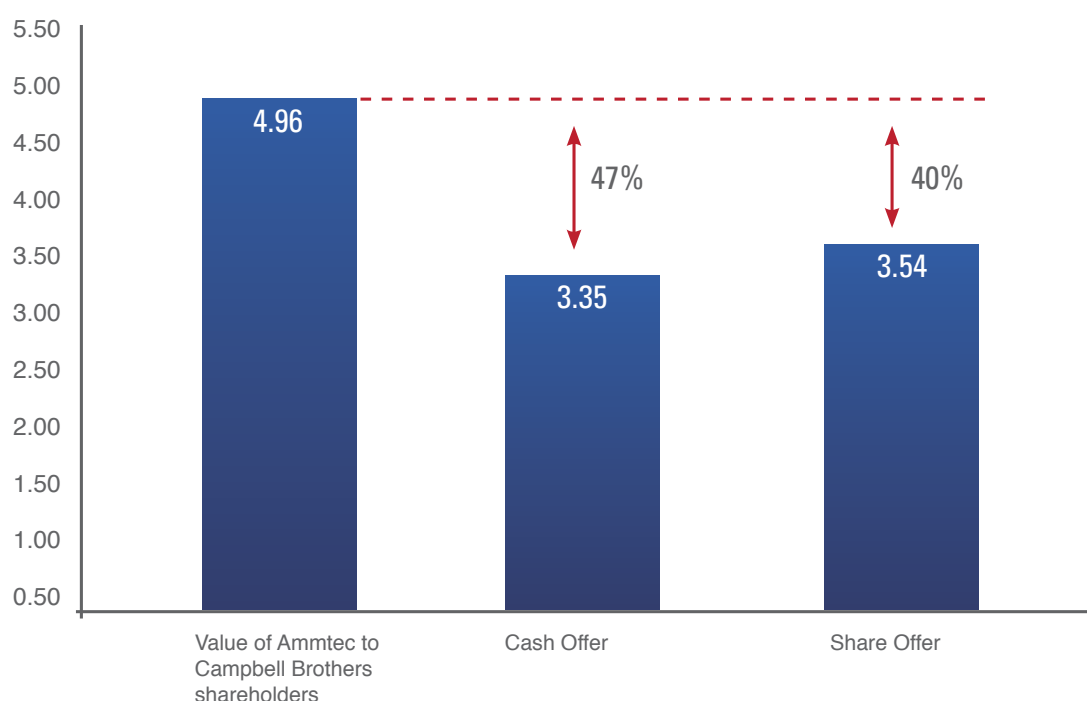
Higher earnings capitalisation for Campbell Brothers

Campbell Brothers is trading at a higher price-to-earnings (**PE**) multiple than Ammtec.

By applying Campbell Brothers' multiple to Ammtec's FY2010 NPAT, the pro forma value of Ammtec to Campbell Brothers' shareholders would be \$181 million, or \$4.94 per Ammtec Share⁸. This is before any value is attributed to the ability of Campbell Brothers to leverage Ammtec's capabilities into new geographies and commodities, or realise cost synergies.

This pro forma value is 47% higher than the Cash Offer and 40% higher than the value of the Share Offer⁹. Your Directors believe that the Offer does not provide Ammtec Shareholders with an appropriate share of this value.

**VALUE OF AMMTEC'S EARNINGS TO CAMPBELL BROTHERS SHAREHOLDERS
(EXCLUDING THE BENEFITS OF LEVERAGING AMMTEC INTO NEW GEOGRAPHIES /
COMMODITIES, OR COST SYNERGIES) (\$ PER AMMTEC SHARE)**



8. Assumes Ammtec unaudited FY2010 NPAT of \$7.2 million, 36.7 million Ammtec Shares currently on issue (36.5 million Shares plus 0.2 million vested, in the money Options assumed to be exercised) and Campbell Brothers PE ratio of 25.3 (assuming closing CPB Share price as at 22 July 2010 of \$30.00, CPB Shares on issue of 63.5 million and NPAT for the year ended 31 March 2010 of \$75.3 million). Trading data sourced from Bloomberg.

9. Assumes closing CPB Share price as at 22 July 2010 of \$30.00. Trading data sourced from Bloomberg.

1.3 AN INDEPENDENT AMMTEC HAS A ROBUST BUSINESS MODEL WITH STRONG GROWTH PROSPECTS

Your Directors believe Ammtec is in exceptional financial and operational shape. The Metallurgical Testing business unit, which currently accounts for approximately 73% of revenues, is performing strongly. Our recent acquisitions of MARC Technologies and PSI increase our ability to provide innovative client solutions, creating growth potential for Shareholders.

Strong growth prospects in the medium-to-long term across all business units

In addition to the strong revenue and earnings growth expected in FY2011, we believe there are additional outstanding growth opportunities for all three of Ammtec’s business units in the medium- to long-term, including:

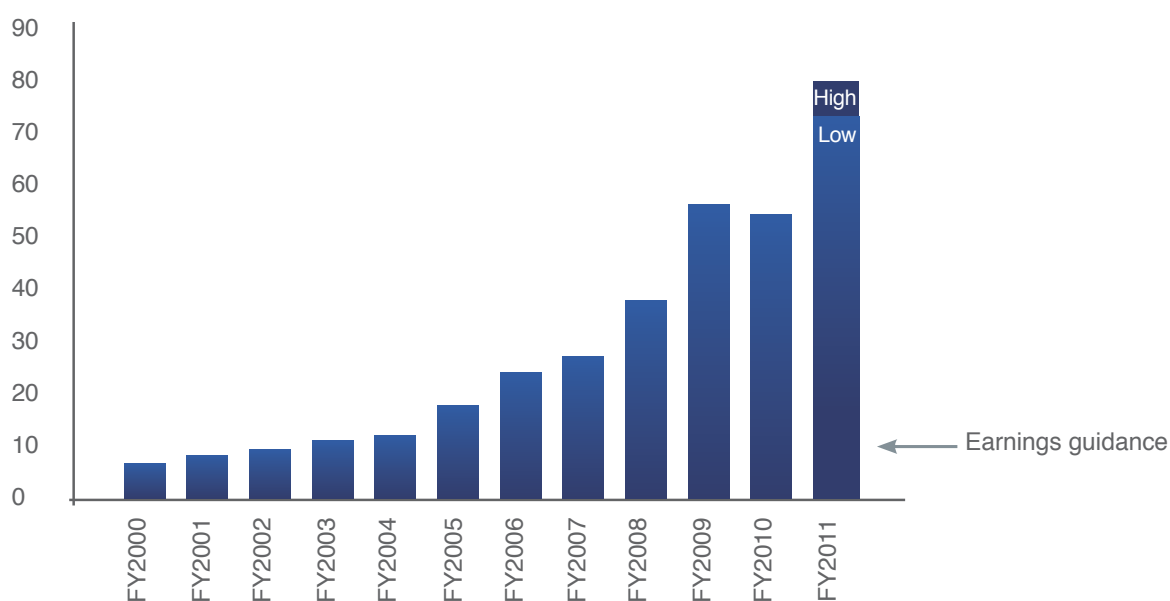
- Expanding and diversifying Ammtec’s metallurgical testing to new forms of testing, new commodities and metals, and geographically, particularly in Africa and Asia. We expect the share of the Metallurgical Testing business unit’s revenue from overseas operations to grow from 33% in FY2010 as more international mining developments are undertaken by Ammtec’s established client base;
- Building MARC Technologies’ capabilities, including the provision of customised dust control solutions for major iron ore projects and the design and installation of robotic sample preparation technology; and
- Realising the exciting potential of PSI’s resin technology by rolling it out to additional customers in both the industrial waste and mining sectors.

Experienced management team

Ammtec’s management team is ideally placed to deliver the Company’s growth strategy. Ammtec is led by Managing Director Rod Smith, and Executive Directors Ron Grogan and Hamid Sheriff, who have over 50 years combined experience at Ammtec. They are supported by a highly qualified team of senior management executives within each business unit.

In the past 10 years, the management team has successfully grown Ammtec from a company focussed on metallurgical testing in the iron ore industry, operating in one state with revenue of \$5.7 million per annum, to a multi-commodity metallurgical and mineral testing and specialised engineering business with physical operations in four states of Australia, international reach and expected revenues in FY2011 of \$73.3 – \$79.1 million.

AMMTEC CONSOLIDATED REVENUE (\$ MILLION)

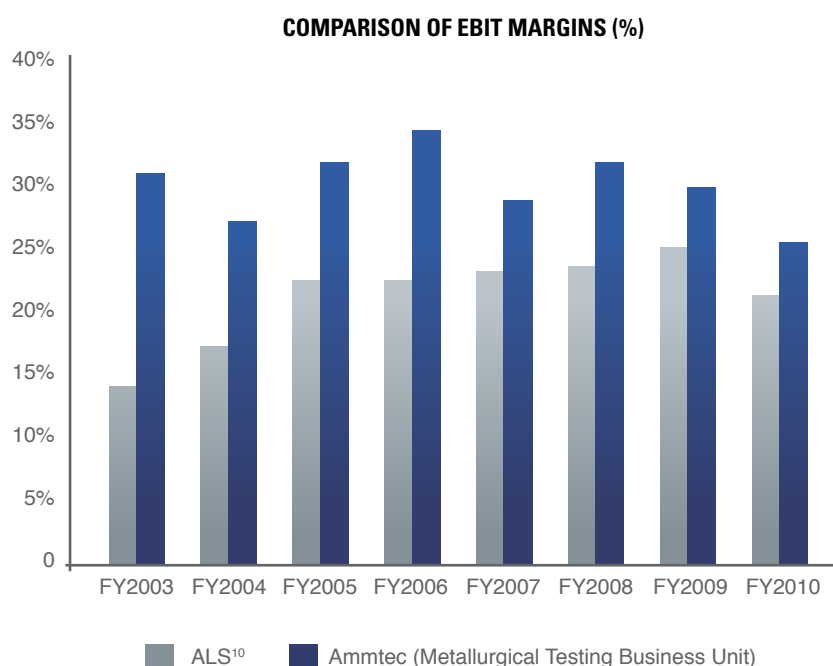


Outstanding competitive position of Metallurgical Testing business unit

The global metallurgical consulting industry is characterised by significant entry costs, due to its highly technical and specialised nature. Ammtec's Metallurgical Testing business unit is the largest metallurgical and mineral testing consultancy in Australia, and one of only a few businesses of its size globally. It has an outstanding competitive position due to:

- the expertise of Ammtec's senior technical team and skilled workforce. Metallurgical and mineral testing is a highly precise profession which takes years of training and Ammtec has built a large team of internationally acclaimed metallurgists and chemists, many of whom have been with Ammtec for the duration of their careers;
- Ammtec's extensive, proprietary job history database;
- Ammtec's service offering, which is broader than the majority of its competitors in terms of the commodities and types of testing conducted. This offering is continuing to grow;
- Ammtec's long-standing relationships with key blue chip clients, including BHP Billiton, Rio Tinto, Xstrata, Newcrest and Barrick; and
- Ammtec's extensive range of unique and custom-made testing equipment, which has a significant replacement value.

Ammtec's competitive advantage is illustrated by consistently strong profit margins in the Metallurgical Testing business unit. In contrast, Campbell Brothers' laboratory business, ALS, operates in a more competitive and commoditised market segment, and consequently has historically generated lower profit margins.



10. Source: Campbell Brothers annual reports.

1.4 IF YOU ACCEPT THE SHARE OFFER, YOUR EARNINGS PER SHARE AND DIVIDEND INCOME ARE LIKELY TO DROP SIGNIFICANTLY

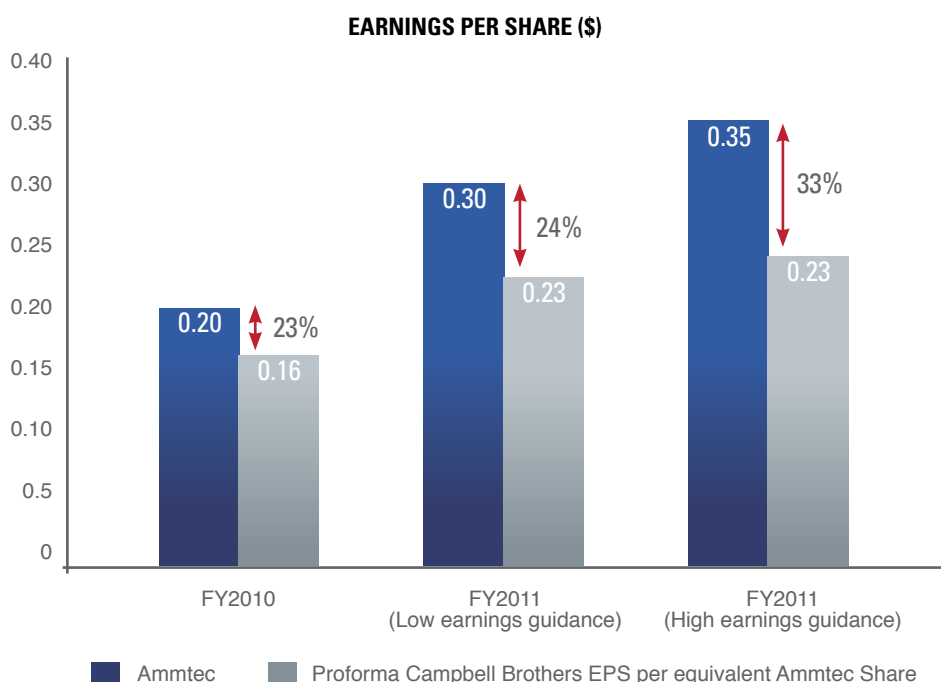
Ammtec has historically generated higher profit margins than Campbell Brothers, has paid out a higher proportion of earnings as dividends and has had a higher franking percentage.

