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3 September 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 – THIRD SUPPLEMENTARY TARGET'S STATEMENT

We **enclose**, by way of service pursuant to section 647(3) of the *Corporations Act* 2001 (Cth), a copy of a third supplementary 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 (**Offer**) (**Third Supplementary Target's Statement**).

The Third Supplementary Target's Statement supplements and should be read together with the Target's Statement dated 23 July 2010, the Supplementary Target's Statement dated 6 August 2010 and the Second Supplementary Target's Statement dated 16 August 2010 in relation to the Offer.

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

Yours faithfully

Sharyn Long
Company Secretary

Encl.



Third Supplementary Target's Statement

This document is a Supplementary Target's Statement dated 3 September 2010 under section 644 of the Corporations Act (**Third Supplementary Target's Statement**) and was lodged with ASIC on 3 September 2010. Neither ASIC nor any of its officers takes any responsibility for the content of this Third Supplementary Target's Statement.

This Third Supplementary Target's Statement is issued by Ammtec Ltd ACN 063 332 516 (**Ammtec** or the **Company**) in relation to an off-market bid by Australian Laboratory Services Pty Ltd ABN 78 000 527 382 (**ALS**) to acquire all of the issued shares in Ammtec (**Offer**), as set out in the Bidder's Statement dated 5 July 2010 (**Bidder's Statement**).

This Third Supplementary Target's Statement supplements and should be read together with the Target's Statement dated 23 July 2010 (**Target's Statement**), the Supplementary Target's Statement dated 6 August 2010 (**Supplementary Target's Statement**) and the Second Supplementary Target's Statement dated 16 August 2010 (**Second Supplementary Target's Statement**) in relation to the Offer.

Unless the context otherwise requires, terms defined in the Target's Statement have the same meaning in this Third Supplementary Target's Statement.

On the basis of the information outlined in the Target's Statement, the Supplementary Target's Statement, the Second Supplementary Target's Statement and this Third Supplementary Target's Statement, the Directors continue to unanimously recommend that Ammtec Shareholders

REJECT the Offer

Legal Advisers

STEINEPREIS PAGANIN
Lawyers & Consultants 

Corporate Adviser

 **Azure Capital**

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 7:30am to 7:30pm (EST), Monday to Friday.

UPDATE SINCE LODGEMENT OF SECOND SUPPLEMENTARY TARGET'S STATEMENT

Revised Offer

On 30 August 2010, ALS issued a Third Supplementary Bidder's Statement by which it increased the value of the Cash Offer to \$3.80 per Ammtec Share (**Revised Cash Offer**) and marginally increased the value of the Share Offer from 2 Campbell Brothers Shares for every 17 Ammtec Shares to 4 Campbell Brothers Shares for every 33 Ammtec Shares (**Revised Share Offer**) (together **Revised Offer**).

The closing date of the Offer is currently 5:00pm Perth time on 22 September 2010 (unless extended).

Reduced Minimum Acceptance Condition

ALS has also effectively reduced the minimum acceptance condition from 90% to 30%. ALS has stated that, if it receives sufficient acceptances to increase its interest in Ammtec to at least 30% by 15 September 2010, then it will:

- declare the Offer unconditional; and
- accelerate payment of consideration under the Revised Cash Offer to 5 business days of receipt of the acceptance (or within 5 business days of declaring the Offer unconditional for Shareholders that have already accepted).

Acceptances To-Date

As at the date of this Third Supplementary Target's Statement, since the Offer opened on 19 July 2010, ALS had received acceptances in relation to 1.1% of Ammtec's Shares. In addition ALS has entered into share sale agreements and made on-market purchases, giving it relevant interests in a total of 13.8% of Ammtec's Shares.

Reduction in Revised Offer by Amount of Final Dividend

On 13 August 2010, Ammtec announced a \$7.2 million net profit after tax for the year ended 30 June 2010 and the Board resolved to pay a fully franked final dividend of 11 cents per share on 29 October 2010, irrespective of the status of the Offer at that time. The record date for the final dividend is 15 October 2010.

