



## **ASX ANNOUNCEMENT**

26 August 2010

### **PLACEMENT TO STRATEGIC INVESTOR AND SOPHISTICATED INVESTORS NOTICE OF GENERAL MEETING**

The Board of Argent Minerals Ltd (“Argent” or “Company”) is pleased to announce that it will make a placement of 40,000,000 shares at \$0.20 to raise up to \$8.0m, including a \$4.0m placement to US Nickel Ltd ASX:USN (“US Nickel”) who will become a substantial shareholder in the Company.

Funds from the placement will enable the Company to complete the acquisition of the Bullant Project from Barrick (PD) Australia Ltd, a wholly-owned subsidiary of Barrick Gold Corporation, commit rehabilitation bonds and provide for immediate working capital to commence preliminary works at the mine site.

Argent is continuing discussions with a number of institutional and sophisticated investors with a view to completing the balance of its proposed placement (US Nickel having agreed to subscribe for \$4.0m out of a total placement of \$8.0m).

Further details regarding the transaction are included in the attached Notice of General Meeting and accompanying Independent Experts Report.

For more information:

[www.argentminerals.com.au](http://www.argentminerals.com.au)

Marcus Michael  
Executive Director  
Argent Minerals Limited  
Ph: 0418 908 091

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**ARGENT MINERALS LIMITED**

**ACN 124 780 276**

**NOTICE OF GENERAL MEETING**

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**TIME:** 11.00am (WST)

**DATE:** Friday 24 September 2010

**PLACE:** Upstairs Function Room  
Subiaco Hotel  
465 Hay Street (Cnr Rokeby Road)  
Subiaco WA 6008

*This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.*

*Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9322 6600.*

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**TIME AND PLACE OF MEETING AND HOW TO VOTE**

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The general meeting of the Shareholders to which this Notice of Meeting relates will be held at 11.00am (WST) on Friday, 24 September 2010 at:

Upstairs Function Room

Subiaco Hotel

465 Hay Street (Cnr Rokeby Road)

Subiaco WA 6008

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**YOUR VOTE IS IMPORTANT**

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The business of the General Meeting affects your shareholding and your vote is important.

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**VOTING IN PERSON**

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To vote in person, attend the General Meeting on the date and at the place set out above.

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**VOTING BY PROXY**

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To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

- (a) post to Argent Minerals Limited, PO Box 1305 West Leederville WA 6901; or
- (b) facsimile to the Company on facsimile number (+61 8) 9322 6610; or
- (c) email to the Company at [info@argentminerals.com.au](mailto:info@argentminerals.com.au),

so that it is received not later than 11.00am (WST) on Wednesday, 22 September 2010.

**Proxy Forms received later than this time will be invalid.**

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## NOTICE OF GENERAL MEETING

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The Explanatory Statement provides additional information on matters to be considered at the General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders of the Company at 11.00am (WST) Wednesday, 22 September 2010.

Terms and abbreviations used in this Notice of Meeting are defined in the Glossary.

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## AGENDA

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### 1. RESOLUTION 1 – SHARE PLACEMENT FOR CAPITAL RAISING

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue up to 40,000,000 Shares at an issue price of 20 cents per Share, to raise up to \$8,000,0000 on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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### 2. RESOLUTION 2 – ISSUE OF SHARES TO BARRICK (PD) AUSTRALIA LIMITED

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue 350,000 Shares to Barrick (PD) Australia Limited, on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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### 3. RESOLUTION 3 – ACQUISITION OF A RELEVANT INTEREST BY US NICKEL LIMITED

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*“That, subject to and conditional on the passing of Resolution 1, for the purpose of Section 611 (Item 7) of the Corporations Act, and for all other*

*purposes, approval be given for US Nickel Limited (and its associates) to acquire an interest in the issued voting shares of the Company in excess of the threshold prescribed by Section 606(1) of the Corporations Act, on the terms and conditions set out in the Explanatory Statement accompanying this Notice."*

**Voting Exclusion:** The Company will disregard any votes cast on this resolution by US Nickel and any of US Nickel' associates. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

**Independent Expert's Report:** Shareholders should carefully consider the Independent Expert's Report annexed to this Notice of Meeting prepared by prepared by Stanton's Securities International for the purposes of the Shareholder approval required under Section 611 (Item 7) of the Corporations Act. The Independent Expert's Report comments on the fairness and reasonableness of the transaction to the non-associated Shareholders and concludes that the transaction is fair and reasonable to non-associated Shareholders.