Lower earnings per share if you accept the Share Offer

Ammtec's unaudited earnings per Share (**EPS**) for FY2010 is \$0.20¹¹, and based on earnings guidance for FY2011, is projected to be in the range \$0.30 - 0.35¹².

If all Ammtec Shareholders accept the Share Offer and receive Campbell Brothers shares, then:

- Pro forma FY2010 EPS¹³ for Campbell Brothers per equivalent Ammtec Share¹⁴ would have been **than Ammtec's FY2010 EPS**, and
- Based on consensus estimates of Campbell Brothers earnings in FY2011¹⁵, pro forma FY2011 EPS¹⁶ for Campbell Brothers per equivalent Ammtec Share¹⁷ is expected to be **24 - 33% lower than Ammtec's projected FY2011 EPS¹⁸**.



11. Assumes Ammtec FY2010 unaudited NPAT of \$7.2 million and 35.2 million weighted average Shares outstanding during FY2010.

12. Assumes Ammtec FY2011 earnings guidance NPAT of \$11.1 - 12.9 million and 36.7 million Shares on issue (36.5 million Shares plus 0.2 million vested, in the money Options assumed to be exercised).

13. Assumes 35.2 million weighted average Shares on issue during FY2010, 58.4 million weighted average CPB Shares on issue during financial year ended 31 March 2010 and pro forma earnings for Campbell Brothers equals the sum of Ammtec FY2010 unaudited NPAT of \$7.2 million, Campbell Brothers NPAT of \$75.3 million in financial year ended 31 March 2010 and \$1.5 million pre-tax synergies per annum.

14. Calculated by dividing pro forma FY2010 EPS for Campbell Brothers by 8.5, being the Share Offer ratio.

15. Consensus estimates sourced from Bloomberg as at 22 July 2010 (Bloomberg code: EEO).

16. 36.7 million weighted average Ammtec Shares on issue during FY2011, 63.5 million CPB Shares currently on issue and pro-forma earnings for Campbell Brothers calculated as the sum of Ammtec FY2011 NPAT earnings guidance of \$11.1 - 12.9 million, Campbell Brothers FY2011 consensus estimate NPAT of \$120.9 million and \$1.5 million pre-tax synergies.

17. Calculated by dividing pro forma FY2011 EPS for Campbell Brothers by 8.5, being the Share Offer ratio.

18. Based on FY2011 earnings guidance.

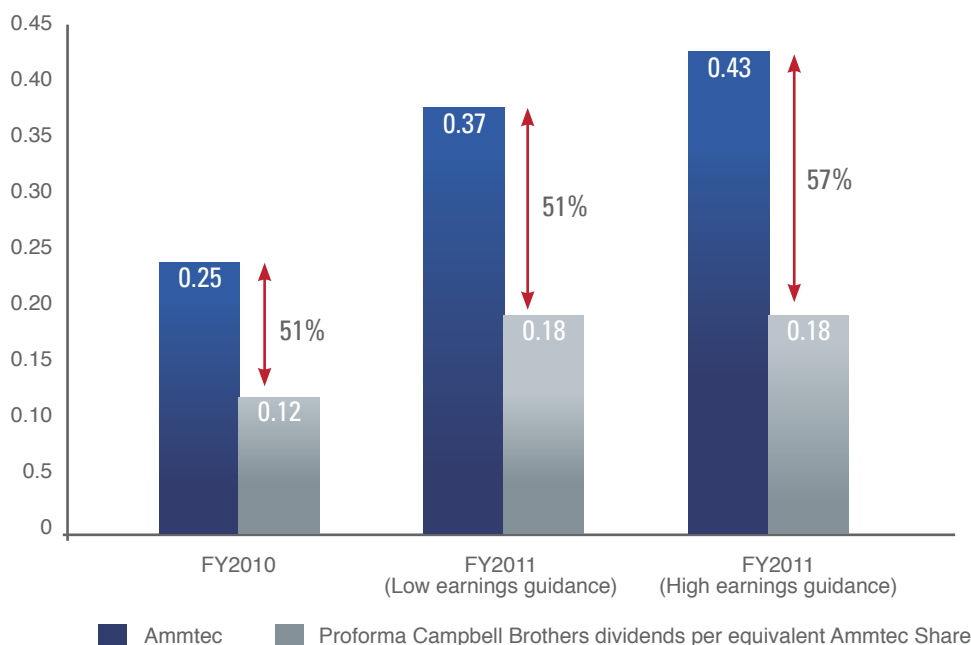
Lower dividends if you accept the Share Offer

Over the past four years, Ammtec has paid an average of 85% of earnings in dividends, whereas Campbell Brothers has averaged 65%. Ammtec dividends have been 100% franked in each of the past four years, compared to 50% for Campbell Brothers.

If Ammtec stays independent, Ammtec Shareholders will receive total dividends (grossed up for franking credits)¹⁹ of \$0.25 per Share for FY2010. If Ammtec maintains a payout ratio and franking percentage consistent with averages of the past four years and achieves FY2011 earnings guidance, Ammtec Shareholders will receive total dividends (grossed up for franking credits) of \$0.37 - 0.43 per Share for FY2011.

On the other hand, if all Ammtec Shareholders accept the Share Offer and receive Campbell Brothers Shares, and Campbell Brothers maintains a payout ratio and franking percentage consistent with averages of the past four years, then based on pro-forma FY2010 and FY2011 earnings²⁰ for Campbell Brothers:

- Ammtec Shareholders would have received dividends (grossed up for franking credits) of \$0.12 per equivalent Ammtec Share²¹ for FY2010²². **This is 51% lower than if Ammtec stays independent;** and
- Ammtec Shareholders can expect to receive dividends of (grossed up for franking credits) of \$0.18 per equivalent Ammtec Share²³ for FY2011²⁴. **This is 51 - 57% lower than if Ammtec stays independent.**



DIVIDENDS PER SHARE, GROSSED UP FOR FRANKING CREDITS (\$)

No Ammtec FY2010 final dividend if the Offer succeeds

The Offer includes a condition that between 18 May 2010 and the end of the Offer Period, Ammtec and its Subsidiaries shall not distribute any dividend without Campbell Brothers' prior written consent.

Therefore, if the Offer succeeds, Ammtec Shareholders who have accepted the Share Offer will not receive a final dividend from Ammtec for FY2010 and will have to wait for Campbell Brothers' next dividend.

Conversely, if the Offer is unsuccessful and withdrawn by ALS, Ammtec has announced that it will pay a fully franked final dividend of \$0.11 per Share for FY2010.

19. Cash dividend divided by $(1 - (30\% \times \text{franking percentage}))$.

20. Financial year ended 31 March 2010 and financial year ending 31 March FY2011. Pro-forma EPS calculated using the methodology set out in footnotes 13 and 16.

21. Assuming Campbell Brothers' FY2010 pro forma EPS per equivalent Ammtec Share of 0.23 multiplied by 65% payout ratio, grossed up for franking credits assuming dividends are 50% franked.

22. Financial year ended 31 March 2010.

23. Assuming Campbell Brothers' FY2011 pro forma EPS per equivalent Ammtec Share of 0.23 multiplied by 65% payout ratio, grossed up for franking credits assuming dividends are 50% franked.

24. Financial year ending 31 March 2011.

1.5 THE OFFER IS HIGHLY CONDITIONAL AND UNCERTAIN, AND ACCEPTING IT MAY HAVE ADVERSE CONSEQUENCES FOR YOU

Campbell Brothers unable to acquire 100% of Ammtec

The Offer is subject to 90% minimum acceptance condition, which is a requirement that ALS acquire at least 90% of Ammtec's Shares on issue.

Ammtec Shareholders (including your Directors) who together control 20.3% of Ammtec Shares have indicated in writing on a non-binding basis that, subject to no new information becoming available, they will not accept the Offer on its current terms.

No CGT roll over relief on Share Offer

If ALS does not acquire 80% of Ammtec Shares, you will not be eligible for capital gains tax rollover relief in respect of the Share Offer, which means you could incur a significant capital gains tax liability if you accept the Share Offer²⁵.

Accepting the Offer may prevent you from accepting higher offers from third parties

If you accept the Offer, you will not be able to accept a higher offer from a third party (should one eventuate) unless the Offer lapses or you have a right to withdraw your acceptance²⁶.

The Offer is highly conditional

The Offer also includes the following conditions that may not be satisfied:

- An equity market "out", which is triggered if the S&P / ASX 200 index closes below 3,800 for 2 consecutive Business Days prior to the end of the Offer Period;
- That Ammtec does not agree to pay a break fee to any third party who propose a superior offer to the Offer; and
- No material adverse change in Ammtec's business, assets, liabilities, financial or trading position, profitability of prospects.

Consequently, even if you accept the Offer, it may not be successful and you will not be paid until all conditions have been satisfied or waived.

Campbell Brothers may be unwilling to remove or waive conditions

Between 18 May 2010 (when Campbell Brothers announced its intention to make the Offer) and the Bidder's Statement being lodged on 5 July 2010, Ammtec wrote to Campbell Brothers requesting that it remove two of the conditions of the Offer²⁷ on the grounds that if the conditions are not waived, are subsequently triggered and Campbell Brothers seeks to rely on them to withdraw the Offer, this will likely give rise to unacceptable circumstances²⁸. Campbell Brothers refused Ammtec's request and whilst Ammtec has since satisfied one of these conditions (namely the earnings confirmation condition), the other remains in the Offer.

Your Directors believe this raises the possibility that Campbell Brothers may be unwilling to waive other conditions that are not met. If that occurs, even if you have accepted the Offer, you will not be paid and ALS will have the ability to withdraw the Offer.

25. You should refer to section 8 of the Bidder's Statement for further details of the tax consequences of accepting the Offer and consult a professional tax adviser if you have any further queries.

26. Refer to Sections 6.4 and 6.11 of this Target's Statement for further information related to your rights to withdraw your acceptance.

27. The two conditions are the earnings confirmation condition and no break Fees condition described in Section 6.6 of this Target's Statement.

28. Ammtec considers the earnings confirmation condition was not commercially critical to the Offer and considers that it would be unreasonable for ALS and Campbell Brothers to rely on Ammtec's cooperation in providing the earnings confirmation in this Target's Statement. Furthermore, ALS and Campbell Brothers are in a position to form a view on Ammtec's forecast financial performance from information outside of this Target's Statement. The Board considers the no break fees condition is anti-competitive as it has the potential to limit its ability to secure a rival bidder. Offering an inducement, such as a break fee, may assist the Board to encourage a rival bidder to make a superior offer to the Offer. The Board considers that it is within the scope of the Directors' fiduciary duties to do so, particularly as the Offer is considered inadequate and unsatisfactory.

1.6 THERE IS NO CERTAINTY THAT AMMTEC'S SHARE PRICE WILL FALL IF THE OFFER IS UNSUCCESSFUL

Campbell Brothers state that in the absence of the Offer, Ammtec's Share price is likely to fall. This claim cannot be substantiated.

Ammtec has a robust business model with strong growth prospects, and your Directors believe Campbell Brothers' claim does not take into account the strong earnings guidance issued by Ammtec for FY2011.



2 FREQUENTLY ASKED QUESTIONS ABOUT THE OFFER

What is a Bidder's Statement?

The Bidder's Statement is a document containing the detailed terms of the Offer. ALS lodged its Bidder's Statement with ASX, ASIC and Ammtec on 5 July 2010. Copies are available on the ASX website.

What is the Offer?

ALS (a wholly owned subsidiary of Campbell Brothers) has made an offer to acquire all of your Ammtec Shares for \$3.35 cash per Ammtec Share, or, in the alternative, for two (2) CPB Shares for every seventeen (17) Ammtec Shares you own.

What is the value of the Offer?

The Cash Offer is \$3.35 cash per Ammtec Share.

The value of the Share Offer will depend on the market price of CPB Shares. Based on Campbell Brothers' 10 day VWAP²⁹ for the 10 trading days up to and including 18 May 2010, the value of the Share Offer was \$3.35 per Ammtec Share.

The table below shows the value of the Share Offer based on a range of CPB Share prices:

CPB Share price (\$)	Implied Offer Price per Ammtec Share (\$)
28.00	3.29
28.50	3.35
29.00	3.41
29.50	3.47
30.00	3.53
30.50	3.59
31.00	3.65

Ammtec Shareholders are urged to obtain updated quotes on the price of CPB Shares, which can be obtained online at www.asx.com.au.

What do your Directors recommend you do and why?

Your Directors unanimously recommend that you **REJECT** the Offer. The key reasons the Directors unanimously recommend you **REJECT** the Offer are:

- The Offer undervalues your Ammtec Shares;
- The Offer does not reflect the strategic value of Ammtec's business to Campbell Brothers;
- An independent Ammtec has a robust business model with strong growth prospects;

29. Campbell Brothers' 10 day volume weighted average price for the 10 trading days up to and including 18 May 2010 is \$28.47. Trading data sourced from Bloomberg.

What do your Directors intend to do with their Ammtec Shares?

Who else intends to **REJECT** the current Offer?

- If you accept the Share Offer, your earnings per share and dividend income are likely to drop significantly; and
- The Offer is highly conditional and uncertain.

Further details of the reasons for your Directors' unanimous recommendation that you **REJECT** the Offer are set out in Section 1 of this Target's Statement.

Your Directors will inform you immediately if they decide to change their recommendation.

Each Director who owns Ammtec Shares currently intends to **REJECT** the Offer in relation to those Ammtec Shares they own or control, being approximately 3.8% of Ammtec's Shares in total.

Ammtec Shareholders who together control in aggregate approximately 16.6% of the Ammtec Shares have indicated to Ammtec on a non-binding basis that, subject to no new information becoming available, they will not accept the Offer in its current form.



What choices do I have?