ALS has stated in its Third Supplementary Bidder's Statement that, whilst the current scheduled end date for the Offer is maintained (i.e. 22 September 2010), it will not exercise its right under section 10.7(a) of the Bidder's Statement to reduce the amount of consideration due to Ammtec Shareholders that accept into the Offer. However, if the end date of the Offer is extended past 15 October 2010, then ALS' current position is that it will exercise its right to **reduce** the amount of the consideration payable to Ammtec Shareholders that accept the Offer, to the extent of the dividend. ALS has reserved its right to reconsider this position closer to the end of the Offer period.

On 31 August 2010, ALS issued a Fourth Supplementary Bidder's Statement to clarify the way in which ALS will reduce the amount of consideration payable to Ammtec Shareholders who accept the Share Offer to take account of the final dividend.

BOARD RECOMMENDATION

The Ammtec Board of Directors has unanimously resolved to recommend that shareholders **REJECT** the Revised Offer from Campbell Brothers. Ammtec Shareholders are advised to **TAKE NO ACTION** in relation to the Revised Offer and to **IGNORE** any correspondence or telephone calls received from Campbell Brothers, ALS or their agents.

The Directors' detailed reasons for this recommendation are contained in this Third Supplementary Target's Statement.

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

WHY YOU SHOULD REJECT THE OFFER

Your Directors are firmly of the view that Ammtec Shareholders should **REJECT** the Revised Offer, for the following reasons:

1. The Revised Offer represents a very small increase in value and consequently continues to undervalue your Ammtec Shares.
2. The Revised Offer still does not provide a fair share of the strategic value of Ammtec to Campbell Brothers.
3. The Revised Offer is an attempt to acquire control of Ammtec without paying an appropriate premium to all Shareholders.
4. The Revised Share Offer continues to be highly dilutive for earnings and grossed up dividends per share for Ammtec Shareholders who accept it.
5. Campbell Brothers' current position with respect to Ammtec's final dividend for FY2010 will prevent Ammtec Shareholders who wish to accept the Revised Offer from obtaining the benefit of this dividend.
6. There have been very few acceptances to date and consequently there is still a high degree of uncertainty surrounding the Offer.
7. Accepting the Revised Offer may prevent you from accepting higher offers from third parties.
8. Accepting the Revised Offer may have adverse tax consequences for you.
9. There is no certainty that Ammtec's Share price will fall if the Revised Offer is unsuccessful.

Further details about each of the reasons set out above are annexed.

AMMTEC SHAREHOLDER INFORMATION LINE

If you have any questions about this Third Supplementary Target's Statement or the Revised Offer, please call 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 between 7.30am and 7.30pm Australian Eastern Standard Time Monday to Friday. Further information can be obtained from Ammtec's website at www.ammtec.com.au.

CONSENTS

Bloomberg has given, and has not before the lodgement of this Third Supplementary Target's Statement with ASIC withdrawn, its consent to the inclusion in this Third Supplementary 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 Third Supplementary Target's Statement to that information in the form and context in which they appear.

Veritas Securities 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. Veritas Securities has 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.

As permitted by ASIC Class Order 07/429, this Target's Statement contains share price trading data sourced from Bloomberg without their consent.

AUTHORISATION

This Third Supplementary Target's Statement has been approved by a resolution passed by the Directors of Ammtec Ltd.

A handwritten signature in black ink, appearing to read 'Rod Smith', is written over a horizontal line.