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**4. RESOLUTION 4 – RE-ELECTION OF DIRECTOR – MR DOUGLAS DAWS**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purpose of clause 6.3 of the Constitution and for all other purposes, Mr Douglas Daws, a Director who was appointed on 7 July 2010, retires, and being eligible, is re-elected as a Director."*

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**5. RESOLUTION 5 – RE-ELECTION OF DIRECTOR – MR CHRISTOPHER DAWS**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purpose of clause 6.3 of the Constitution and for all other purposes, Mr Christopher Daws, a Director who was appointed on 7 July 2010, retires, and being eligible, is re-elected as a Director."*

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**6. RESOLUTION 6 – RE-ELECTION OF DIRECTOR – MR STEVE GEMELL**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purpose of clause 6.3 of the Constitution and for all other purposes, Mr Steve Gemell, a Director who was appointed on 7 July 2010, retires, and being eligible, is re-elected as a Director."*

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**7. RESOLUTION 7 – DIRECTOR PARTICIPATION IN PLACEMENT OF SECURITIES – MR DOUGLAS DAWS**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, subject to the approval of Resolutions 1 and 4, for the purpose of ASX Listing Rule 10.11 and for all other purposes, approval is given for Mr Douglas Daws (or his nominee), a Director, to participate in the placement contemplated by Resolution 1, by subscribing for up to 500,000 Shares, on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Mr Douglas Daws (or his nominee) or any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**8. RESOLUTION 8 – DIRECTOR PARTICIPATION IN PLACEMENT OF SECURITIES – MR STEVE GEMELL**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to the approval of Resolutions 1 and 6, for the purpose of ASX Listing Rule 10.11 and for all other purposes, approval is given for Mr Steve Gemell (or his nominee), a Director, to participate in the placement contemplated by Resolution 1, by subscribing for up to 250,000 Shares, on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Mr Gemell (or his nominee) or any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**9. RESOLUTION 9 – DIRECTOR PARTICIPATION IN PLACEMENT OF SECURITIES – MR MARCUS MICHAEL**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to the approval of Resolution 1, for the purpose of ASX Listing Rule 10.11 and for all other purposes, approval is given for Mr Marcus Michael (or his nominee), a Director, to participate in the placement contemplated by Resolution 1, by subscribing for up to 500,000 Shares, on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Mr Michael (or his nominee) or any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**10. RESOLUTION 10 – DIRECTOR PARTICIPATION IN PLACEMENT OF SECURITIES – MR KERRY MCHUGH**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to the approval of Resolution 1, for the purpose of ASX Listing Rule 10.11 and for all other purposes, approval is given for Mr Kerry McHugh (or his nominee), a Director, to participate in the placement contemplated by Resolution 1, by subscribing for up to 150,000 Shares, on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Mr McHugh (or his nominee) or any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**DATED: 26 AUGUST 2010**

**BY ORDER OF THE BOARD**

A handwritten signature in black ink, appearing to read "M. Michael", written in a cursive style.

**MARCUS MICHAEL  
COMPANY SECRETARY**

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## EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the General Meeting to be held at 11.00am (WST) on Friday, 24 September 2010 at the Upstairs Function Room, Subiaco Hotel, 465 Hay Street, Subiaco WA 6008.

This purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

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### 1. OVERVIEW

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#### 1.1 Purpose of the General Meeting

The Company has convened the General Meeting for the purpose of obtaining approval for:

- (a) the issue of new Shares to fund the Bullant Transaction and for working capital purposes (**Placement**);
- (b) the issue of Shares as part of the consideration payable by the Company in connection with the Bullant Transaction;
- (c) the potential acquisition of a significant interest in the Company by US Nickel pursuant to the Placement, under section 611 item 7 of the Corporation Act;
- (d) the re-election of directors of the Company; and
- (e) the directors of the Company to participate in the Placement.