As an Ammtec Shareholder, you have 3 choices. You can:

- **REJECT** the Offer – as recommended by your Directors for the reasons set out in Section 1 of this Target’s Statement. If you wish to **REJECT** the Offer, you do not need to do anything. Do not respond to any calls or correspondence from Campbell Brothers and ALS; or
- Accept the Offer; or
- Sell your Ammtec Shares on market (unless you have previously accepted the Offer and have not validly withdrawn your acceptance in the limited circumstances where this is permitted).

You may only accept the Offer for all of the Ammtec Shares held by you and not a greater proportion or a lesser proportion (unless you are a trustee or nominee as set out in section 10.5(b) of the Bidder’s Statement).

When do I have to decide?

If you wish to **REJECT** the Offer, you do not need to do anything.

If you wish to accept the Offer, you need to do so before 5:00pm (Perth time) on 23 August 2010. ALS will let you know if the Offer Period is extended or if the Offer is withdrawn.

How do I **REJECT** the Offer?

If you wish to **REJECT** the Offer, then you should **DO NOTHING** and **IGNORE** all correspondence from Campbell Brothers and ALS.

Does the Offer include my Ammtec Options?

No. However, the Offer is being made to each person who, during the period from the Register Date to the end of the Offer Period, becomes registered, or entitled to be registered, as the holder of Ammtec Shares as a result of the exercise of Ammtec Options.

What happens if I accept the Offer?

If you accept the Offer now, you will give up your rights to sell all of your Ammtec Shares on market or otherwise deal with them (for example, by accepting a higher offer from another bidder if such an offer is made), unless the limited withdrawal rights apply at the applicable time and you validly withdraw your acceptance of the Offer (please refer to Section 6.4 of this Target’s Statement), or any of the conditions under section 10.8 of the Bidder’s Statement are not fulfilled or waived by ALS by the end of the Offer Period, in which case your acceptance will be void (see sections 10.6 (j) and (k) of the Bidder’s Statement).

What are the conditions of the Offer?

The Offer is subject to a number of conditions being satisfied. These are, in summary:

- ALS and its associates together having interests in at least 90% (by number) of Ammtec Shares (see section 10.8(a)i of the Bidder’s Statement);
- earnings confirmation (see section 10.8(a)ii of the Bidder’s Statement);
- no market fall (see section 10.8(a)iii of the Bidder’s Statement);
- no material adverse change (see section 10.8(a)iv of the Bidder’s Statement);

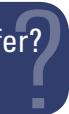
- no prescribed occurrences (see section 10.8(a)v of the Bidder's Statement);
- regulatory approvals (see section 10.8(a)vi of the Bidder's Statement);
- no regulatory actions (see section 10.8(a)vii of the Bidder's Statement);
- no material transactions (see section 10.8(a)viii of the Bidder's Statement);
- restrictions on the conduct of Ammtec's business (see section 10.8(a)ix of the Bidder's Statement);
- no third party consents required (see section 10.8(a)x of the Bidder's Statement);
- no dividends or distributions (see section 10.8(a)xi of the Bidder's Statement); and
- no break fees (see section 10.8(a)xii of the Bidder's Statement).

What happens if the conditions are not satisfied or waived?



If the conditions of the Offer are not satisfied or waived before the Offer closes, the Offer will lapse. You will then be free to deal with your Ammtec Shares as you choose, even if you have previously accepted the Offer.

Can ALS withdraw the Offer?



ALS may withdraw unaccepted Offers with ASIC's written consent and subject to any conditions ASIC imposes.

Can I be forced to sell my Ammtec Shares under the Offer?



No. You do not have to accept the Offer. You cannot be forced to sell any of your Ammtec Shares unless ALS acquires a relevant interest in at least 90% of all Ammtec Shares and Ammtec proceeds to compulsory acquisition of your Ammtec Shares. If that happens, ALS must acquire your Ammtec Shares at the Offer Price.

What if I want to sell my Ammtec Shares on market?



During the Offer Period, you may sell your Ammtec Shares through the ASX for cash (less brokerage), provided you have not accepted the Offer for those Shares. You should contact your broker for information on how to sell your Ammtec Shares on ASX and your tax adviser to determine your tax implications of such a sale.

When will I receive my consideration if I accept the Offer?



The Offer is conditional and if you accept the Offer while it is still conditional, you will not receive the consideration under the Offer until 1 month after the Offer becomes unconditional.

Can I change my mind and withdraw my acceptance after I have accepted the Offer?



You may only withdraw your acceptance in limited circumstances prescribed under the Corporations Act, notably if ALS extends the Offer Period for more than 1 month and the Offer remains subject to one or more of the conditions at that time. Please refer to Section 6.4 of this Target's Statement for further details.

What happens if a superior offer is made by ALS?



If you accept the Offer now and ALS subsequently raises the Offer Price, you will receive the higher price if the Offer has become unconditional.

What are the tax consequences of accepting the Offer?

Tax consequences differ considerably according to each individual Shareholder's circumstances. Your Directors therefore urge Shareholders to seek independent tax advice before deciding whether to **REJECT** or accept the Offer. A general explanation of the tax consequences of accepting the Offer is contained in Section 8.2 of this Target's Statement and in section 8 of the Bidder's Statement.

I am an overseas Shareholder; how does the Offer affect me?

You are an overseas Shareholder if your address on Ammtec's Share register is outside of Australia or its external territories or New Zealand.

All overseas Shareholders are able to accept the Cash Offer. Overseas Shareholders are unable to receive CPB Shares under the Share Offer.

If you are an overseas Shareholder and you choose to accept the Share Offer, your CPB Shares will be issued and sold by a Nominee and the net proceeds will be provided to you in cash. You should refer to section 10.10 of the Bidder's Statement for further information regarding this process.

Overseas Shareholders who are not Australian residents for tax purposes and accept the Share Offer may not be eligible for capital gains tax roll over relief. Further information for Non-Australian residents in relation to capital gains tax roll over relief and general Australian taxation implications of accepting the Offer are set out in section 8.4 of the Bidder's Statement.

Capital gains tax roll over relief is generally available for overseas Shareholders who are Australian residents for tax purposes and accept the Share Offer. Further information is provided in section 8.2 of the Bidder's Statement.

Overseas Shareholders should consult an independent tax adviser for tax advice, taking into account your individual circumstances.

Who should I contact if I have further queries in relation to the Offer?

Shareholders can contact Ammtec's information line on 1800 810 869 if calling from within Australia or +61 2 8280 7179 if calling from overseas.



3 AMMTEC'S PROFILE

3.1 BUSINESS OVERVIEW

Ammtec was established in Perth in 1979, primarily as an iron ore testing laboratory, and has been listed on the ASX since 1994. Since then, the Company has expanded its operations across Australia and into complementary businesses, primarily through acquisition. Today, it services clients globally and is one of only a few metallurgical and mineral testing firms of its size in the world.

Ammtec currently has approximately 325 employees across three business units:

Metallurgical Testing

This business unit provides metallurgical testwork, assay and mineralogy services to the Australian and international mining industry. As well as its headquarters and laboratory and assay facilities in Western Australia, the business unit operates laboratories in New South Wales (Metcon Laboratories), South Australia (Optimet) and Tasmania (Burnie Research Laboratory).

MARC Technologies

MARC Technologies designs and builds laboratories, sophisticated air extraction systems, innovative sampling equipment, and also provides custom engineering solutions, predominantly to the mining sector. MARC Technologies has state of the art design and fabrication facilities in Bibra Lake in Western Australia.

PSI

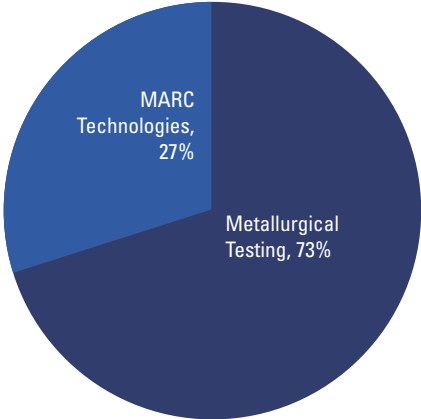
PSI (75% owned by Ammtec) holds a worldwide exclusive licence to produce resins which extract heavy metals from solutions. PSI has a laboratory in Montana, USA.



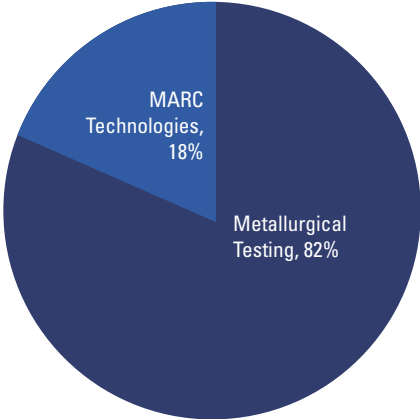
The Metallurgical Testing business unit has historically been Ammtec's main focus and this is reflected in its current contribution to group revenue and earnings. However, Ammtec's recent expansion into specialised engineering and resin technology has, in your Directors' view, the potential to generate significant new business opportunities and earnings growth in the future.

AMMTEC FY2010 BUSINESS UNIT RESULTS

Revenue (%)



EBITDA (%)



3.2 WHAT IS METALLURGICAL AND MINERAL TESTING?

Metallurgical and mineral testwork comprises project-based testing of ores to determine the most viable processes for extracting metals from the ore. This involves developing tailored processes utilising customised equipment and proprietary methods. Ammtec has the ability to perform this testwork at a range of levels, from bench scale through to significant, continuous pilot scale plants. The results from the testwork performed by Ammtec are used by mining companies and major banks to determine the feasibility of particular projects. They are also used by engineering groups to design and build plants to process the ore.

Metallurgical and mineral testing is different to assaying, which is the main business of the ALS Minerals Division. Assaying involves the chemical analysis of ore samples to determine the contained quantity of metal elements in each sample. Assaying is a fee-for-service business which involves analysis of high quantities of ore samples according to set processes and is often automated by machines. In contrast, metallurgical and mineral testing is a highly specialised process conducted by skilled experts within a greater scope of work. As a result, metallurgical and mineral testing profit margins are usually higher than assaying profit margins.

Contrary to Campbell Brothers' assertion, metallurgical and mineral testing services are provided at two stages in the lifecycle of a mining project: during feasibility study and during production. Metallurgical testwork is conducted during the production stage in order to optimise existing processes. Approximately 50% of Ammtec's FY2010 revenue was from operations already in production in Australia and overseas.

3.3 METALLURGICAL TESTING BUSINESS UNIT

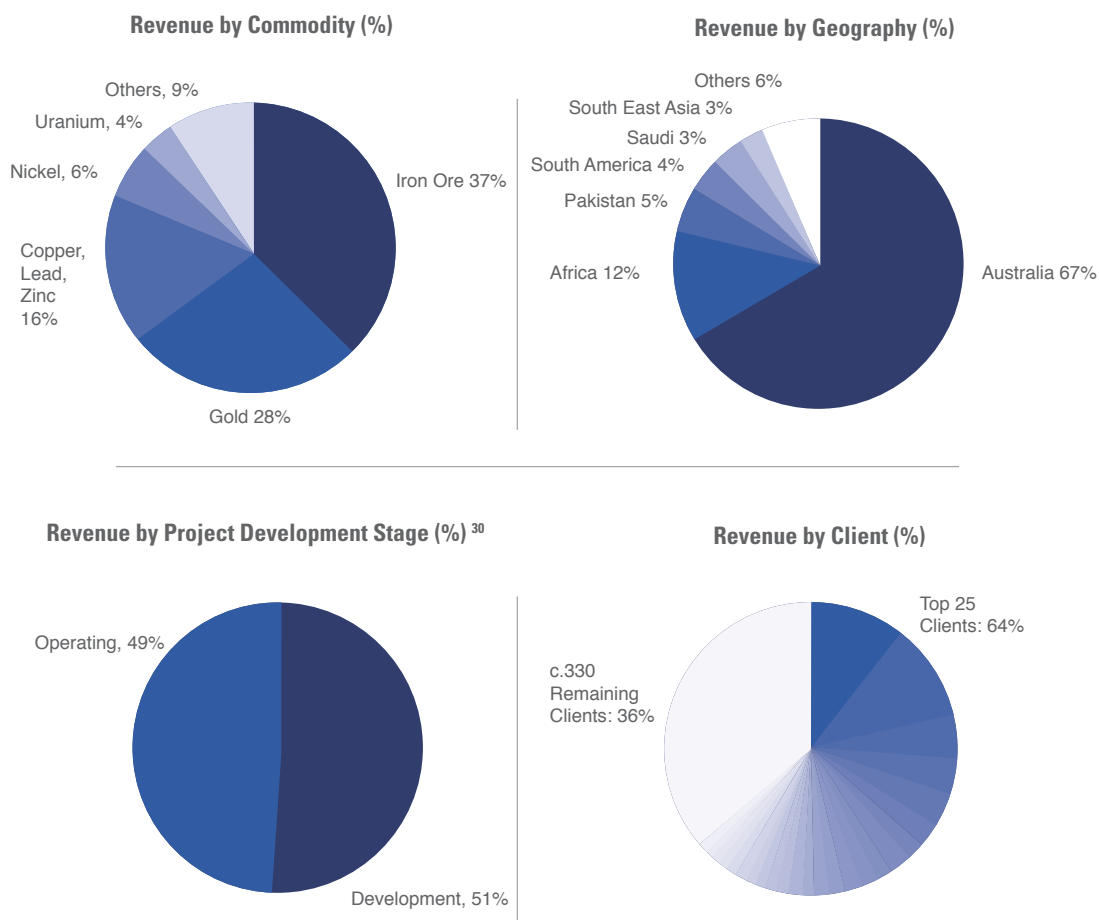
Ammtec's Metallurgical Testing business unit is headquartered at Balcatta in Western Australia. Historically, the Western Australian operations have provided the majority of the business unit's revenue. Ammtec has also acquired additional, smaller laboratories across Australia in order to establish a support capability to Western Australia and optimise the client service offering.