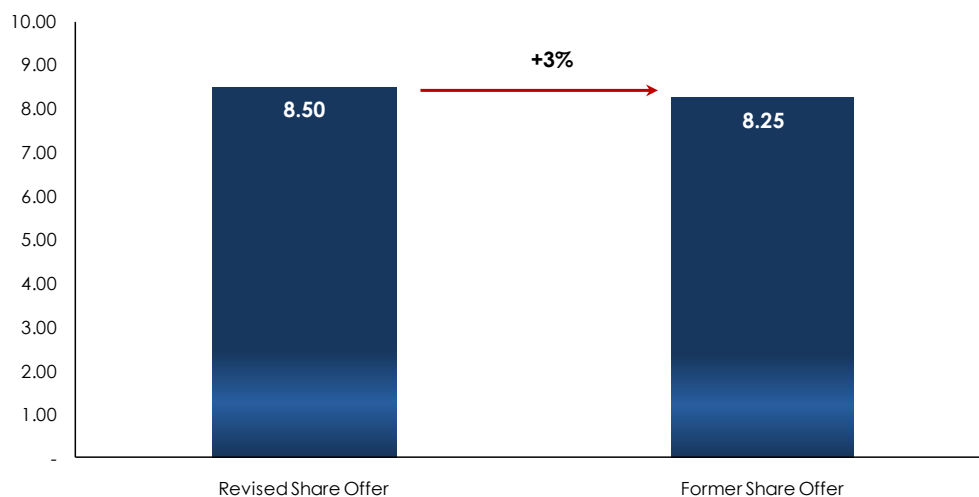
Rod Smith
Managing Director

Signed for and on behalf of
Ammtec Ltd

1 The Revised Offer represents a very small increase in value and consequently continues to undervalue your Ammttec Shares

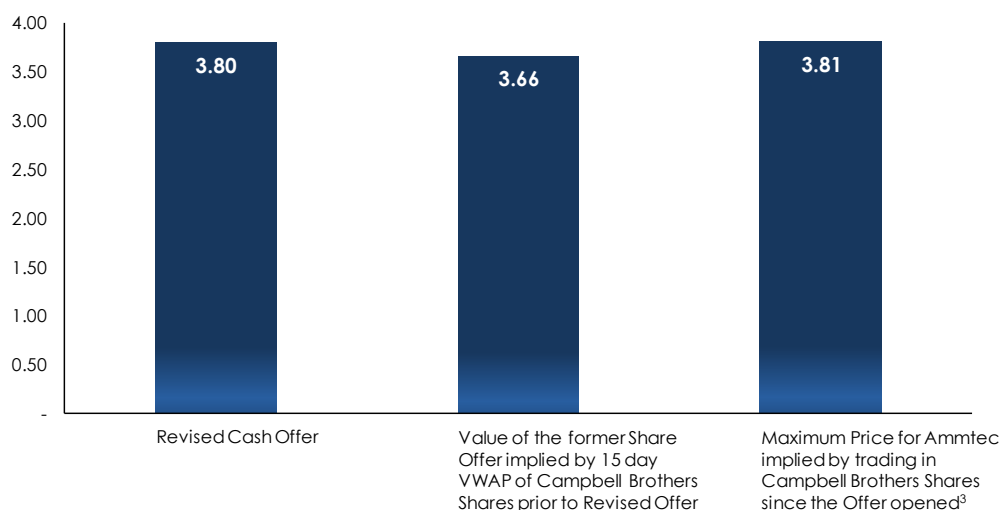
Very small increase in value from the Revised Offer

The Revised Share Offer represents an increase of just 3% compared to the former Share Offer.



**Comparison of Revised Share Offer and Original Share Offer
(Ammtec Shares per Campbell Brothers Share)**

The Revised Cash Offer of \$3.80 represents an increase of just 4%¹ compared to the value of the former Share Offer implied by trading in Campbell Brothers Shares in the period leading up to the Revised Offer,² and is actually below the maximum price of \$3.81 for Ammttec implied by trading in Campbell Brothers Shares since the Offer opened on 19 July 2010.



**Comparison Revised Cash Offer and Original Share Offer
(\$ per Ammttec Share)**

¹ Based on Campbell Brothers 15 day volume weighted average price up to 27 August 2010.

² Comparing the Revised Cash Offer to the former Cash Offer is not relevant, as the value of the former Share Offer exceeded the former Cash Offer.

³ Assuming CPB's intraday share price high of \$32.25 on 05 August 2010 and former Share Offer ratio of 8.5 Ammttec Shares per Campbell Brother Share.

Reaffirmation of significant revenue and earnings growth expected in FY2011

Two months into the FY2011 financial year, Ammtec is experiencing record activity levels, with a very strong pipeline of new contract opportunities over and above that factored into FY2011 earnings guidance. Consequently, the Board is confident that the Company will meet its earnings guidance.

