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27 August 2013

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ASX Limited  
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**By Email**

Dear Sir / Madam

**OFF-MARKET TAKEOVER OFFER BY BUSHVELD MINERALS LIMITED FOR ALL THE ORDINARY SHARES  
IN LEMUR RESOURCES LIMITED – SECOND SUPPLEMENTARY BIDDER’S STATEMENT**

We act for Bushveld Minerals Limited (**Company**).

In accordance with section 647(3)(b) of the *Corporations Act 2001* (Cth), we attach on behalf of the Company a copy of the Second Supplementary Bidder’s Statement dated 27 August 2013.

Yours faithfully



**STEINEPREIS PAGANIN**

Encl.

## SECOND SUPPLEMENTARY BIDDER'S STATEMENT

**Bushveld Minerals Limited (incorporated and registered in Guernsey with registration number 54506) in respect of the Offer to acquire all of the fully paid ordinary shares in Lemur Resources Limited (ACN 147 241 361)**

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### 1. IMPORTANT INFORMATION

This document is the second supplementary bidder's statement dated 27 August 2013 (**Second Supplementary Bidder's Statement**) made under section 643 of the *Corporations Act 2001* (Cth) (**Corporations Act**) by Bushveld Minerals Limited (incorporated and registered in Guernsey with registration number 54506) (**Bushveld**) in relation to its off-market takeover offer for all of the fully paid ordinary shares in the capital of Lemur Resources Limited (ACN 147 241 361) (**Lemur**) (**Offer**).

This Second Supplementary Bidder's Statement is supplementary to and should be read together with the replacement bidder's statement dated and lodged with the Australian Securities and Investments Commission (**ASIC**) on 1 July 2013 (**Replacement Bidder's Statement**) and the first supplementary bidder's statement dated and lodged with ASIC on 1 July 2013 issued by Bushveld (**First Supplementary Bidder's Statement**).

This Second Supplementary Bidder's Statement was lodged with ASIC on 27 August 2013. Neither ASIC nor any of its officers take any responsibility for the contents of this Second Supplementary Bidder's Statement.

This Second Supplementary Bidder's Statement must be read together with the Replacement Bidder's Statement and the First Supplementary Bidder's Statement. If there is a conflict between the Replacement Bidder's Statement or the First Supplementary Bidder's Statement and this Second Supplementary Bidder's Statement, this Second Supplementary Bidder's Statement will prevail. Terms defined in the Replacement Bidder's Statement and First Supplementary Bidder's Statement have the same meaning in this Second Supplementary Bidder's Statement.

This document is important and should be read in its entirety. Please consult your legal, financial or other professional adviser if you do not fully understand the contents of this Second Supplementary Bidder's Statement.

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### 2. RESPONSE TO LEMUR'S TARGET STATEMENT

On 23 July 2013 the independent directors of Lemur released a target's statement (**Target's Statement**) in response to the Replacement Bidder's Statement.

The Independent Directors highlighted a number of primary factors to support their recommendation that Lemur Shareholders should reject the Bushveld Offer. Having given due and careful consideration to the issues raised, Bushveld addresses each in turn below.

#### 1. "The Independent Expert considers the Bushveld Offer is neither fair nor reasonable"

The Bushveld directors consider the Independent Expert's review to be materially flawed in that it applies a net asset valuation methodology to the Lemur shares but a quoted market price valuation for Bushveld shares.

Bushveld firmly believes that the market is the best arbiter of value, and therefore that the quoted market price of the bidder's and target's shares warrants primary consideration in assessing the relative valuation of an all-scrip offer.

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The table below compares the relative valuation of 3 Bushveld shares and 5 Lemur shares on the basis of 1 month, 3 month, and 6 month Volume Weighted Average Price (VWAP).

VWAP period	Price per share (AUD)		Price of 3 Bushveld shares	Price of 5 Lemur shares	Implied premium to Lemur shares in Bushveld offer
	Bushveld	Lemur			
1 month	0.117	0.045	0.351	0.224	56.72%
3 months	0.117	0.051	0.351	0.256	37.06%
6 months	0.155	0.058	0.464	0.289	60.47%

Source: FactSet

Notes: 1 Bushveld prices converted from GBP to AUD at the daily governing rate

2 Pricing to 26 August 2013, the last practical date before the date of this document

The Bushveld board is of the view that the Bushveld Offer is fair in terms of the relative valuations of Bushveld and Lemur shares, offering a significant premium to Lemur's market price prior to the offer from Bushveld.