METALLURGICAL TESTING BUSINESS UNIT: EXTERNAL REVENUE BY LABORATORY

\$ million	FY2008	FY2009	FY2010
Ammtec (WA)	26.8	31.2	33.7
Metcon (NSW)	1.7	2.6	2.1
Optimet (SA)	1.2	1.1	1.1
Burnie (Tas)	3.0	3.4	2.8
Total Metallurgical Testing business unit revenue	32.7	38.2	39.7

The Metallurgical Testing business unit's clients comprise many of the biggest blue chip mining groups globally, as well as a large number of emerging resource companies. Revenue is diversified across commodities, geographies, clients and different stages of the project lifecycle.

METALLURGICAL TESTING BUSINESS UNIT: FY2010 REVENUE DECOMPOSITION



Owing to the customised nature of its services, Ammtec derives much of its metallurgical testwork revenue from contracts which are determined on a project by project basis. Ammtec quotes for new contracts by drawing on a comprehensive project history database across clients and commodities. This allows Ammtec to confidently quote commercial terms and provides Ammtec with a significant advantage over any potential new entrants in the sector.

Ammtec laboratory - Balcatta, Western Australia

The Balcatta laboratories are organised into business sectors. Dedicated teams are allocated to each sector. As client testwork can require co-operation and integration between multiple sectors, Ammtec also allocates metallurgists to work across sectors to ensure continuity of the testwork.

Iron ore

In this sector, testwork is conducted which determines the characteristics of iron ore for processing, shipping and selling. This testwork is unique to iron ore, and includes dropping and tumbling samples to determine the physical characteristics of the ore, and thermal testing to determine the behaviour of the ore in a steel blast furnace. In FY2010, 37% of the Metallurgical Testing business unit revenue was from the iron ore business sector.

Gold ore processing

This involves conducting testwork to determine the optimal process for extracting and refining gold. This involves processes that are unique to gold, such as cyanide leaching. In FY2010, 28% of the Metallurgical Testing business unit revenue was from the Gold Ore Processing business sector.

³⁰ Development defined to include projects on care and maintenance. Operating defined to include projects under construction.

Comminution

Comminution involves all processes for crushing and grinding mineral ore. This activity determines the hardness characteristics of mineral ores so that engineering companies can design the crushing and grinding circuits for process plants.

Flotation

Flotation processing involves water and air based separation of minerals from ores to upgrade the minerals into a concentrated product for downstream processes. These processes apply predominantly to base metals (such as copper, lead, zinc and nickel) and also to other metals and minerals including gold, iron ore and uranium. This sector tests mineral ore samples to determine the optimal flotation process for the extraction of minerals.

Mineralogy

Mineralogy involves the detailed microscopic analysis of rock samples to determine their mineral composition. This contrasts with assaying, which involves chemical analysis of elements. Ammtec has a wide range of mineralogy capabilities for the minerals industry, including on-site automated mineralogy equipment for the oil and gas industry.

Hydrometallurgy

Hydrometallurgy involves the testing of solutions and slurries in order to determine the optimal chemical processes for separating and extracting the components of the solution. This analysis is conducted by specialised hydrometallurgists. Ammtec is currently developing a new hydrometallurgy pilot facility which is anticipated to be completed in 2010 and will expand Ammtec's capability to conduct pilot scale testing of nickel, iron ore, uranium and other metals.

Pilot testing

On the basis of testwork described above, Ammtec's metallurgists will have determined the optimal process or processes for a client's project. Pilot testing involves the construction of a miniature scale plant which implements these processes. These plants are then operated continuously, to process a variety of ore samples. Data from the operations is then analysed and the design of the plant is refined, tested and finalised. These designs are then used for the financing and construction of the project, reflecting the high standard and accuracy with which Ammtec conducts pilot testing.

Assaying

Assaying involves the chemical analysis of ore samples to determine the contained quantity of metal elements in each sample. Assaying is often required in advance of metallurgical and mineral testwork. Ammtec conducts assay analysis in-house in order to provide a fast turnaround of metallurgical and mineral testwork. Ammtec also conducts a limited amount of assay analysis on request from clients, which is unrelated to its metallurgical and mineral testwork, in order to provide a full service offering. However, this contributes a negligible amount to the total revenue of the Metallurgical Testing business unit.

Sample preparation

In this sector, samples are prepared for metallurgical and mineral testwork, both through manual and automated processes. Ammtec is in the process of automating its sample preparation processes with robotic equipment supplied by MARC Technologies, which is scheduled to be online by December 2010.

As a result of increasing workflows, Ammtec has continued to expand its facilities at Balcatta in Western Australia, and now holds five freehold properties as well as leasing an equivalent area for sample storage, the iron ore laboratory and other equipment storage nearby.

Metcon Laboratory – Sydney, New South Wales

Metcon was established in 1991 and acquired by Ammtec in February 2001.

Metcon provides similar services to those of the Western Australia operations, including a comprehensive testing service for the development of metallurgical processes for new projects, ongoing development for existing operations, on site consulting or test programs, and testing and development of new equipment and processes. Metcon services mining companies and consultants based in NSW, Queensland and the Pacific nations closer to the east coast.

Optimet Laboratory – Adelaide, South Australia

Optimet was established in 1989 and acquired by Ammtec in July 2002. Optimet is the smallest of Ammtec's facilities and is a specialised laboratory providing high quality flotation testing and consultancy services, including on-site metallurgical and mineral testing and project management.

Burnie Research Laboratory – Burnie, Tasmania

Burnie was established by Aberfoyle Ltd in 1980. Initially, the laboratory supported the various tin mining operations of Aberfoyle, including testing gravity separations and oxide flotation. Western Metals Copper Ltd acquired the laboratory in 1998 and Ammtec subsequently acquired the laboratory in 2004.

Burnie is now a commercial metallurgical and mineral testing facility specialising in hydrometallurgy, base metal flotation, comminution, leaching and gravity separation, with assay facilities available to support the metallurgical testwork.

3.4 MARC TECHNOLOGIES

Ammtec acquired MARC Technologies (formerly MARC Environmental Solutions Pty Ltd) in February 2008. MARC Technologies currently comprises four sub-divisions:

- Air – designs and installs customised dust control and extraction systems;
- Laboratory – designs and builds commercial laboratories;
- Custom engineering and sampling – designs and supplies customised sampling technology and provides innovative engineering solutions to the air and laboratory divisions ; and
- Spare parts and services – after-sales service for the other three divisions.

The majority of MARC Technologies' customers are in the mining and mining services industry.

MARC Technologies is currently expanding its services and has recently secured contracts to install customised dust extraction systems for the iron ore industry. It has also been contracted for the automation of wet and dry sampling techniques for mineral processes. In order to facilitate this expansion, Ammtec relocated MARC Technologies to significantly bigger and more modern premises at Bibra Lake in Western Australia in December 2008 and hired Eric Hendrix (previously an Automation Manager with Outotec) to manage its expansion. Strong demand for both products are expected; iron ore processing has unique and complex dust extraction requirements, whilst the automated sampling service offers clients significant cost savings compared to the current labour intensive processes employed.

3.5 PURITY SYSTEMS, INC.

Ammtec acquired a majority interest in PSI in August 2007 and currently owns 75%, having recently invested US\$1.0 million to increase its PSI shareholding from 72%. US-based PSI holds a worldwide exclusive licence from the University of Montana to produce resins which extract heavy metals from solutions. These resins have wide ranging applications including minerals processing and industrial waste purification. In the mining sector, the extractive resin technology is an alternative to existing solvent extraction processes.

Ammtec has invested steadily to advance PSI's resin technology since acquisition and will continue to invest in the business going forward.

Recent marketing has led to increased levels of interest in PSI's technology and Ammtec has recently announced PSI's first major commercial sale of \$1.5 million.

3.6 AMMTEC DIRECTORS

Ammtec's Board provide an optimal mix of industry and outside experience to the business. Your three Executive Directors have each been employed with Ammtec for more than 15 years, providing significant operating and technical expertise. Your three Non-Executive Directors have diverse experience across the financial and mining industries. Biographical details of your Directors as at the date of this Target's Statement are provided below.

David Macoboy *Non-Executive Chairman*

David Macoboy has more than 25 years' industry experience in banking, finance and project evaluation. He was Finance Director of Consolidated Minerals Ltd from 1999 to 2005 and Executive Director Finance and Corporate with Portman Mining Ltd from 1996 to 1999. He has also held senior executive positions with Challenge Bank, Merrill Lynch and Australian Capital Equity. He is currently non-executive Chairman of Vital Metals Limited.

Rod Smith *Managing Director*

Rod Smith is a graduate from the Western Australia School of Mines. He has 41 years' experience in all aspects of metallurgical testwork and operation of mineral processing plants. Prior to joining Ammtec in 1985, Rod worked as a metallurgist with Great Boulder Mines and WMC Resources Ltd and had responsibility for testwork and the efficient operation of nickel and gold treatment circuits in the Kalgoorlie region. He then joined the Mineral Processing Laboratory of the Western Australian Mines Department where he conducted research testwork into the processing of a wide range of mineral and ore types. Rod is also a Director of Ammtec's Subsidiaries, MARC Technologies and PSI.

Ron Grogan *Executive Director*

Ron Grogan graduated from the Western Australia School of Mines with a Bachelor of Applied Science (Metallurgy) in 1978. He joined Ammtec in 1996, bringing with him extensive experience in plant operations and project development. Prior to joining Ammtec, Ron worked with WMC Resources Ltd, Bond Gold Australia Pty Ltd and Outokumpu Australia Pty Ltd, where he developed his skills in the feasibility, design, operation and financial aspects of gold and base metal projects.

Hamid Sheriff *Executive Director*

Hamid Sheriff graduated with a Bachelor of Science (Extractive Metallurgy) from Murdoch University in 1989 and joined Ammtec in 1995. He is involved in a wide range of metallurgical testwork, including comminution testing, bench and pilot testing of free milling and refractory gold ores, flotation and grinding circuits. Prior to joining Ammtec, Hamid worked for a number of gold mining companies and projects as a plant and senior metallurgist to develop his skills in the flotation and pressure oxidation. Hamid is the Operations Director for the Balcatta operations.

Peter Rowe *FAIMM, FAICD Non-Executive Director*

Peter Rowe holds a chemical engineering degree and has extensive international mining experience. Peter commenced his career with Anglo American and De Beers before relocating to Australia. He has held a number of senior managerial positions including director of the Fimiston expansion, general manager of the Boddington Gold Mine and managing director and CEO of Bulong Nickel. He is also a past Chairman of the Australian Gold Council. He is a current non-executive director of Ironclad Mining Limited and Adamus Resources Limited and is non-executive chairman of Millennium Minerals Limited.

Ross Norgard *FICA Non-Executive Director*

Ross Norgard is the past Chairman of the Western Australian Professional Standards Committee and the Western Australian Professional Development Committee of the Institute of Chartered Accountants. Ross is the founding Chairman of Ipernica Limited (previously QPSX) and founding Chairman and new Deputy of Brockman Resources Ltd.

3.7 AMMTEC SENIOR MANAGEMENT

In addition to its Executive Directors, Ammtec's management team includes the following public officers:

Sharyn Long *Chief Financial Officer and Company Secretary*

Sharyn Long has been the Company Secretary since 1994. Sharyn is an associate of the Institute of Chartered Accountants, a Fellow of the Taxation Institute of Australia and has a Bachelor of Business in Accounting. She has been associated with the financial affairs of Ammtec since 1985 and is a Director and Company Secretary of Subsidiaries PSI and MARC Technologies.

David Briggs *General Manager, PSI*

David holds a Bachelor of Science in Metallurgical Engineering from California State University. On graduating, David worked as a staff engineer in process development, mechanical engineering and risk analysis with IBM in California. He then spent 18 years with Cytec Industries, most recently as the Global Director of New Mines and Regional Director of Asia Pacific. He joined Ammtec as PSI's General Manager in June 2008.

Eric Hendrix *General Manager, MARC Technologies*

Eric Hendrix has over 20 years experience in the mining industry in mineral processing and analytical / metallurgical laboratory management. Prior to joining MARC Technologies, Eric was an executive with Outotec Pty Ltd (formerly Outokumpu) where he specialised in automation and was instrumental in the development and growth of the Outotec Service and Sampling business. He joined MARC Technologies in September 2008.

Steve Rayner *Manager Metcon Laboratories, NSW*

Steve Rayner has over 30 years experience in laboratory development metallurgical and mineral testing. Prior to joining Ammtec, Steve spent several years with Warman International's Research and Development Division, including as General Manager. Steve established Metcon in 1991, which was subsequently acquired by Ammtec in 2001. Steve has particular expertise in copper/gold and uranium ores, acid leaching of copper ores and industrial minerals and has been involved in on site testing and consulting at Ranger Uranium Mines (Northern Territory), Macraes Gold Mine (New Zealand), Leborg Tandai (Indonesia) and Coeur Gold (New Zealand).



4 AMMTEC'S HISTORICAL FINANCIAL INFORMATION & FY2011 EARNINGS GUIDANCE

4.1 INTRODUCTION

This Section sets out, in summary form, and provides analysis of, certain key historical and forecast financial information including:

- Ammtec's consolidated historical audited income statement and balance sheet for the financial years ended 30 June 2008 and 2009 (FY2008 and FY2009 respectively);
- Ammtec's consolidated unaudited income statement and balance sheet for the financial year ended 30 June 2010 (FY2010); and
- Ammtec's earnings guidance for the financial year ending 30 June 2011 (FY2011).

The financial information in this Section is presented in abbreviated form. Ammtec Shareholders should refer to Ammtec's audited annual financial statements for FY2008 and FY2009 for more detailed disclosures in relation to the historical financial performance, financial position and accounting policies of Ammtec. These are available from Ammtec's website: www.ammtec.com.au.