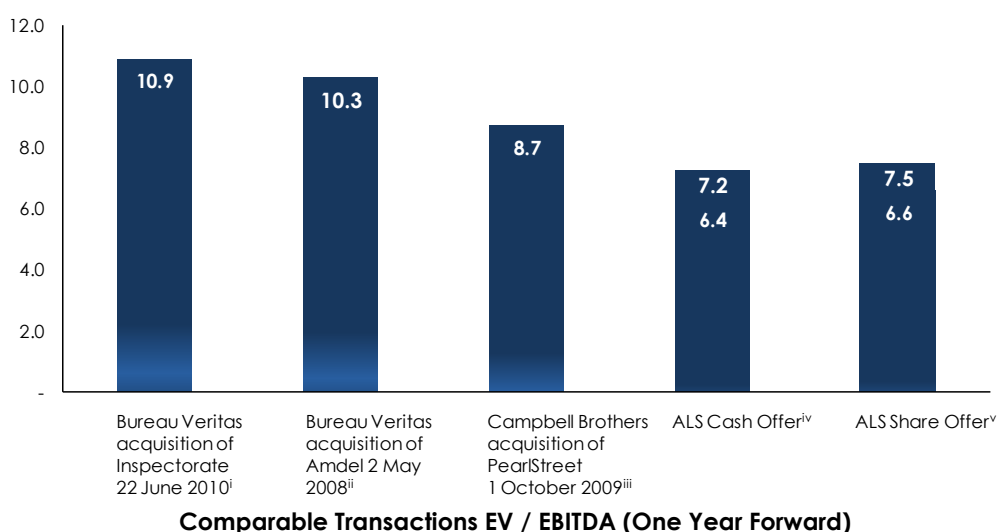
Campbell Brothers continues to speculate that Ammtec's FY2011 earnings will fall below guidance. This is despite the fact that Campbell Brothers' own guidance for the first half of FY2011 is for earnings to increase by 66-80% over the prior corresponding period, compared to Ammtec's guidance of an increase in earnings in FY2011 of 55-80% over FY2010.

Campbell Brothers has made reference to forecasts for Ammtec's FY2011 earnings contained in a Fosters Stockbroking report dated 17 August 2011. In doing this, your Board notes that Campbell Brothers has ignored the earnings forecasts of another broker, Veritas Securities, that are within the range of Ammtec's FY2011 earnings guidance. In its report dated 31 May 2011, Veritas Securities forecast FY2011 EBITDA of \$20.0 million and NPAT of \$11.9 million for Ammtec.

Campbell Brothers also continues to make reference to Ammtec's supposed "track record" of missing earnings guidance. Ammtec Shareholders should be clear that the instances of Ammtec revising its earnings guidance downwards that Campbell Brothers refer to occurred in FY2009 during the height of the global financial crisis when a large proportion of Companies missed their earnings guidance.

The Revised Offer is still lower than comparable transactions

The earnings multiples implied by the Revised Offer are still well below the earnings multiples on recent acquisitions of comparable businesses – including Campbell Brothers' own acquisition of PearlStreet in 2009.



- 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 \$141.6 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 \$146.5 million assumes Campbell Brothers' closing price as at 02 September 2010 of \$32.44. Trading data sourced from Bloomberg. EBITDA estimates of \$19.6 to \$22.2 million.

Additional value from tangible assets on Ammtec's balance sheet

In addition to its strong earnings position, Ammtec has tangible assets that have significant value, including:

- Franking credits: As at 31 August 2010, Ammtec had a franking balance of approximately \$7.7 million, after franking credits to be paid out on the FY2010 final dividend in October, representing value of approximately \$0.21 per Share.
- Freehold property: Ammtec owns the majority of its key operating premises, including 11,076m² 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 million.

2 The Revised Offer still does not provide a fair share of the strategic value of Ammtec to Campbell Brothers

As explained in Ammtec's Target's Statement dated 23 July 2010, 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. The Revised Offer has done nothing to change your Directors' views on this.