#### 1.2 Details of the Bullant Transaction

On 7 July 2010 the Company announced it had agreed to terms, with Barrick (PD) Australia Limited, a wholly owned subsidiary of Barrick Gold Corporation (**Barrick**), in respect of the acquisition of the Bullant Tenement Package (comprising of M16/44 and M16/45) including the historic underground gold mine located approximately 65 kilometres from Kalgoorlie. Site facilities and equipment are also included in the acquisition (**Bullant Transaction**).

On 23 July 2010, the Company, through its wholly owned subsidiary, Argent (Bullant) Pty Ltd, and Barrick entered into an Asset Sale Agreement (**Bullant Agreement**). The consideration under the Bullant Agreement comprises a cash payment of \$5,276,000 and 350,000 Shares.

It is anticipated that once the Bullant Transaction is completed, the re-opening of the mine and on-going mining and milling will be supervised by McVerde Minerals Pty Ltd (**MMPL**). MMPL is a Kalgoorlie based, experienced mining company owned and operated by Mr Graham McGarry and Mr Geoff Greenhill. Mr McGarry and Mr Greenhill each have over 40 years mining experience and successfully managed the development of the Eloise underground copper/gold mine after acquiring it from BHP.

It is proposed the management agreement with MMPL will include a monthly management fee for the duration of the project and profit share of 10% of net operating profit from production on the Tenements (after the repayment of all acquisition costs, including stamp duty, all borrowings, capital and development



and operational costs relating to the project). MMPL is not a related party of the Company.

### 1.3 Details of the Asset Sale Agreement

The Bullant Agreement contains the following material terms and conditions:

- (a) **(Bullant Transaction)**: Barrick agreed to sell and the Company, through its wholly owned subsidiary, Argent **(Bullant)** Pty Ltd, has agreed to purchase M16/44 and M16/45 **(the Tenements)** and site facilities, equipment and mining information related to the Tenements.
- (b) **(Consideration)**: As consideration for the Bullant Transaction, the Company will pay \$5,276,000 and issue 350,000 Shares to Barrick **(Consideration)**;
- (c) **(Access before Completion)**: Before completion of the Bullant Transaction the Company will, be entitled to non exclusive access to the Tenements to carry out any surface non-ground disturbing activities (and any other activities agreed to by Barrick) that are permitted under the terms of the Tenements;
- (d) **(Completion)**: Completion will occur within 14 days after satisfaction or waiver of the following conditions precedent:
  - (i) the consent of the Minister under the Mining Act to the transfer of the Tenements;
  - (ii) the Company obtaining the necessary shareholder approval to enable it to perform its obligations under the Bullant Agreement; and
  - (iii) there not being any material breach of a representation or warranty given by the Company or Barrick, or an insolvency event in relation to the Company; or Barrick (or their wholly owned subsidiaries) as at the date the last of the conditions in (i) to (ii) above are satisfied (or waived).
- (e) **(Warranties)**: the Bullant Agreement contains standard warranties and representations on behalf of each party for an agreement of this nature;
- (f) **(Assignment)**: neither party may assign or transfer its interest under the Bullant Agreement to any third party without the prior written consent of the other party;
- (g) **(Confidentiality)**: the information relating to the Bullant Agreement is confidential and must not be disclosed to a third party other than a party's advisers and employees except as required by law; and
- (h) **(Governing Law)**: the Bullant Agreement is subject to the laws of Western Australia and the parties submit to the exclusive jurisdiction of the courts of Western Australia.

## 1.4 Description of the Project

### General

The Bullant Tenement Package (M16/44 and M16/45) includes the Bullant underground gold mine located approximately 65 kilometres from Kalgoorlie. Site facilities and equipment are included in the Transaction. The mine site is serviced by an extensive network of roads, power and water are delivered to the site and there is a broad range of mining and exploration services readily available in the Kalgoorlie region.

The mine was closed by Barrick in December 2009 following underground production between 2002 and December 2009 of 1.95 million tonnes at 5.1 grams per tonne for 322,700 ounces of gold. Production in 2009 was 144,750 tonnes at 5.9 grams per tonne gold for 27,400 ounces of gold. At 31 December 2009 Barrick estimated that resources for the Bullant Mine on tenement M16/45 were as follows:

Mining Block	Measured Resource			Indicated Resource			Inferred Resource		
	Tonnes (t)	Grade (g/t)	Metal (oz)	Tonnes (t)	Grade (g/t)	Metal (oz)	Tonnes (t)	Grade (g/t)	Metal (oz)
East Lode	28,000	3.9	3,500	14,000	4.9	2,200	62,000	4.7	9,400
Main Lode	13,000	4.6	1,900	243,000	5.8	45,000	534,000	5.1	87,200
TOTAL	41,000	4.1	5,400	257,000	5.7	47,200	596,000	5.0	96,600

Argent's intention is to re-open the mine, extend the decline and establish development drives to support the commencement of stoping within approximately six months of completion of the Transaction. Preliminary mine planning indicates a potential mine inventory of 570,000 tonnes at 6.0 g/t Au for a contained 110,000 ounces.