4.2 BASIS OF PREPARATION OF UNAUDITED FY2010 INCOME STATEMENT AND BALANCE SHEET

Ammtec's unaudited FY2010 income statement and balance sheet have been extracted from the Company's accounting records for FY2010. The FY2010 income statement and balance sheet have not yet been audited and accordingly the audited results may differ. Based on previous experience, your Directors do not expect material variance. A full and detailed analysis of the FY2010 financial results will be set out in the Preliminary Final Report, which is anticipated to be lodged with the ASX in August 2010.

4.3 CONSOLIDATED HISTORICAL INCOME STATEMENTS

The table below contains a summary of Ammtec's consolidated condensed income statements for FY2008, FY2009 and FY2010 (unaudited).

Year ended 30 June (\$ million)	FY2008	FY2009	FY2010
Revenue	37.7	55.5	54.3
EBITDA	11.9	12.9	12.8
D&A	(1.1)	(1.7)	(2.1)
EBIT	10.8	11.2	10.7
Interest	(0.7)	(1.2)	(0.3)
PBT	10.2	10.0	10.4
Tax	(3.4)	(3.5)	(3.6)
NPAT	6.7	6.5	6.7
Minority Interest	(0.2)	(0.4)	(0.4)
NPAT to Parent	6.9	6.9	7.2
Weighted average Shares on issue (m)	22.3	25.4	35.2
EPS (cents)	31.0	27.1	20.3



4.4 CONSOLIDATED HISTORICAL BALANCE SHEETS

The table below contains a summary of Ammtec's consolidated balance sheets for FY2008, FY2009 and FY2010 (unaudited).

Year ended 30 June (\$ million)	FY2008	FY2009	FY2010
Assets			
Cash	0.0	0.5	2.7
Trade and other receivables	9.7	9.7	15.4
Inventories	1.9	2.2	2.5
Property, plant & equipment	21.3	32.6	39.7
Goodwill and other intangibles	21.4	22.2	22.1
Deferred Tax Assets	0.7	1.0	1.4
Other	0.2	0.2	0.6
Total Assets	55.2	68.6	84.4
Liabilities			
Trade and other Payables	5.0	8.4	8.7
Borrowings	9.5	12.6	5.5
Tax Liabilities	2.7	2.1	3.5
Employee Benefits	1.9	2.4	2.7
Total Liabilities	19.1	25.6	20.4
Net Assets	36.2	43.0	64.0
Equity			
Share Capital	25.1	25.7	45.9
Reserves	0.9	5.4	4.5
Retained Earnings	10.0	11.8	13.7
Total Equity attributable to Ammtec equity holders	36.0	42.9	64.1
Non-controlling Interest	0.2	0.1	(0.1)
Total Equity	36.2	43.0	64.0

4.5 FY2010 COMMENTARY

Ammtec's FY2010 unaudited consolidated results are broadly in line with FY2009 and reflect:

- A continuation of the challenging operating conditions arising from the Global Financial Crisis and associated slowdown in mining industry activity in the first half of the year; and
- A record result in the second half of the year, comprising revenue of \$29.7 million, EBITDA of \$7.6 million and NPAT of \$4.3 million.

Consolidated revenue was 2% lower than FY2009, whilst consolidated EBITDA margins remained steady in the range 23 - 24%. Net profit after tax for FY2010 was 4% higher than FY2009, but EPS was below FY2009 as result of the \$10.9 million equity placement and \$7.7 million share purchase plan completed in August 2009 to fund the new hydromet pilot plant facility. This plant is due for completion by December 2010 and consequently earnings have not yet benefited from the investment. Your Directors expect a significant improvement in EPS from the operation of this facility.

Ammtec's balance sheet as at 30 June 2010 reflects a strong capital position with minimal net debt of \$2.7 million and a net trade working capital position of \$9.3 million³². Ammtec's property, plant and equipment include freehold land and buildings with a carrying value of \$23.0 million. In addition, Ammtec has a franking credit account balance of \$8.1 million.

The table below contains a comparison of business unit performance for FY2008, FY2009 and FY2010 (unaudited).

Year ended 30 June (\$ million)	FY2008	FY2009	FY2010
Revenue			
Metallurgical Testing	32.9	38.5	39.7
MARC Technologies ³¹	4.2	16.6	14.5
PSI	0.0	0.1	0.0
Consolidation	0.5	0.3	0.0
Total Revenue	37.7	55.5	54.3
EBITDA			
Metallurgical Testing	11.4	12.9	11.8
MARC Technologies	1.1	1.7	2.7
PSI	(0.6)	(1.5)	(1.5)
Consolidation	(0.1)	(0.2)	(0.2)
Total EBITDA	11.9	12.9	12.8

FY2010 revenue and EBITDA for the Metallurgical Testing business unit were in line with FY2009. Workflows in the business unit were down substantially during the first half of the year as the Global Financial Crisis continued to curtail the ability of small to medium-sized mining companies to raise finance for projects and larger mining companies conserved capital. Workflows improved during the second half of the year as commodity prices improved and capital markets re-opened, and revenues in the second half were 9% higher than the first half.

Difficult industry conditions also led to a decrease in MARC Technologies' revenue relative to FY2009, although revenues in the second half were 60% higher than the first half for FY2010. Cost management initiatives resulted in an improvement in EBITDA margins from 10% to 18% for FY2010 compared to FY2009, resulting in a 56% improvement in EBITDA. Much of this improvement occurred in the second half, with EBITDA in excess of 11 times the first half.

During FY2010, Ammtec continued to invest to advance PSI's technology and execute marketing initiatives. Whilst PSI incurred a loss of \$1.5 million for FY2010, it has since announced its first major commercial sale.

4.6 BASIS OF PREPARATION OF FY2011 EARNINGS GUIDANCE

The earnings guidance for FY2011 presented in this Section is based on:

- the Director's assessment of the current economic and operating conditions;
- the implementation of management's current business strategies and detailed plans prepared on a 'business as usual' basis; and
- a number of material best estimate assumptions set out in Section 4.9 of this Target's Statement, as determined by the Directors, which reflect their judgment of the likely future economic and operational considerations in FY2011.

The Directors consider that they have used reasonable care in the preparation of the FY2011 earnings guidance and consider the assumptions to be reasonable when taken as a whole. However, Ammtec Shareholders are cautioned not to place undue reliance on the forecast financial information or projections. Projections by their nature are subject to uncertainties and unexpected events, many of which are outside the control of the Directors. Any variation to the basis upon which the earnings guidance has been prepared could be either materially positive or negative to the actual financial performance of the Company. The Directors therefore cannot, and do not, guarantee the achievement of the FY2011 earnings guidance.

31. FY2008 MARC Technologies earnings represents 4 months post acquisition.

32. Defined as trade and other receivables, plus inventories, less trade and other payables.

4.7 FY2011 EARNINGS GUIDANCE

Included in the table below is a summary of Ammtec's income statements for FY2010 (unaudited) and FY2011 earnings guidance.

Year ending 30 June	FY2010	FY2011 Projection	
\$ million	Historical	Low	High
Revenue	54.3	73.3	79.1
EBITDA	12.8	19.6	22.2
D&A	(2.1)	(2.6)	(2.6)
EBIT	10.7	17.0	19.6
Interest	(0.3)	(0.5)	(0.5)
PBT	10.4	16.5	19.1
Tax	(3.6)	(5.4)	(6.2)
NPAT	6.7	11.1	12.9
Minority Interest	(0.4)	(0.0)	0.0
NPAT to Parent	7.2	11.1	12.9
Weighted average Shares on issue (m)	35.2	36.5	36.5
EPS (cents)	20.3	30.5	35.3

4.8 MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FY2011 EARNINGS GUIDANCE

Ammtec is forecasting strong increases in revenue, profitability and profits in FY2011 compared to FY2010, with revenue growth of 35 - 46% and an improvement in EBITDA margins from 24% to 27 - 28%, resulting in NPAT growth of 55 - 80%.

Commentary in relation to each specific business unit is provided below.

Year ending 30 June	FY2010	FY2011 Projection	
\$ million	Historical	Low	High
Revenue			
Metallurgical Testing	39.7	45.4	50.9
MARC Technologies	14.5	25.4	25.4
PSI	0.0	2.7	3.0
Consolidation	0.0	(0.3)	(0.3)
Total Revenue	54.3	73.3	79.1
EBITDA			
Metallurgical Testing	11.8	15.2	17.6
MARC Technologies	2.7	4.8	4.8
PSI	(1.5)	(0.0)	0.1
Consolidation	(0.2)	(0.3)	(0.3)
Total EBITDA	12.8	19.6	22.2

Metallurgical Testing business unit

Ammtec's Metallurgical Testing business unit is experiencing strong demand for its services as new resources projects are planned in Australia and internationally. The earnings guidance for FY2011 assumes revenue growth of 15 - 29% for FY2011 compared to FY2010.

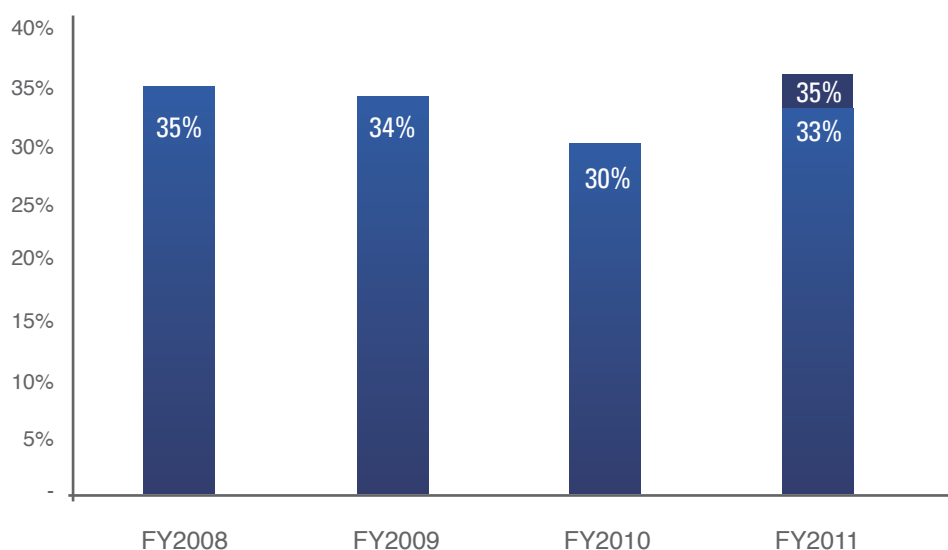
Strong demand for Ammtec's services has already been reflected in significant revenue growth experienced in the last quarter of FY2010. Your Directors are confident that this momentum will continue in FY2011 in line with the ongoing recovery in mining activity and capital expenditure in Australia and globally³³.

In addition, Ammtec has recently implemented a number of significant capital initiatives including:

- completing a new purpose-built assay laboratory enabling faster turnarounds on testwork;
- expanding pilot plant facilities to allow multiple simultaneous pilot projects;
- introducing mineralogy capabilities, including mobile mineralogy equipment for the oil and gas industry; and
- developing a new hydromet facility, which is anticipated to be completed in 2010. This will expand our capability to conduct pilot scale testing of nickel, iron ore, uranium and other metals.

The low end of Ammtec's FY2011 revenue guidance includes no revenue from the new hydromet facility, whereas the high end includes additional revenue of \$5.5 million from potential new contracts relating to it. The value of potential new contracts relating to the hydromet facility currently under negotiation exceeds this amount.

AMMTEC'S METALLURGICAL TESTING EBITDA MARGINS (%)



In addition to strong revenue growth, Ammtec is also expecting Metallurgical Testing business unit profit margins to return to historical levels. Your Directors expect this to be driven in part by the adoption of new, labour saving, automated sample preparation through equipment sourced from MARC Technologies, which is anticipated to be completed by December 2010.

The FY2011 earnings guidance was prepared against the background of the proposed Resource Super Profits Tax (**RSPT**). It is now clear that the RSPT will not go ahead. Instead a more limited and less onerous Mineral Resources Rent Tax (**MRRT**) is proposed which, if implemented, will apply to the coal, iron ore and oil and gas sectors only.

If it is implemented, your Directors expect the proposed MRRT to have minimal impact on Ammtec's future operations. Approximately 90% of Ammtec's Metallurgical Testing business unit revenue in FY2010 was from projects that your Directors believe will either be unaffected, or minimally affected, by the MRRT. This includes projects in commodities that are not covered by the MRRT, projects located outside of Australia, and established iron ore projects located in Australia that your Directors believe are unlikely to cease operation as a result of the MRRT.

33. Financial years ended 30 June 2010 and ending 30 June 2011 mining capital expenditure estimated at \$41.3 billion / \$49.0 billion respectively by the Australian Bureau of Statistics report: "Private New Capital Expenditure and Expected Expenditure, Australia, Dec 2009" (25 February 2010).

MARC Technologies

MARC Technologies has a strong and growing order book and revenue in FY2011 is expected to increase to \$25.4 million. At the date the FY2011 earnings guidance was prepared, 52% of the FY2011 revenue guidance was already contracted and a further 26% was under negotiation.

MARC Technologies is anticipated to benefit from its new, expanded facilities and return to pre-Global Financial Crisis profit margins experienced at the time of its acquisition in February 2008. Your Directors do not expect the proposed MRRT to affect the FY2011 earnings guidance for MARC Technologies.

PSI

Since Ammtec's initial acquisition of PSI in 2004, we have invested heavily to advance PSI's resin technology. Recent marketing initiatives have led to increased interest from potential customers and PSI's first major commercial sale of \$1.5 million was recently announced. FY2011 guidance is for PSI to be cost neutral. At a gross margin of 50% on the announced sale, over 40% of this earnings guidance (relative to FY2010) is locked in. Your Directors do not expect the proposed MRRT to affect the FY2011 earnings guidance for PSI.

4.9 MATERIAL BEST ESTIMATE ASSUMPTIONS

The material best estimate assumptions underlying the FY2011 earnings guidance are set out below.