Significantly expanded metallurgical capability for Campbell Brothers

In contrast to Campbell Brothers' current rudimentary⁴ metallurgical and mineral testing business, Ammtec's core Metallurgical Testing business unit is one of the largest, most comprehensive businesses of its type globally, offering a range of metallurgical and mineral testing services across a variety of commodities to some of the world's largest mining companies. The Company's senior technical professionals are also widely recognised as international experts in their fields.

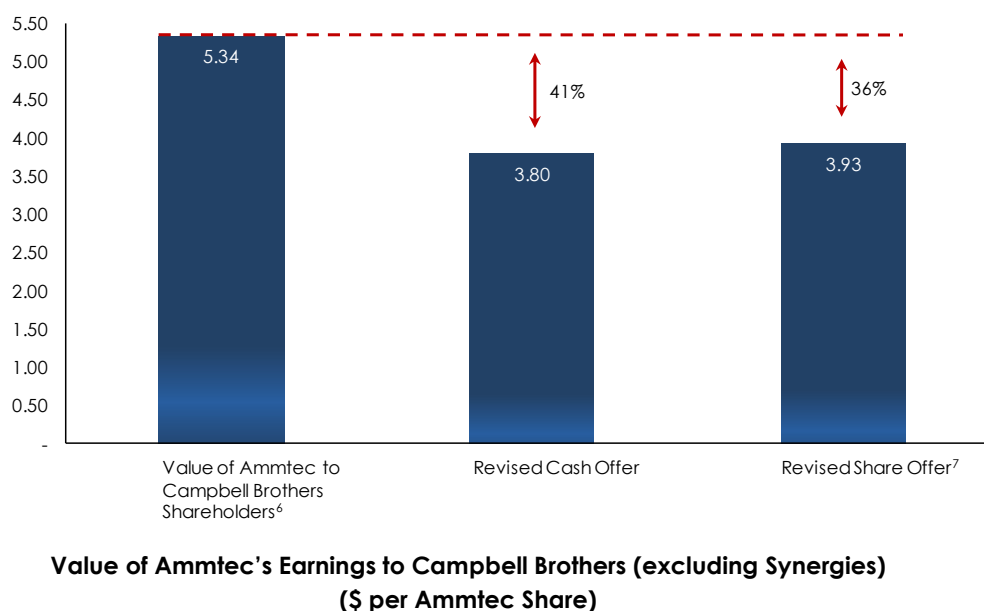
Synergy benefits for Campbell Brothers

Campbell Brothers would likely generate significant revenue and cost synergies from owning Ammtec. Your Directors believe that the Revised Offer does not include a fair share of the value of these synergies for Ammtec Shareholders.

⁴ Campbell Brothers Bidder's Statement, p 34.

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 FY2011 NPAT, the pro forma value of Ammtec to Campbell Brothers' shareholders would be \$5.34 per Ammtec Share.⁵ This is before any value is attributed to potential synergies that may be realised by Campbell Brothers.



The Ammtec Board believes Shareholders are entitled to demand a greater share of these benefits.

3 The Revised Offer is an attempt to acquire control of Ammtec without paying an appropriate premium to all Shareholders

Campbell Brothers has stated that, if it receives sufficient acceptances to increase its interest in Ammtec to at least 30% by 15 September 2010, then it will:

- declare the Offer unconditional; and
- accelerate payment of consideration under the Revised Cash Offer to 5 business days of receipt of the acceptance (or 5 business days of declaring the Offer unconditional for Shareholders that have already accepted).

This arguably flags both an admission by Campbell Brothers that the Revised Offer is insufficient to secure acceptances of the majority of Ammtec Shareholders, as well as a

⁵ Assumes Ammtec 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 27.4 (assuming closing CPB Share price as at 02 September 2010 of \$32.44, 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.

⁶ Refer to Footnote 5.

⁷ Assuming closing CPB Share price as at 02 September 2010 of \$32.44

clear intention to exercise influence or control over Ammtec from a minority position without paying an appropriate control premium to all Shareholders.