The Company intends to enter into a toll treatment arrangement with one of a number of possible toll treatment plants within a short trucking distance from the mine site.

### Exploration Potential

Mining of the main Bullant lode ceased at RL5715 some metres below the surface. The established resources are mainly located within the following 165 metres.

A study of the gold distribution and underlying structural controls at Bullant was completed in February 2009 by Jigsaw Geoscience. Outcomes from this study showed that "high grade shoots mined in the current workings will continue at depth. The overall grade tenure of the gold mineralisation should not change at depth."

Indications that the deposit is open at depth are supported by the intersection in hole BUGDO616 (3 metres true width at 8.42 g/t Au including 0.5 metres downhole at 52.6 g/t Au) located approximately 320 metres below RL 5715 which suggests there is excellent potential for additional resources to be delineated.

The Bullant lodes are located on the Zuleika Shear which hosts a number of underground gold mines.

A number of holes have returned downhole ore grade intersects including, at Wattle Bird, hole CTRZULC756, 30.7m at 7.3g/t Au (might have been drilled down dip), hole NWCZD6 10m at 6.0 g/t Au and hole CTRZULC344, 11.8m at 6.1 g/t Au; at Bower Bird, and at Bullant South holes SPC276, 8m at 9.5g/t Au, and NWCZC8, 8m at 7.4g/t Au. Further work needs to be done to better understand the implications of these intersections including continuity of mineralisation, likely true widths etc. A full review followed by additional drilling will be undertaken after Completion.

### **Competent Persons Statement**

*The information in this report that relates to exploration results, mineral resources or ore reserves is based on information compiled by Mr Maurice Rowley, who is a member of the Australian Institute of Mining and Metallurgy. Mr Rowley is the Senior Manager Geology and a full time employee of Barrick (Australia Pacific) Limited. Mr Rowley has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for reporting of Exploration results, Mineral Resources and Ore Reserves". Mr Rowley consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

*The information that relates to mineral exploration is based on information compiled by Mr Antony Shepherd, who is a member of Australian Institute of Mining and Metallurgy. Mr Shepherd is the Manager Mine Exploration and a full time employee of Barrick (Australia Pacific) Limited. Mr Shepherd has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the JORC Code. Mr Shepherd consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

## **1.5 Capital Structure Of The Company**

The effect of the Resolutions proposed in this General Meeting on the issued capital of the Company is as follows:

<b>Fully Paid Ordinary Shares</b>	<b>Note</b>	<b>#</b>
Shares on Issue		48,231,251
Resolution 1 – Placement of Securities	1	40,000,000
Resolution 2 - Placement of Securities	2	350,000
<b>Pro-Forma Balance</b>		<b>88,581,251</b>

**Note 1** Allotment and issue of 40,000,000 ordinary fully paid shares at \$0.20 to raise \$8,000,000.

**Note 2** Allotment and issue of 350,000 ordinary fully paid shares at \$0.20 to Barrick (PD) Australia Limited.

<b>Options exercisable at \$0.20 on or before 30 June 2011, Issued at \$0.01</b>	<b>#</b>
Options on Issue	48,230,751
<b>Pro-Forma Balance</b>	<b>48,230,751</b>