General assumptions

The general assumptions below should be read in conjunction with the risk factors in Section 4.10 of this Target's Statement.

- No significant changes in prevailing economic conditions in the markets in which Ammtec operates.
- No significant changes in the competitive environment.
- The Offer is not successful and none of Campbell Brothers' intentions for Ammtec as outlined in the Bidder's Statement are pursued.
- No significant industrial, operational, contractual or political disturbances impacting the continuity of operations.
- No material amendment to, termination or loss of material agreements relating to the business.
- No significant changes in statutory, legal or regulatory requirements that would have a material impact on operations.
- No material changes in Australian Accounting Standards that would have a material impact on Ammtec's financial performance, financial position or cash flows.
- No change in tax legislation in any of the jurisdictions in which Ammtec currently conducts operations which would have a material impact on Ammtec's financial performance, financial position or cash flows, including the current Australian corporate statutory tax rate of 30%. The impact of the proposed MRRT, if it is implemented, on coal and iron ore project development in Australia has been taken into account.
- No material losses in respect of litigation matters or contingent liabilities would arise or be settled to the detriment of Ammtec.
- No material acquisitions or disposals of businesses.
- No loss of key personnel.
- Average exchange rate of one Australian Dollar to 0.88 United States Dollars (applicable to PSI income).
- Total average financing costs of 8.3%.
- Average workers' compensation rate is consistent with previous periods.
- Labour pay rates will remain in line with current awards, enterprise bargaining agreements or common law agreements and planned headcount increases and staff retention targets, where appropriate, are achieved.
- Inflation rates remain broadly consistent with historical levels.

Specific assumptions

- Levels of utilisation of equipment continue in a manner consistent with historical levels.
- Ammtec is able to source personnel and equipment sufficient to meet its contractual obligations.
- Final audit adjustments do not materially affect FY2010 figures.
- Takeover defence costs, which could be in the range of \$0.8 – 1.2 million (pre-tax) in FY2011 (assuming the Offer is unsuccessful and no new or revised offer is made) have not been included in the FY2011 earnings guidance.

4.10 KEY RISKS

You should be aware of the following key risks that may affect the future operating and financial performance of Ammtec and the value of Ammtec Shares. These risks include general risks associated with any form of business and specific risks associated with Ammtec's business.

Economic conditions

Adverse changes in economic conditions such as interest rates, exchange rates, inflation, government policy, international economic conditions and employment rates (amongst others) are outside Ammtec's control and have the potential to have an adverse impact on Ammtec and its operations.

Stock market fluctuations

There are risks associated with any investment in a company listed on the ASX. The value of Ammtec Shares may rise above or below the current price depending on the financial and operating performance of Ammtec and external factors over which Ammtec and the Directors have no control.

These external factors include:

- economic conditions in Australia and overseas, which may have a negative impact on equity capital market;
- changing investor sentiment in the local and international stock markets;
- changes in domestic or international fiscal, monetary, regulatory and other government policies; and
- developments and general conditions in the markets in which Ammtec proposes to operate and which may impact on the future value and pricing of shares.

Regulatory risks

Ammtec is exposed to changes in the regulatory conditions under which it operates. Such regulatory changes can include, for example, changes in:

- taxation laws and policies;
- accounting laws, policies, standards and practises; and
- employment laws and regulations, including laws and regulations relating to occupational health and safety.

Ammtec specific risks

Mining industry cycle

Ammtec operates predominantly in the mining sector. Any variance in the level of activity in this sector will be influenced by factors that may have an adverse effect on operating results and are beyond the control of Ammtec including:

- commodity supply and demand and prices;
- exchange rates;
- the proposed MRRT;
- competitiveness of Australian and overseas mining operations;
- policies of mine owners, including their decisions to undertake their metallurgical testwork or outsource these functions; and
- availability and cost of key resources including people, equipment and critical consumables.

Increased or new competition

Ammtec faces competition in its businesses. To the extent that there are new entrants or changes in strategy by existing competitors or mine owners Ammtec may lose market share with consequent adverse effects upon operating and financial performance.

Equipment

Ammtec is dependent on access to specialist equipment and related parts. Whilst some of this equipment is sourced internally from MARC Technologies, if Ammtec is unable to source suitable equipment and parts externally, its ability to perform or commence new contracts may be adversely affected.

Reliance on key personnel

The responsibility of overseeing day-to-day operations and the strategic management of Ammtec is concentrated amongst a small number of key employees. Whilst it is not currently anticipated, one or any number of these key employees may cease employment with Ammtec. The loss of any such key employees could have the potential to have a detrimental impact on Ammtec until the skills that are lost are adequately replaced.

Occupational health and safety

Ammtec manages, with its clients, certain risks associated with the occupational health and safety of its employees. Ammtec takes out insurance to cover these risks in certain parameters, however it is possible for injuries and/or incidents to occur which may result in expenses in excess of the amount insured or provided for with a resultant impact on Ammtec's earnings.

Foreign exchange

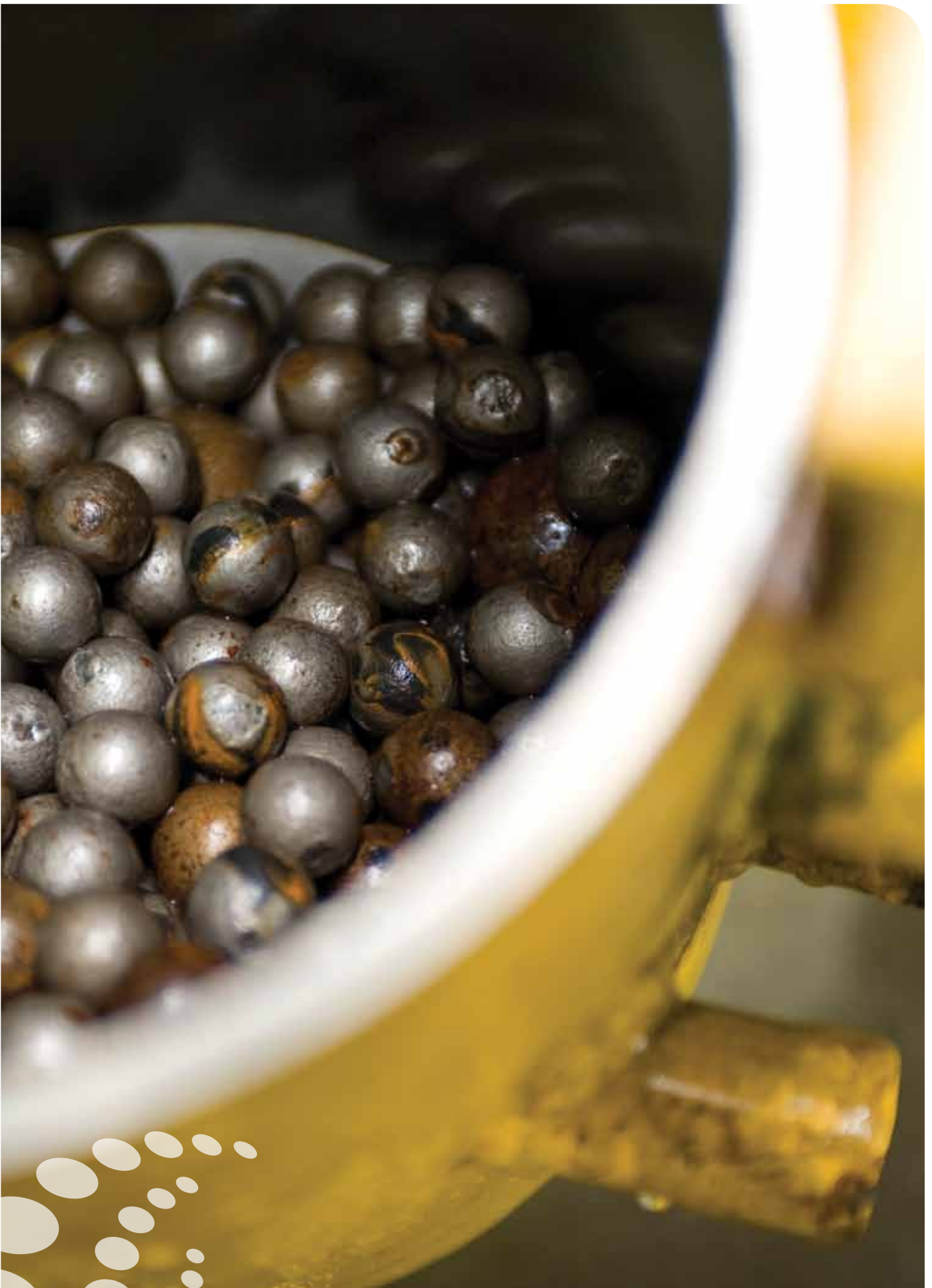
Changes in foreign currency exchange rates may affect Ammtec's PSI income.

Interest rates

More than 90% of Ammtec's debt as at 30 June 2010 is fixed rate lease liabilities. A small proportion consists of floating rate overdraft facilities and consequently changes in interest rates may affect Ammtec's net profit.

Sovereign risk

Ammtec's clients operate in various countries. There is a risk that the actions of a government, or other unforeseen events, in any of these countries may adversely affect Ammtec's clients operations and the resulting metallurgical testwork.



5 DIRECTORS' INTERESTS

5.1 DIRECTORS' INTENTIONS WITH RESPECT TO THEIR OWN AMMTEC SHARES

Each of the Directors intends to **REJECT** the Offer in respect of the Ammtec Shares held by him, or which he controls.

5.2 DIRECTORS' INTERESTS

The only marketable securities that Ammtec has on issue are Ammtec Shares and unlisted Ammtec Options. As at the date of this Target's Statement, Ammtec had 36,531,360 Shares and a total of 4,015,473 Options on issue. Each Ammtec Option is exercisable into 1 Ammtec Share.

As at the date of this Target's Statement, the Directors of Ammtec have relevant interests in the following Ammtec Shares and Ammtec Options:

Director	Ammtec Shares	Per cent of Total Ammtec Shares	Ammtec Options (Vested)	Ammtec Options (Unvested) ^{iv}
Mr David Macoboy	100,000	0.27	Nil	Nil
Mr Rod Smith	477,864	1.31	129,000 ⁱ	1,000,000 ^v
Mr Ron Grogan	384,585	1.05	122,200 ⁱⁱ	500,000 ^{vi}
Mr Hamid Sheriff	161,686	0.44	102,200 ⁱⁱⁱ	500,000 ^{vi}
Mr Ross Norgard	270,270	0.74	Nil	Nil
Mr Peter Rowe	Nil	Nil	Nil	Nil

- i. 77,000 Options exercisable at \$4.39 each on or before 31 Oct 2011. 52,000 Options exercisable at \$3.30 each on or before 15 Oct 2013.
- ii. 20,000 Options exercisable at \$2.57 each on or before 31 Oct 2010, 45,000 Options exercisable at \$4.39 on or before 31 Oct 2011, 31,200 Options exercisable at \$4.01 on or before 28 Nov 2012, 26,000 Options exercisable at \$3.30 on or before 15 Oct 2013.
- iii. 45,000 Options exercisable at \$4.39 on or before 31 Oct 11, 31,200 Options exercisable at \$4.01 on or before 28 Nov 2012, 26,000 Options exercisable at \$3.30 on or before 15 Oct 2013.
- iv. Vesting conditions are performance based. Please refer to Ammtec's 2009 Annual Report for a full description of these conditions.
- v. 400,000 unvested Options exercisable at \$3.30 on or before 15 Oct 2013 and 600,000 unvested Options exercisable at \$2.68 on or before 22 Sep 2014.
- vi. 200,000 unvested Options exercisable at \$3.30 on or before 15 Oct 2013 and 300,000 unvested Options exercisable at \$2.68 on or before 22 Sep 2014.

5.3 DEALINGS IN SECURITIES OF AMMTEC

On 30 April 2010, Mr Ron Grogan acquired 9,257 Ammtec Shares under Ammtec's dividend reinvestment plan. The value of the Ammtec Shares acquired was \$24,396. Other than Mr Grogan, no Director acquired or disposed of a relevant interest in any Ammtec Shares or Ammtec Options during the four month period ending on the date immediately before the date of this Target's Statement.

5.4 INTERESTS AND DEALINGS IN CAMPBELL BROTHERS OR ALS SECURITIES

As at the date of this Target's Statement, none of the Directors have a relevant interest in any securities in Campbell Brothers or ALS and neither Ammtec nor any Director acquired or disposed of a relevant interest in any securities in Campbell Brothers or ALS during the four month period ending on the date immediately before the date of this Target's Statement.

5.5 NO BENEFITS TO DIRECTORS

No benefit (other than a benefit permitted under section 200F of the Corporations Act) is proposed to be given to an Ammtec Director (or anyone else) in connection with either:

- the Director's retirement as a Director or executive of Ammtec or any of Ammtec's related bodies corporate; or
- the transfer of the whole or any part of the undertaking or property of Ammtec.

5.6 AGREEMENTS AND BENEFITS CONDITIONAL ON OR CONNECTED WITH THE OFFER

There is no other agreement or arrangement made between a director of Ammtec and any other person in connection with or conditional upon the outcome of the Offer.

5.7 INTERESTS OF AMMTEC DIRECTORS IN CONTRACTS WITH CAMPBELL BROTHERS OR ALS

No Ammtec Director has any interest in any contract entered into by Campbell Brothers or ALS.

6 IMPORTANT INFORMATION ABOUT THE OFFER

6.1 OFFER CONSIDERATION

Campbell Brothers, via its wholly owned subsidiary ALS, is offering EITHER:

- \$3.35 cash for every one (1) Ammtec Share you own (**Cash Offer**); or
- two (2) CPB Shares for every seventeen (17) Ammtec Shares you own (**Share Offer**).