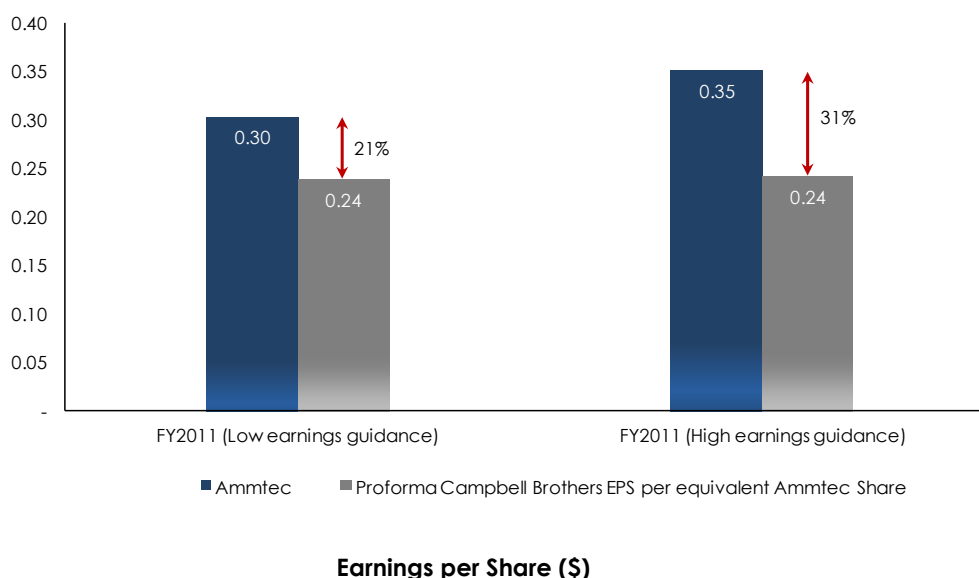
Your Directors note that, prior to making the Revised Offer, Campbell Brothers did not seek to engage with Ammtec's Board to obtain a recommendation for the Revised Offer. Your Directors believe that this lack of engagement demonstrates that Campbell Brothers understood that the Revised Offer would fall short of what would be required to obtain a Board recommendation to accept the Offer.

4 The Revised Share Offer continues to be highly dilutive for earnings and grossed up dividends per share for Ammtec Shareholders who accept it

As explained in Ammtec's Target's Statement dated 23 July 2010, Ammtec Shareholders who accept the original Share Offer and become shareholders of Campbell Brothers potentially face lower earnings per share and lower dividends. The Revised Share Offer has not changed this given the scrip ratio only improved by 3%.

Lower earnings per share

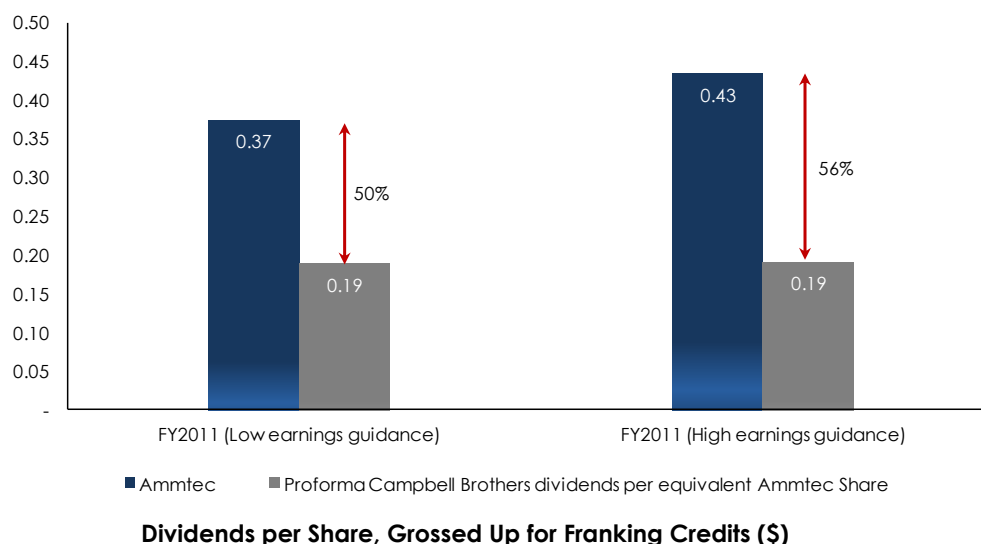
Under the Revised Share Offer, based on consensus estimates of Campbell Brothers earnings in FY2011, pro forma FY2011 earnings per share (EPS) for Campbell Brothers per equivalent Ammtec Share is expected to be **21 - 31% lower** than Ammtec's projected FY2011 EPS.⁸