## 1.6 Unaudited Pro-forma Consolidated Statement of Financial Position

<b>Argent Minerals Limited</b>		
<b>Unaudited Proforma Consolidated Statement of Financial Position</b>		
	<b>Unaudited Adjusted 30 June 2010 \$'000</b>	<b>Pro-forma Unaudited 30 June 2010 \$'000</b>
<b>Current Assets</b>		
Cash and cash equivalents	716	2,205
Trade and other receivables	32	32
<b>Total Current Assets</b>	<u>748</u>	<u>2,237</u>
<b>Non Current Assets</b>		
Plant and equipment	6	1,782
Capitalised acquisition costs/deposit	527	3,832
Bonds	38	928
<b>Total Non Current Assets</b>	<u>571</u>	<u>6,542</u>
<b>Total Assets</b>	<u>1,319</u>	<u>8,779</u>
<b>Current Liabilities</b>		
Trade and other payables	110	110
<b>Total Current Liabilities</b>	<u>110</u>	<u>110</u>
<b>Total Liabilities</b>	<u>1,209</u>	<u>8,669</u>
<b>Net Assets</b>		
<b>Equity</b>		
Issued Capital	4,995	12,495
Capital Raising Costs	405	405
Accumulated losses	(4,191)	(4,231)
<b>Total Equity</b>	<u>1,209</u>	<u>8,669</u>

The following pro-forma adjustments have been made to reflect the transactions contemplated in this Notice of Meeting;

- the issue of 40,000,000 shares from the Subscription (includes 20,000,000 Subscription Shares to US Nickel) to raise a gross \$8,000,000 and the payment of capital raising costs of \$570,000 and expensed against share equity;
- an allowance of \$40,000 for costs relating to the Notice which has been treated as capital raising costs; and
- the acquisition by Argent (Bullant) Pty Ltd of the Bullant Gold Package by the issue of 350,000 Argent shares at 20 cents each (\$70,000), the payment of \$4,748,400 (deposit of \$527,600 already paid) to Barrick (the total of \$5,346,000 split \$3,570,000 to the tenements and \$1,776,00 towards plant acquired), the payment of stamp duty of \$262,000 and placing \$890,000 of environmental bonds with the Department of Mines and Petroleum.

## 1.7 Budget

It is expected that \$8,000,000 will be required for use as outlined below:

<b>Expenditure description</b>	<b>\$</b>
Acquisition of Bullant Tenements and Equipment	5,276,000
Stamp Duty	262,000
Replacement of existing rehabilitation bonds	890,000
Working Capital	1,002,000
Expenses of the Placement	570,000
<b>Total</b>	<b>8,000,000</b>

The above table use a statement of current intentions as of the date of this Notice of Meeting. As with any budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

## 1.8 Risk Factors

Shareholders should be aware that if the proposed transactions are approved, the Company will be subject to various risk factors. Based on the information available, a list of the identified major risk factors is set out below. The list is not exhaustive:

### **Exploration Success**

There can be no assurance that exploration of any of the Company's Tenements will result in the discovery of economic gold deposits. Even if an apparently viable deposit is identified, there is no guarantee it can be economically exploited.

### **Operating Risks**

The operators of the Company may be affected by various factors, including failure to locate or identify gold deposits; failure to achieve predicted tonnes or qualities in exploration and mining; operational and technical difficulties encountered in mining; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; adverse weather conditions; industrial and environmental accidents; industrial disputes; and unexpected shortages or increases in the cost of consumables, spare parts, plant and equipment.

### **Resource and reserve estimates**

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates that were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans that may, in turn, adversely affect the Company's operations.

## **Commodity Price Volatility and Exchange Rate Risks**

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

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

## **Environmental Risks**

The operations and proposed activities of the Company are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

The Department of Industry and Resources of Western Australia, from time to time, reviews the environmental bonds that are placed on tenements. The Directors are not in a position to state whether a review is imminent or whether the outcome of such a review would be detrimental to the funding needs of the Company.

Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. The occurrence of any such safety or environmental incident could delay production or increase production costs. Events, such as unpredictable rainfall or bushfires may impact on the Company's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on the Company for damages, clean up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous making the Company's operations more expensive.

Approvals are required for land clearing and for ground disturbing activities. Delays in obtaining such approvals can result in the delay to anticipated exploration programmes or mining activities.

Approvals are required for rehabilitation or mine closure plans that establish the Company's obligation to rehabilitate the land after minerals have been mined from a site. Rehabilitation by the Company of its exploration and mining sites takes place both during and after the active life of exploration and mining activities. In accordance with conditions imposed on some of the Tenements, bonds will be provided by the Company to the Department in respect of the rehabilitation of its mine sites. Bonds are calculated by reference to the area of proposed disturbance

and do not always reflect the actual cost of rehabilitation when it occurs. The Company may incur costs in connection with these rehabilitation activities which are in excess of the amount of the bonds.