## 2. "Bushveld has limited cash and its ability to continue as a going concern is uncertain"

Bushveld has a well-articulated strategy of developing stand-alone commodity-focused platforms, managed by a lean corporate structure, with each commodity platform within the group being financed individually by way of joint venture or strategic partnership. The Company is engaged in a process to source strategic partners for the development of its iron ore projects, and the Bushveld Directors are confident of a positive outcome from current discussions with several potential strategic partners.

Bushveld's adopted strategy means that its cash burn and financial requirements are modest. Moreover, the Company has recently announced a successful raising of US\$500,000 through a convertible loan note instrument, outlined in further detail below, which provides sufficient capital to enable Bushveld to operate its current business plan for the foreseeable future.

## 3. "Bushveld is incorporated in Guernsey and listed on AIM (not ASX)"

Bushveld does not believe that the fact that it is incorporated in Guernsey and listed on AIM and not ASX are valid reasons to reject the Offer.

AIM is one of the world's leading growth markets, widely recognized by companies, intermediaries and investors as one of the markets of choice for growth companies, particularly in the resource space. As at 31 July 2013, there were 1,086 companies with securities traded on AIM, with a combined market capitalisation of approximately £69.3bn, of which £4.5bn relates to mining companies. In the seven months to 31 July 2013, AIM companies have raised approximately £1.88bn (2012 12 months: £3.1bn), of which approximately £1.35bn (2012 12 months: £2.4bn) has been raised by companies already listed on the AIM market. Furthermore, in the seven months to 31 July 2013 the total value of shares traded on AIM was £16.4bn (2012 12 months: £38.1bn).

The Directors believe that these raises reflect the support of AIM's largely institutional investor base, a pool of capital that has experience in investing in growth companies with operations in emerging economies. The Directors further believe that this broad institutional investor base has enabled and supported AIM's post-crisis recovery, which has been stronger and more sustained than other global growth markets.

Lemur shareholders should also be aware that all AIM companies incorporated in Guernsey are, effective from 30 September 2013, afforded the full protections afforded by the United Kingdom City Code on Takeovers and Mergers.

#### **4. “Bushveld Shares are tightly held and trading in Bushveld shares may not be liquid”**

As disclosed in the Target’s Statement, Lemur Shareholders should be aware that liquidity in Lemur Shares may fall substantially in the event that Bushveld acquires a substantial stake in Lemur but does not become entitled to compulsorily acquire Lemur Shares.

In contrast, the Offer may significantly improve the liquidity of Bushveld Shares. The Offer has already been accepted by 80,185,147 Lemur Shareholders and, should Bushveld acquire all of the Lemur Shares, no single shareholder will hold more than 30% of Bushveld’s issued share capital.

In addition, Bushveld has already signalled its intention to raise further funds; any such further equity raises may also serve to widen the ownership of Bushveld shares and to improve liquidity.

#### **5. “Dilution of interest in Lemur and reduced exposure to Lemur’s assets”**

The Offer has been formulated to give Lemur Shareholders exposure to Bushveld’s iron ore and tin platforms, whilst taking advantage of significant synergies identified between Lemur’s proposed coal platform and Bushveld’s iron ore project in South Africa.

Furthermore, the Offer seeks to align the interests of Bushveld and Lemur. The directors of Lemur communicated to shareholders on 22 February 2013 that the company was seeking to leverage Lemur’s significant balance sheet to acquire new assets, and in that regard the Lemur directors have primarily evaluated cash-flow producing or near producing assets with a bias toward the South Africa coal market. The Offer therefore affords Lemur Shareholders the opportunity to benefit from the expertise and experience of Bushveld’s technical and management teams in South Africa.

#### **6. “Lemur has a strong cash position and does not need Bushveld”**

The Bushveld management team played an instrumental role in identifying and developing the Imaloto Coal Project for Lemur and understands the asset well, having also led the exploration programme as technical consultants. This involvement and understanding is further articulated in the director’s statements made by Mr Anthony Viljoen and Mr Fortune Mojapelo in the Notice of Meeting sent to Lemur Shareholders on 22 August 2013.