⁸ Pro forma Campbell Brothers earnings calculated as the sum of Campbell Brothers FY2011 consensus estimate NPAT of \$121.6 million (sourced from Bloomberg as at 02 September 2010, Bloomberg code: EEO), Ammtec's FY2011 earnings guidance (\$11.1-12.9 million) and \$1.5 million pre-tax synergies. Pro forma Campbell Brothers EPS calculated as the sum of 63.5 million CPB Shares currently on issue plus 4.4 million Shares issued for Ammtec's 36.7 million Shares under the Share Offer ratio (8.25). Pro forma Campbell Brothers EPS per equivalent Ammtec Share calculated by dividing Pro forma FY2011 EPS for Campbell Brothers by the Share Offer ratio.

Lower dividends per share

Under the Revised Share Offer, assuming Ammtec and Campbell Brothers maintain payout ratios and franking percentages consistent with averages of the past four financial years and all Ammtec Shareholders accept the Revised Share Offer, then Ammtec Shareholders can expect to receive dividends grossed up for franking credits that are **50 - 56% lower** than if Ammtec stays independent.⁹



5 Campbell Brothers' current position with respect to Ammtec's final dividend for FY2010 will prevent Ammtec Shareholders who wish to accept the Revised Offer from obtaining the benefit of this dividend

Campbell Brothers has stated that, whilst the current scheduled end date for the Offer (i.e. 22 September 2010) is maintained, it will not exercise its right to reduce the amount of consideration due to accepting Ammtec Shareholders as a result of the final dividend for FY2010 announced by Ammtec. Clearly, this is because the record date for the dividend will not have passed at this point in time, and the dividend will not be paid to these Shareholders.

However, if the end date of the Offer is extended past 15 October 2010, then Campbell Brothers' current position is that it will exercise its right to reduce the amount of the consideration payable to accepting Ammtec Shareholders by the amount of the dividend.¹⁰

⁹ Dividends per Share calculated assuming 85% dividend payout ratio and 100% franking for Ammtec and pro forma 65% dividend payout ratio and 50% franking for Campbell Brothers. Payout ratios and dividend franking assumed as the average of the past four financial years.

¹⁰ Campbell Brothers has reserved its right to reconsider this position closer to the end of the Offer period.

Campbell Brothers' current position therefore denies Ammtec Shareholders the ability to accept the Revised Offer and receive the final dividend, despite most of these shareholders having held the shares throughout FY2010 in the expectation of benefiting from this dividend.

Instead, Ammtec Shareholders who accept the Revised Share Offer will have to wait until Campbell Brothers pays its next dividend. As noted previously, this dividend is likely to be significantly lower, on an equivalent basis, than Ammtec's future dividends.

6 There have been very few acceptances to date and consequently there is still a high degree of uncertainty surrounding the Offer

The Revised Offer remains conditional on Campbell Brothers obtaining 30% acceptances before 15 September 2010.