### **Insurance Risks**

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect of the business, financial condition and results of the Company.

Insurance against all risks associated with mining exploration and production is not always available and where available the costs can be prohibitive.

### **Competition Risk**

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

### **Failure to Satisfy Expenditure Commitments And Title Risk**

Interests in tenements in Australia are governed by the respective State legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in the Tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

Although the Company has investigated title to all of its Tenements, the Company cannot give any assurance that title to such Tenements will not be challenged or impugned. The Tenements may be subject to prior unregistered agreements or transfers or title may be affected by undetected defects or native title claims.

### **Native Title**

The Tenements extend over areas in which legitimate common law native title rights of indigenous Australians exist. The ability of the Company to gain access to its Tenements and to conduct exploration, development and mining operations remains subject to native title rights and the terms of registered native title agreements.

The Directors will closely monitor the potential effect of native title claims involving tenements in which the Company has or may have an interest.

### **Aboriginal Heritage**

Archaeological and ethnographic surveys in the Tenements have identified a number of sites of significance which have been registered with the Department of Indigenous Affairs. Approvals are required if these sites will be impacted by exploration or mining activities. Delays in obtaining such approvals can result in the delay to anticipated exploration programmes or mining activities.

## **Future Capital Requirements**

Future funding may be required by the Company to support its ongoing activities and operations. There can be no assurance that such funding will be available on satisfactory terms or at all. Any inability to obtain finance will adversely affect the business and financial condition of the Company and its performance.

## **Personnel**

The loss of any one or more of the Directors could have an adverse impact on the performance and the prospects of the Company. The Company's activities require personnel with appropriate industry experience and qualifications. The inability to recruit or retain those personnel may have an impact on the performance and prospects of the Company.

## **Market Risk**

Share market conditions may affect the value of the Company's quoted Securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (a) general economic outlook;
- (b) interest rates and inflation rates;
- (c) currency fluctuations;
- (d) commodity price fluctuations;
- (e) changes in investor sentiment toward particular market sectors;
- (f) the demand for, and supply of, capital; and
- (g) terrorism and other hostilities.

## **Regulatory Risk**

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

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



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## **2. RESOLUTION 1 – SHARE PLACEMENT FOR CAPITAL RAISING**

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### **2.1 General**

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

One circumstance where an issue is not taken into account in the calculation of this 15% threshold is where the issue has the prior approval of shareholders in general meeting.

Resolution 1 seeks Shareholder approval for the allotment and issue of up to 40,000,000 Shares at an issue price of 20 cents per share to raise up to \$8,000,000 (**Placement**).

Subject to the participation by each of the Directors in the Placement (as proposed in Resolutions 7 to 10) none of the subscribers pursuant to this issue will be related parties of the Company.

The effect of Resolution 1 (with the exception of those Shares issued to the Directors) will be to allow the Directors to issue the Shares pursuant to the Placement during the period of 3 months after the Meeting (or a longer period, if allowed by ASX).

The effect of Resolution 1 will enable the Company to issue the Placement Shares without using the Company's 15% annual placement capacity.

### **2.2 Technical information required by ASX Listing Rule 7.1**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Placement:

- (a) the maximum number of Shares to be issued is up to 40,000,000
- (b) the issue price will be 20 cents per Share;
- (c) subject to Shareholder approval of Resolution 3, US Nickel will be issued 20,000,000 of the Shares;
- (d) subject to Shareholder approval of Resolutions 7 to 10, it is proposed the Directors will be issued Shares as set out in Resolutions 7 to 10;
- (e) for those Shares not issued pursuant to Resolutions 3, 7, 8, 9 and 10, the Directors will determine to whom the Shares will be issued. These persons will be sophisticated investors and will not be related parties of the Company;
- (f) with the exception of the Shares issued to the Directors, the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (g) the Shares to be issued to the Directors will be issued no later than one month after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;

- (h) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (i) the Company intends to use the funds raised from the Placement as follows:

Expenditure description	\$
Acquisition of Bullant Tenements and Equipment	5,276,000
Stamp Duty	262,000
Replacement of existing rehabilitation bonds	890,000
Working Capital	1,002,000
Expenses of the Placement	570,000
<b>Total</b>	<b>8,000,000</b>

The above table is a statement of current intentions as of the date of this Notice of Meeting. As with any budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

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### **3. RESOLUTION 2 – ISSUE OF SHARES TO BARRICK (PD) AUSTRALIA LIMITED**

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#### **3.1 ASX Listing Rule 7.1**

Resolution 2 seeks Shareholder approval for the allotment and issue of 350,000 Shares to Barrick (PD) Australia Limited.