In relation to the Share Offer, the market value of CPB Shares will change over time. Consequently the implied value of the Share Offer will fluctuate with movements in the market value of CPB Shares. Section 2 contains a table setting out the value of the Offer at different Campbell Brothers share prices. Ammtec Shareholders are urged to obtain updated quotes on the price of CPB Shares, which can be obtained online at www.asx.com.au.

6.2 OFFER PERIOD

The Offer Period closes at 5:00pm Perth time on 23 August 2010 (unless extended or withdrawn).

6.3 EXTENSION OF THE OFFER PERIOD

ALS may extend the Offer Period at any time before the end of the Offer Period. To extend the Offer Period, ALS must lodge a notice of variation with ASIC and give a notice to Ammtec and to each Ammtec Shareholder to whom an offer was made under the Offer.

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

- ALS improves the consideration under the Offer; or
- ALS' voting power in Ammtec increases to more than 50%.

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

6.4 LIMITED RIGHTS TO WITHDRAW YOUR ACCEPTANCE

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

You may withdraw your acceptance of the Offer if:

- It is still subject to a defeating condition (these conditions are summarised in Section 6.6 of this Target's Statement below); and
- The Offer is varied in a way that postpones, for more than 1 month, the time when ALS needs to meet its obligations under the Offer.

6.5 EFFECT OF ACCEPTING THE OFFER

If you accept the Offer, subject to any withdrawal rights set out in Section 6.4 of this Target's Statement:

- You will be unable to accept any higher takeover bid that may be made by a third party or any alternative transaction that may be recommended by the Directors;
- You will relinquish control of your Ammtec Shares to ALS, but will have no guarantee of payment until the Offer becomes unconditional; and
- You will be unable to sell your Ammtec Shares on ASX.

Shareholders will not incur any brokerage or other transaction costs in accepting the Offer.

However, accepting the Offer will not deny a Shareholder the benefit of any higher price offered by ALS, which under the Corporations Act is required to be extended to all Shareholders, including those who have already accepted the Offer. As at the date of this Target's Statement, ALS has given no indication that it intends to increase the Offer Price.

6.6 OFFER CONDITIONS

Ammtec Shareholders should note that the Offer (and each contract resulting from acceptances of the Offer) is subject to certain conditions, and that the Offer will lapse unless the conditions are either satisfied or waived by ALS. These conditions are set out in full in section 10.8 of the Bidder's Statement. In summary, the Offer conditions include:

90% minimum acceptance condition

By the end of the Offer Period, CPB (ALS's holding company) and its associates together have interests in at least 90% (by number) of Ammtec Shares on issue.

Earnings confirmation

This Target's Statement confirming for Ammtec, for the year ended 30 June 2010:

- revenue from continuing operations will be greater than \$52.5 million;
- operating EBITDA will be greater than \$12.4 million;
- operating EBIT will be greater than \$10.3 million; and
- these earnings confirmations not being materially varied, revoked or qualified prior to the end of the Offer Period.

No market fall

The S&P/ASX 200 Index does not close below 3,800 for any two consecutive trading days between 18 May 2010 and the end of the Offer Period.

No material adverse change

No event, matter, change or condition occurring between 18 May 2010 and the end of the Offer Period, being announced or becoming known to ALS that has had, or could reasonably be expected to have, a material adverse effect on Ammtec's business, assets, liabilities, financial or trading position, profitability or prospects taken as a whole.

No prescribed occurrence

Between 18 May 2010 and the end of the Offer Period, no occurrences specified in section 652C(1) or (2) of the Corporations Act occurring to Ammtec or any of its Subsidiaries.

Regulatory approvals

Between 18 May 2010 and the end of the Offer Period, ALS obtains on an unconditional basis all regulatory approvals required by law or by any public authority in respect of the Offer:

- to permit the Offer to be made and accepted by Ammtec Shareholders in all applicable jurisdictions; and
- which are necessary for the continued operation of Ammtec's and its Subsidiaries' businesses or CPB's and its Subsidiaries' businesses.

No regulatory actions

Between 18 May 2010 and the end of the Offer Period, no regulatory decisions or actions being made or taken which restrain, prohibit or may otherwise materially adversely impact upon the completion of the Offer.

Restrictions on the conduct of Ammtec's business

Between 18 May 2010 and the end of the Offer Period, no member of the Ammtec group:

- securing any of its assets otherwise than in the ordinary course of business;
- materially changing its constitution;
- increasing its level of indebtedness other than in the ordinary course of business;
- lending to or investing in any other person other than in the ordinary course of business;
- increasing the remuneration of or issuing any securities to any of Ammtec's Directors;
- accelerating the rights of any of Ammtec's Directors to benefits of any kind;
- paying any Ammtec Director termination or retention payments otherwise than in accordance with existing contractual entitlements as at 18 May 2010;
- acquiring one or more companies, businesses, assets or shares for more than \$5 million;
- disposing of one or more companies, businesses, assets or shares, the value of which exceeds \$2 million;
- entering into any agreement requiring expenditure or the forgoing of revenue by Ammtec and/or its Subsidiaries of an amount exceeding \$2 million, other than in the ordinary course of business;
- entering into, amending or terminating any material contract; or
- resolving, agreeing, committing or announcing an intention to do any of the matters listed above.

No third party consents required

To the extent applicable, any third parties agreeing not to exercise or agreeing to waive any rights (including termination or pre-emptive rights) which may be triggered by the acquisition of Ammtec Shares by ALS under the Offer or a change in control of Ammtec as a result of the Offer.

No dividends or distributions

Between 18 May 2010 and the end of the Offer Period, Ammtec and its Subsidiaries not distributing any dividend without ALS's prior written consent.

No break fees

Between 18 May 2010 and the end of the Offer Period, Ammtec and its Subsidiaries not agreeing to pay any person or forego any amount for the purposes of soliciting, encouraging or facilitating (otherwise than in connection with a proposal or offer) a transaction under which:

- a third party may acquire voting power of 10% or more in Ammtec or any of its Subsidiaries;
- any person may acquire any interest in all or a substantial part of Ammtec's or its Subsidiaries' business or assets; or
- any person may otherwise acquire control of or merge or amalgamate with Ammtec or any of its Subsidiaries.

ALS may in its sole discretion, but in compliance with the Corporations Act, declare the Offer and any takeover contracts resulting from the acceptance of the Offer to be free from all or any of the conditions by giving written notice to Ammtec within the time stipulated in the Corporations Act.

6.7 NOTICE OF STATUS OF CONDITIONS

Section 10.8(e) of the Bidder's Statement indicates that ALS will give a Notice of Status of Conditions to the ASX and Ammtec on 16 August 2010.

ALS 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 ALS knows, any of the conditions have been fulfilled; and
- ALS's voting power in Ammtec.

If the Offer Period is extended by a period 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, ALS is required, as soon as practicable after the extension, to give a notice to the ASX and Ammtec 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, ALS must, as soon as practicable, give the ASX and Ammtec a notice that states that the particular condition has been fulfilled.

6.8 CURRENT COMPLIANCE WITH OFFER CONDITIONS

As indicated in Section 4.3 of this Target's Statement, Ammtec's unaudited results for the year ended 30 June 2010 are:

- Revenue from continuing operations of \$54.3 million;
- Operating EBITDA of \$12.8 million; and
- Operating EBIT of \$10.7 million.

If Ammtec's actual audited results for FY2010 are consistent with these unaudited results, ALS will not be entitled to withdraw its Offer for breach of the Earnings Confirmation condition referred to in Section 6.6.

6.9 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 or is declared 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 or is declared unconditional), no later than 21 days after the end of the Offer Period.

However, there are certain exceptions to the above timetable for the issuing of consideration. Full details of when you will be issued your consideration are set out in section 10.3 of the Bidder's Statement.

6.10 COMPULSORY ACQUISITION

ALS has stated in section 4.6 of the Bidder's Statement that if it acquires a Relevant Interest in 90% or more of Ammtec Shares, then subject to satisfaction or waiver of the other conditions of the Offer, it intends to proceed with compulsory acquisition of the outstanding Ammtec Shares in accordance with the provisions of the Corporations Act.

The two types of compulsory acquisition permissible under Chapter 6A of the Corporations Act are discussed below.

Follow-on compulsory acquisition

Under Part 6A.1 of the Corporations Act, the Bidder will be able to compulsorily acquire any outstanding Ammtec Shares for which it has not received acceptances on the same terms as the Offer if during, or at the end of, the Offer Period, the Bidder (taken together with its Associates):

- has a Relevant Interest in at least 90% (by number) of the Ammtec Shares; and
- has acquired at least 75% (by number) of the Ammtec Shares for which it has made an Offer.

If these thresholds are met, the Bidder will have one month from the end of the Offer Period within which to give compulsory acquisition notices to Ammtec Shareholders who have not accepted the Offer. The consideration payable by the Bidder will be the same amount per share that is payable under the Offer.

Ammtec Shareholders may challenge any compulsory acquisition, but this would require the relevant Ammtec Shareholders to establish to the satisfaction of a court that the terms of the Offer do not represent fair value for the Ammtec Shares. If Ammtec Shares are compulsorily acquired, Ammtec Shareholders are not likely to receive any payment until at least one month after the compulsory acquisition notices are sent.

If the Bidder does not become entitled to compulsorily acquire Ammtec Shares in accordance with the above procedures, it may nevertheless become entitled to exercise general compulsory acquisition rights under Part 6A.2 of the Corporations Act.

General compulsory acquisition

Under Part 6A.2 of the Corporations Act, ALS will also be entitled to compulsorily acquire any Ammtec Shares if ALS holds full beneficial interests in at least 90% (by number) – i.e. if ALS becomes a 90% holder of Ammtec Shares.

If this threshold is met, ALS will have 6 months after it becomes a 90% holder within which to give compulsory acquisition notices to Ammtec Shareholders. The compulsory acquisition notices sent to Ammtec Shareholders must be accompanied by an independent expert's report and an objection form.

The independent expert's report must set out whether the terms of the compulsory acquisition give "fair value" for the Ammtec Shares and the independent expert's reasons for forming that opinion.

If Ammtec Shareholders with at least 10% of the Ammtec Shares covered by the compulsory acquisition notice object to the acquisition before the end of the objection period (which must be at least one month), ALS may apply to the court for approval of the acquisition of the Ammtec Shares covered by the notice.

Ammtec Shareholders should be aware that if they do not accept the Offer and their Ammtec Shares are compulsorily acquired, those Ammtec Shareholders will face a delay in receiving the consideration for their Ammtec Shares compared with Ammtec Shareholders who have accepted the Offer.

6.11 LAPSE OF THE OFFER

The Offer will lapse if the Offer conditions are not freed or fulfilled by 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 Ammtec Shares as you see fit.

6.12 WITHDRAWAL OF THE OFFER

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

6.13 RISKS IN RELATION TO THE OFFER

Ammtec Share price

It is possible that if the Offer lapses, there may be a reduction in the market price of Ammtec Shares. However, in light of the strong earnings guidance released by Ammtec for FY2011, Ammtec's robust business model and growth prospects, there is no certainty of this occurring.

Minority ownership consequences

If ALS acquires more than 50%, but less than 90% of Ammtec, those Ammtec Shareholders who do not accept the Offer may become minority shareholders in Ammtec. In such a situation:

- Ammtec's stock market liquidity may be reduced, making it harder for you to dispose of your Ammtec Shares in the future;
- ALS will be able to cast the majority of votes at a general meeting of Ammtec, enabling ALS to control the Board of Directors and senior management, determine Ammtec's dividend policy and control the strategic direction of Ammtec;
- the magnitude of ALS's shareholding will be such that a third party would not be able to successfully make a takeover bid for Ammtec Shares without the support of ALS. This means it is less likely that Ammtec's Share price in the future will reflect a control premium;
- Ammtec Shareholders (other than ALS) will hold a reduced percentage of the Shares of Ammtec, possibly as low as 10.1%;
- key technical and management staff in Ammtec may resign in light of the change of control at Ammtec;
- if ALS acquires 75% or more of the Ammtec Shares, it will be able to pass special resolutions of Ammtec. This will enable ALS to amend Ammtec's constitution; and
- if ALS acquires more than 50% but less than 80% of Ammtec, you will not be eligible for capital gains roll over relief in respect of the Share Offer, which means you could incur a significant capital gains tax liability if you accept the Offer.

6.14 FURTHER DEVELOPMENTS

Should there be any developments during the Offer Period (for example, the emergence of a superior proposal from ALS or a third party) that would alter the Ammtec Directors' recommendation in relation to the Offer, Ammtec Shareholders will be notified through a supplementary target's statement.

7 YOUR CHOICES

7.1 DIRECTORS' RECOMMENDATION – REJECT THE OFFER

Your Directors unanimously recommend that you **REJECT** the Offer. Your Directors reasons for this recommendation are set out in Section 1 of this Target's Statement. To **REJECT** the Offer, simply ignore all documents sent to you by ALS.

In making this recommendation, the Ammtec Directors have considered the merits of the Offer and weighed up the factors for and against acceptance.

Shareholders should seek professional advice if they are unsure if accepting the Offer is in their best interests, taking into account their individual circumstances.

The Bidder's Statement contains important information which Shareholders are urged to read carefully. Shareholders should note that Ammtec has not undertaken investigations to verify the accuracy or completeness of the information contained in the Bidder's Statement and neither Ammtec nor its Directors or advisers make any representation as to the accuracy or completeness of information contained in the Bidder's Statement. To the fullest extent permitted by law, each of those parties disclaims liability to any person who acts in reliance on that information.

Shareholders who would like further information on Ammtec or ALS before making a decision about the Offer are encouraged to exercise their right under the Corporations Act to obtain from ASIC copies of all documents lodged by Ammtec and/or ALS with ASIC or ASX. Alternatively, they can visit the websites of Ammtec and ALS located at www.ammtec.com.au and www.alsglobal.com.

You have three choices as an Ammtec Shareholder in responding to the Offer.

7.2 REJECT THE OFFER

If you do not wish to accept the Offer, simply ignore any documents sent to you by ALS.