Bushveld intends to lend its corporate and project development expertise to the Imaloto Coal Project, the exploration programme for which its technical team has effectively run from inception. Furthermore, and as set out above, Bushveld intends to lend such expertise to the identification and acquisition of producing or near to producing thermal coal assets in South Africa, a market in which Bushveld’s technical team in South Africa is a knowledgeable and active participant.

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### **3. CONVERTIBLE LOAN NOTE**

As announced on the AIM market of the London Stock Exchange on 22 July 2013, Bushveld has entered into a two year convertible loan note for US\$500,000 (£325,580) provided by Mineral Wealth International Limited (**MWI**) (**Convertible Loan**). MWI currently holds 114,099,932 ordinary shares in Bushveld (representing a holding of 40.18% of the issued share).

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## Terms of the Convertible Loan

- (a) The Convertible Loan will incur interest at 8% per annum, payable with the redemption or repayment of the Convertible Loan; and
- (b) Bushveld has granted MWI 850,000 warrants that are exercisable at a strike price of 12p, for a period of two years that will expire on 22 July 2015.

By virtue of its current interests in Bushveld, MWI is a "related party" of Bushveld (as defined under the AIM Rules) and accordingly its participation in providing the Convertible Loan constitutes a related party transaction for the purposes of Rule 13 of the AIM Rules.

The Directors of Bushveld, having consulted with Bushveld's nominated adviser, Fox-Davies, consider the terms of the Convertible Loan to be fair and reasonable to the extent that Bushveld shareholders are concerned.

Bushveld is seeking to raise further capital in addition to that raised from the Convertible Loan. Bushveld will continue to update Lemur shareholders with the progress of this capital raising process as it progresses.

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## 4. REQUISITION NOTICE

Bushveld notes the recent announcement made by Lemur to the effect that shareholders representing approximately 5.43% of Lemur have served Lemur with a notice pursuant to s249D of the of the Corporations Act 2001 (Cth) (Corporations Act) (**Requisition Notice**) requisitioning that Lemur's directors convene a meeting of shareholders to consider a resolution to restructure the Board of Lemur.

The Requisition Notice was followed by a statement by the requisitioners pursuant to s249P of the Corporations Act (**Statement**), which was included in the Notice of Meeting released on the ASX on 22 August 2013. The Statement states that the proposed replacement directors, in the event they are elected, would consider putting to shareholders for approval a potential capital return of approximately A\$0.075 per Lemur share should the new Board decide that the Company's financial position warrants a capital return of this quantum, or at all.

Given that Bushveld now has voting power of approximately 44.33% of Lemur's issued share capital and would vote against the resolution to restructure the board and the resolution to approve a return of capital, it is highly unlikely that either resolution will be passed. For further information in relation to the Statement, please refer to the announcement released by Lemur on the ASX on 12 August 2013 and the Notice of Meeting released on 22 August 2013.

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## 5. RISKS ASSOCIATED WITH NOT ACCEPTING THE BUSHVELD OFFER

The Target's Statement identified certain risks associated with not accepting the Bushveld Offer for Lemur shareholders, and as such there may be a number of important implications for Lemur Shareholders who do not accept the Bushveld Offer, such as:

- CGT rollover relief may not be available;
  - liquidity in Lemur Shares may be significantly reduced and the price of Lemur Shares may fall substantially;
  - Bushveld may be in a position to cast the majority of votes at a general meeting of Lemur, which would enable Bushveld to control the composition of the Board, determine Lemur's dividend and capital management policies and control the strategic direction of the business of Lemur.
  - Bushveld may be entitled to seek the removal of Lemur from the official list of the ASX; and
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- there may be a reduced likelihood of a subsequent takeover bid for Lemur.

Bushveld would reiterate these risks and urge Lemur Shareholders to seriously consider them, in conjunction with the risks of accepting the Offer as outlined in the Target's Statement and the Replacement Bidder's Statement, when deciding whether to accept the Offer.

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**6. APPROVAL OF SECOND SUPPLEMENTARY BIDDER'S STATEMENT**

This Second Supplementary Bidder's Statement has been approved by a unanimous resolution passed by the Directors of Bushveld.



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Signed for and on behalf of  
Bushveld Minerals Limited  
Fortune Mojapelo  
Chief Executive Officer