A summary of ASX Listing Rule 7.1 is set out in Section 2.1 above.

The effect of Resolution 2 will be to allow the Directors to issue the Shares pursuant to the Bullant Agreement during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

#### **3.2 Technical information required by ASX Listing Rule 7.1**

In compliance with the information requirements of ASX Listing Rule 7.3, Shareholders are advised of the following in relation to the proposed issue pursuant to Resolution 2:

- (a) the maximum number of Securities to be issued under Resolution 2 is 350,000 Shares;
- (b) the Shares will be issued to Barrick (PD) Australia Limited, which is not a related party of the Company;
- (b) the Shares will be issued for no cash consideration;
- (c) it is proposed that the Shares will be allotted and issued within 3 months of the date of the meeting and it is intended that the allotment and issue of the Shares will take place on the same date (subject to any extension of time granted by ASX);

- (d) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (e) no funds will be raised from the issue of Shares as they will be issued as consideration under the Bullant Agreement.

### **3.3 Director's Recommendation**

The Directors do not have any personal interests in the outcome of Resolution 2 and are of the opinion that the issue of the Shares pursuant to Resolution 2 is in the best interests of Shareholders for the following reasons:

- (a) the issue of the Shares under Resolution 2 is appropriate partial consideration for the Bullant Transaction; and
- (b) the Board considers the acquisition of the Tenements (and the related assets) to be a strategic investment which provides the Company with the potential to generate medium to long term gains.

Accordingly, based on the above reasons, the Directors recommend Shareholders to vote in favour of Resolution 2. The Directors have approved the proposal to put Resolution 2 to Shareholders.

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## **4. RESOLUTION 3 – ACQUISITION OF RELEVANT INTEREST BY US NICKEL LIMITED**

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### **4.1 General**

The Company wishes to issue up to 20,000,000 Shares to US Nickel as part of the Placement set out in Resolution 1. The Company is seeking Shareholder approval for the Placement pursuant to Listing Rule 7.1. Following successful completion of the Placement and the issue of the Shares pursuant to the Bullant Transaction, the Company will have on issue 88,581,251 Shares.

US Nickel is currently a shareholder of the Company and holds 500,000 Shares.

### **4.2 Information on US Nickel Limited**

US Nickel is an Australian nickel and gold exploration company listed on the ASX (ASX Code: USN).

US Nickel, through its wholly owned subsidiaries, has acquired title to two quality advanced greenfields projects: the Snowbird Project in Northwest Territories, Canada and the Mid-Continent Project in Minnesota, USA.

### **4.3 Sections 606 and 611 of the Corporations Act**

Pursuant to Section 606(1) of the Corporations Act, a person must not acquire a "relevant interest" in issued voting shares in a listed company if the person acquiring the interest does so through a transaction in relation to securities entered into by or on behalf of the person and because of the transaction, that person's or someone else's voting power in the company increases:

- (a) from 20% or below to more than 20%; or
- (b) from a starting point above 20% and below 90%.

The voting power of a person in a body corporate is determined in accordance with Section 610 of the Corporations Act. The calculation of a person's voting power in a company involves determining the voting shares in the company in which the person and the person's associates have a relevant interest.

A person (**second person**) will be an "associate" of the other person (**first person**) if:

- (a) the first person is a body corporate and the second person is:
  - (i) a body corporate the first person controls;
  - (ii) a body corporate that controls the first person; or
  - (iii) a body corporate that is controlled by an entity that controls the person;
- (b) the second person has entered or proposes to enter into a relevant agreement with the first person for the purpose of controlling or influencing the composition of the Company's board or the conduct of the Company's affairs; or
- (c) the second person is a person with whom the first person is acting in concert or proposing to act in concert, in relation to the Company's affairs.