You should be aware that:

- If you choose not to accept the Offer and ALS acquires at least 90% of Ammtec Shares, ALS may become entitled to compulsorily acquire the balance of the Ammtec Shares. It has said that it intends to exercise those rights (see Section 6.10 of this Target's Statement for further details);
- If you choose not to accept the Offer and ALS acquires more than 50% but less than 90% of Ammtec Shares, you will be exposed to the risks associated with being a minority Shareholder in Ammtec (see Section 6.13 of this Target's Statement for further details);
- You will continue to receive benefits as an Ammtec Shareholder; and
- As a holder of Ammtec Shares you will continue to be subject to the risks set out in Section 4.10 of this Target's Statement.

7.3 SELL YOUR AMMTEC SHARES ON ASX

During the Offer Period, you may sell your Ammtec Shares on market through ASX for cash, provided you have not already accepted the Offer for those Shares.

The price you will receive will depend on the prevailing market price of Ammtec Shares at the time of sale. You should be aware that the market price of Ammtec Shares may rise or fall during the Offer Period.

You should also note that if you sell your Ammtec Shares on ASX:

- You will lose the ability to accept the Offer and receive the Offer Consideration (and any possible increase in the Offer Consideration) in relation to those Ammtec Shares. You should note that ALS, as at the date of this Target's Statement, has given no indication that it intends to increase the Offer Price.
- You will lose the ability to accept any higher offer for Ammtec Shares which may or may not eventuate from a third party, except in the limited circumstances provided for under the Corporations Act (refer to Section 6.5 of this Target's Statement);
- You will lose the opportunity to receive future returns from Ammtec;
- You may incur a tax liability as a result of the sale;
- You may pay brokerage on the sale;
- You will receive payment earlier than if you accept the Offer (typically, 3 business days after the sale, as opposed to 1 month after the later of acceptance of the Offer or the date the Offer becomes unconditional); and
- You will receive cash consideration, whereas a sale to ALS by accepting the Offer will be subject to the conditions of the Offer being fulfilled.

7.4 ACCEPT THE OFFER

If you wish to accept the Offer, you should follow the instructions set out in the Bidder's Statement.

Subject to the conditions of the Offer being satisfied, you will receive EITHER (at your election):

- \$3.35 cash for every one (1) of your Ammtec Shares; or
- two (2) CPB Shares for every seventeen (17) Ammtec Shares you hold.

You should be aware that if you accept the Offer:

- and the Offer becomes unconditional, you will become a holder of CPB Shares in which case your investment will be subject to the risks associated with holding CPB Shares (as set out in section 7 of the Bidder's Statement), in addition to the risks associated with being a holder of Ammtec Shares as set out in Section 4.10 of this Target's Statement (as ALS will become the holder of your Ammtec Shares);
- and the Offer becomes unconditional, you may incur a tax liability as a result of your acceptance;
- you may have only limited rights to withdraw your acceptance and therefore to accept any higher offer for your Ammtec Shares that may eventuate from a third party (see Section 6.4 of this Target's Statement for further details); and
- you may have only limited rights to withdraw your acceptance and therefore to sell your Ammtec Shares on market (see Section 6.4 of this Target's Statement for further details).

8 ADDITIONAL INFORMATION

8.1 IMPACT OF THE OFFER ON AMMTEC OPTIONS

As at the date of this Target's Statement, Ammtec has 4,015,473 Options on issue with several exercise prices and expiry dates.

The Offer is being made to each person who, during the period from the Register Date to the end of the Offer Period, becomes registered, or entitled to be registered, as the holder of Ammtec Shares as a result of the exercise of Ammtec Options.

Accordingly, if you are an Ammtec Optionholder, you must elect to exercise your Options prior to their expiry date, pay the relevant exercise price and accept the Offer in respect of the Ammtec Shares issued following exercise of your Ammtec Options.

8.2 TAXATION IMPLICATIONS

The Australian tax implications of the Offer for a Shareholder will depend on a number of factors, including, without limitation:

- whether the Shareholder holds their Ammtec Shares on capital or revenue account for taxation purposes;
- the nature of the Shareholder (i.e. whether the Shareholder is an individual, company, trust, or complying superannuation fund); and
- the tax residency status of the Shareholder (i.e. Australian resident or not).

The Australian tax consequences of the Offer for Ammtec Shareholders who are residents of Australia for tax purposes are summarised in section 8 of the Bidder's Statement, to which reference should be made for further information. That summary is necessarily general in nature and each Shareholder should seek independent advice relevant to his specific circumstances.

8.3 EFFECT OF THE OFFER ON AMMTEC'S MATERIAL CONTRACTS

Subject to the comments below, to the best of Ammtec's knowledge, none of the material contracts to which Ammtec 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 and which may have a material adverse effect on Ammtec's financial position and performance and prospects.

Under the terms of the:

- Sale Agreement pursuant to which Ammtec acquired all of the issued capital of MARC Technologies (formerly Marc Environmental Solutions Pty Ltd) and the units in the Marc Unit Trust; and
- Key Executive Employment Agreements between MARC Technologies and each of Ron Marian, Murray Kerr, Allen Sharman and Christopher Pearson (collectively the MARC Key Executives),

the non-compete restrictions on each MARC Key Executive may be compromised where Ammtec is the subject of a takeover or enters into an agreement by which control of Ammtec passes to a third party.

8.4 EMPLOYEE SHARE OPTION PLAN

Ammtec has an Employee Share Option Plan (**ESOP**), last approved by Shareholders in October 2009. The ESOP allows eligible employees of Ammtec to acquire Options, as part of the eligible employee's remuneration. Options acquired are subject to various vesting conditions, however, if:

- (a) a takeover bid (as defined in the Corporations Act) is made to acquire some or all of Ammtec's Shares; or
- (b) under Part 5.1 of the Corporations Act, the Court sanctions a compromise or arrangement proposed for the purpose of, or in connection with, a scheme for the reconstruction of Ammtec or its amalgamation with any other body corporate,

which:

- (c) in the case of paragraph (a), has resulted in one person becoming, directly or indirectly, legally or beneficially entitled to 50% or more of Ammtec's Shares; or
- (d) in the case of paragraph (b), if implemented, would result in one person becoming, directly or indirectly, legally or beneficially entitled to 50% or more of Ammtec's Shares, then the participating Ammtec employee can exercise their Options, regardless of whether or not they have vested.

Shareholders should seek tax advice on the consequences of accepting the Offer in respect of Shares received under the ESOP.

8.5 MATERIAL LITIGATION

As at the date of this Target's Statement, Ammtec is not aware of any current or proposed material litigation or dispute.

8.6 CONSENT TO INCLUSION OF STATEMENTS

Steinepreis Paganin have given, and have not before the lodgement of this Target's Statement with ASIC withdrawn, their consent to being named in this Target's Statement as legal advisers to Ammtec. Steinepreis Paganin have not caused or authorised the issue of this Target's Statement, do not make or purport to make any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based, and takes no responsibility for any part of this Target's Statement other than any reference to its name.

Azure Capital Limited (ACN 107 416 106) has given, and has not before the lodgement of this Target's Statement with ASIC withdrawn, its consent to being named in this Target's Statement as corporate adviser to Ammtec. Azure Capital has not caused or authorised the issue of this Target's Statement, does not make or purport to make any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based, and takes no responsibility for any part of this Target's Statement other than any reference to its name.

Bloomberg has given, and has not before the lodgement of this Target's Statement with ASIC withdrawn, its consent to the inclusion in this Target's Statement of consensus earnings estimates for Campbell Brothers prepared by it in the form and context in which they are included and to all references in this Target's Statement to that information in the form and context in which they appear.

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 Bloomberg without their consent.

8.7 PUBLICLY AVAILABLE INFORMATION

This Target's Statement contains statements which are made in or based on statements made in, documents lodged by various parties (including ALS and CPB) with ASIC, or given to ASX. None of those parties (including ALS and CPB) has consented to those statements being included in the Target's Statement.

As required by ASIC Class Order CO 01/1543, Ammtec will make available a copy of these documents (or of relevant extracts from these documents), free of charge, to Ammtec Shareholders who request it during the Offer Period. To obtain a copy of these documents (or the relevant extracts), Ammtec Shareholders may telephone Ammtec on +61 8 9344 2416.

8.8 NO OTHER MATERIAL INFORMATION

There is no other information that Shareholders or their professional advisers would reasonably require to make an informed assessment whether to accept the Offer, being information which:

- it is reasonable for Shareholders and their professional advisers to expect to find in this Target's Statement; and
- is known to any of the Directors.

In deciding what information should be included in this Target's Statement, the Directors have had regard to, amongst other things, the matters which Shareholders (or their professional advisers) may reasonably be expected to know, including information contained in documents previously sent to Shareholders and information available from public sources such as the ASX, the ASIC or the Ammtec website at www.ammtec.com.au. That information includes, without limitation:

- the information contained in the Bidder's Statement;
- the information which has previously been lodged by Ammtec as a disclosing entity in accordance with its continuous disclosure and reporting obligations to ASX and ASIC; and
- the information contained in this Target's Statement.

The Directors of Ammtec have assumed, for the purposes of preparing this 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, the Directors of Ammtec 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, the directors of Ammtec have had regard to:

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



9 DEFINITIONS AND INTERPRETATION

9.1 DEFINITIONS

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

Ammtec or **Company** means Ammtec Ltd (ABN 23 063 332 516).

Ammtec Option means an option to acquire an Ammtec Shares.

Ammtec Share means a fully paid ordinary share in the capital of Ammtec.

ALS means Australian Laboratory Services Pty. Ltd. (ABN 84 009 936 029), a wholly owned subsidiary of CPB.

ASIC means the Australian Securities and Investments Commission.

ASTC means ASX Settlement and Transfer Corporation Pty Ltd (ACN 008 504 532).

ASTC Settlement Rules means the operating rules of the settlement facility provided by ASTC.

ASX means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as the context requires.

Bidder means ALS.

Bidder's Statement means the bidder's statement of ALS dated 5 July 2010 which was served on Ammtec on that date.

Board means the board of directors of the Company.

Cash Offer means the offer of \$3.35 cash per Ammtec Share held.

CHES means the Clearing House Electronic Subregister System, which provides for the electronic transfer, settlement and registration of securities in Australia.

Controlling Participant has the meaning given in the ASTC Settlement Rules. Usually your Controlling Participant is a person, such as a broker, with whom you have a sponsorship agreement (within the meaning of the ASTC Settlement Rules).

Corporations Act means the Corporations Act 2001 (Cth.)

CPB or **Campbell Brothers** means Campbell Brothers Limited (ABN 92 009 657 489).

CPB Share means a fully paid ordinary share in CPB.

Directors mean the directors of Ammtec.

EBIT means earnings before interest and tax.

EBITDA means earnings before interest, tax, depreciation and amortisation.

FY2008, FY2009, FY2010 and FY2011 means financial years ended 30 June 2008, 30 June 2009 and 30 June 2010, and financial year ending 30 June 2011, unless otherwise noted.

MARC Technologies means MARC Technologies Pty Ltd (formerly MARC Environmental Solutions Pty Ltd).

MRRT means the Federal Government's proposed Mineral Resources Rent Tax.

NPAT means net profit after tax.

Notice of Status of Conditions means the Bidder's notice pursuant to section 630(3) of the Corporations Act disclosing the status of the conditions of the Offer.

Offer means the offer made by ALS to acquire Ammtec Shares for the Offer Price and otherwise on the terms and conditions set out in the Bidder's Statement.

Offer Period means the period during which the Offer will remain open for acceptance, being 19 July 2010 to 5:00pm (Perth time) on 23 August 2010, or any date to which the period of the Offer is extended in accordance with the Corporations Act, whichever is the later.

Offer Price means the consideration represented by either the Cash Offer or the Share Offer.

Optionholder or **Ammtec Optionholder** means a holder of one or more Ammtec Options.

PE means price to earnings multiple.

PSI means Purity Systems, Inc.

Register Date means the time and date set by the Bidder under section 633(2) of the Corporations Act, being 12 July 2010.

Relevant Interest has the meaning given to that term by section 608 of the Corporations Act.

Share means an Ammtec Share.

Share Offer means the offer of two (2) CPB Shares in consideration for every seventeen (17) Ammtec Shares held.

Shareholder or **Ammtec Shareholder** means a holder of one or more Ammtec Shares.

Subsidiary has the meaning given to that term in section 9 of the Corporations Act.

Target means Ammtec.

Target's Statement means this target's statement.

\$ means Australian dollars.

US\$ means United States dollars.

9.2 INTERPRETATION

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

- words and phrases have the same meaning (if any) as is given to them by the Corporations Act;
- words importing one gender include the other genders.
- words (including defined terms) importing the plural include the singular and vice versa;
- a reference to a person includes a reference to a corporation;
- headings are for ease of reference only and do not affect the interpretation of this Target's Statement;
- references to Sections are to sections of this Target's Statement; and
- annexure and appendices to this Target's Statement form part of the Target's Statement.

10 APPROVAL OF TARGET'S STATEMENT

This Target's Statement has been approved by a resolution of the Ammtec Board of Directors.

Dated: 23 July 2010

A handwritten signature in black ink, appearing to be 'D. Macoboy', written over a horizontal line.

DAVID MACOBOY
Chairman

Signed for and on behalf of
Ammtec Ltd

11 CORPORATE DIRECTORY

Directors

Mr David Macoboy
Chairman

Mr Rod Smith
Managing Director

Mr Ron Grogan
Executive Director

Mr Hamid Sheriff
Executive Director

Mr Ross Norgard
Non-Executive Director

Mr Peter Rowe
Non-Executive Director

Share Registry

Computershare Investor Services Pty Limited
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PERTH WA 6000
AUSTRALIA

Company Secretary

Ms Sharyn Long

Corporate Advisers

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AUSTRALIA

Legal Advisers

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