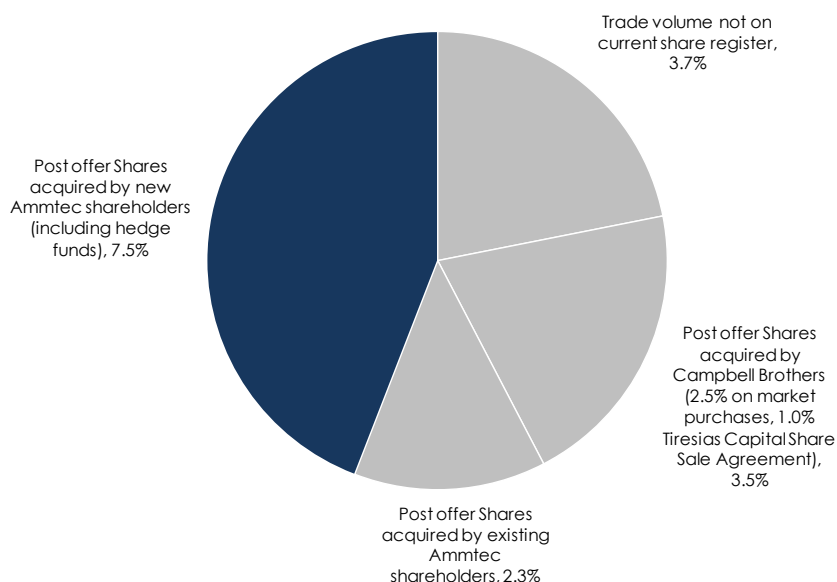
At the time of writing this Third Supplementary Target's Statement, despite the Offer having been open since 19 July 2010, Campbell Brothers:

- has only announced acceptances under the Offer for a meagre 1.1% of total Ammtec Shares on issue;
- has acquired a further 6.9% of Ammtec's Shares on market (not through Ammtec Shareholders accepting the Offer); and
- holds a relevant interest in only 13.8% of Ammtec's total Shares.

Furthermore, on 30 August 2010, Campbell Brothers asserted that 17% of Ammtec's Share register had changed hands since announcement of its Offer, presumably to suggest the new Shareholders are likely to accept into the offer.

Your Directors note that:

- this is the total volume traded from announcement of the Offer to 30 August whereas only 13.3% of Ammtec's register as at 30 August 2010 had been acquired since the announcement of the Offer, the difference being additional volume bought and sold on market in the interim;
- this 13.3% includes 3.5% in which Campbell Brothers has acquired a relevant interest; and
- of the remaining 9.8% of Ammtec Shares outstanding that had actually changed hands, 2.3% had been sold to persons who were already Shareholders of Ammtec prior to the Offer.



Analysis of Trading in Ammtec Prior to Revised Offer¹¹

Ammtec believes Campbell Brothers has exaggerated the degree of momentum in its Offer. In reality, there is still a high degree of uncertainty surrounding the Offer, including whether Campbell Brothers is able to achieve 30% acceptances by 15 September 2010.

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

If you accept the Revised Offer now, then unless the Offer lapses or you have a right to withdraw your acceptance:

- you will not be able to accept a higher offer from a third party (should one eventuate); and
- you will not be able to sell your Ammtec Shares on the ASX.

In contrast to this, the three Ammtec Shareholders with whom Campbell Brothers has entered into share sale agreements have agreed a mechanism whereby even if they have accepted the Offer, they will receive the benefit of any higher offer from a third party via a payment from Campbell Brothers should Campbell Brothers sell the Shares into the higher offer¹². **This mechanism is not available to other Ammtec Shareholders and is likely to have had a material influence on the three accepting Shareholders.**

¹¹ ALS has since acquired 2.7% of Ammtec's Shares outstanding on market, and has received acceptances in respect of a further 6,369 Ammtec Shares (0.02%).

¹² See Section 5.1 of the Campbell Brothers' Bidder's Statement dated 5 July 2010.

8 Accepting the Revised Offer may have adverse tax consequences for you

If Campbell Brothers does not acquire 80% of Ammtec Shares, you will not be eligible for CGT rollover relief in respect of the Share Offer, which mean you could incur a significant CGT liability if you accept the Revised Share Offer.

As Campbell Brothers has announced an intention to declare the Offer unconditional if it gains 30% acceptances by 15 September 2010, and in light of the low level of acceptances Campbell Brothers has received to-date, there is a strong possibility that this will happen.

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

Campbell Brothers continues to assert that, in the absence of the Revised Offer, Ammtec's Share price is likely to fall. This claim has not been substantiated. Ammtec has a robust business model with strong growth prospects, and your Directors believe Campbell Brothers is ignoring the strong earnings guidance issued by Ammtec for FY2011.