Section 608(1) of the Corporations Act provides that a person has a relevant interest in securities if they:

- (a) are the holder of the securities;
- (b) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or
- (c) have power to dispose of, or control the exercise of a power to dispose of, the securities.

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

#### **4.4 Section 611 Item 7 of the Corporations Act – Exemption from Section 606**

Section 611 of the Corporations Act provides that certain acquisitions of relevant interests in a company's voting shares are exempt from the prohibition in Section 606(1), including acquisitions approved previously by a resolution passed at a general meeting of the company in which the acquisition is made (Section 611 Item 7).

For the exemption in Section 611 Item 7 to apply, Shareholders must be given all information known to the person proposing to make the acquisition or their associates, or known to the Company, that was material to the decision on how to vote on the resolution. ASIC has indicated what additional information should be provided to Shareholders in these circumstances.

## **Circumstances of US Nickel Acquiring a Relevant Interest in Excess of 20%**

US Nickel currently holds 500,000 Shares. As set out in Section 2 above, US Nickel intends to take up 20,000,000 Shares of the Placement.

Assuming the issue of all 40,000,000 Placement Shares and the 350,000 Shares pursuant to the Bullant Transaction, US Nickel's shareholding in the Company will increase from approximately 1.04% to approximately 23.14%. This increase in US Nickel's interest in the Company requires Shareholder approval.

### **Impact on the Company**

The proposed issue of Shares to US Nickel pursuant to the Placement will result in various advantages and disadvantages to the Company which Shareholders should consider prior to exercising their vote.

The Independent Expert notes that the key advantages of the proposal to the Company and non-associated Shareholders are as follows:

- (a) the Company will be significantly expanding its asset portfolio to include an interest in the Bullant project;
- (b) the passing of Resolutions 1 to 3 relating to the allotment of Shares will increase the cash resources of the Company and enable it to proceed with the Bullant Transaction.

The key disadvantages noted by the Independent Expert are as follows:

- (a) there is the potential for further dilution of current Shareholders' interests; and
- (b) the relevant interest being obtained by US Nickel may enable US Nickel to influence future decisions, that may be for its own purposes.

### **Assumptions**

The figures in the following Section and the table below assume that:

- (a) the Company has 48,231,251 Shares on issue as at the date of this Notice of Meeting and a maximum of 88,581,251 Shares on issue following the Placement and the Bullant Transaction (that is, assuming all 40,000,000 Shares are issued pursuant to the Placement and the 350,000 Shares are issued pursuant to the Bullant Transaction);
- (b) the Company does not issue any additional Shares other than pursuant to the Placement and the Bullant Transaction;
- (c) no Options are exercised;
- (d) US Nickel takes up 20,000,000 Shares; and
- (e) US Nickel does not acquire any additional Shares other than under the Placement.

## Prescribed Information

- (f) ***The identity of the allottee or purchaser and any person who will have a relevant interest in the Shares allotted:***

As a consequence of the Placement, and subject to assumptions set out in paragraphs (a) to (e) above, US Nickel will increase its relevant interest in the Company from a starting point that is below 20% to above 20%.

If the matters set out in paragraphs (a) to (e) above do not occur, US Nickel will not have acquired a relevant interest in the Company in excess of 20%.

- (g) ***Full particulars (including the number and the percentage) of the Shares to which US Nickel is or will be entitled immediately before and after the Placement:***

Currently US Nickel holds 500,000 Shares, equating to a 1.04% interest in the issued capital of the Company.

US Nickel proposes to subscribe for an additional 20,000,000 Shares pursuant to the Placement. This will increase US Nickel's holding to 20,500,000 Shares. US Nickel's relevant interest will be equal to approximately 23.14% in the Company.

The table below sets out the number and percentage of Shares US Nickel will hold upon:

- (i) completion of the Placement; and
- (ii) completion of the Placement and the issue of Shares pursuant to the Bullant Transaction (as set out in Resolution 2).

Shareholders should note that US Nickel may increase or decrease its voting power in the Company prior to being issued any Shares pursuant to the Placement (although it will not be able to increase its voting power above 20% unless an exception in Section 611 of the Corporations Act applies). Any increase or decrease in US Nickel's voting power prior to the Placement will have a corresponding impact on the calculation of the potential maximum increase in the voting power of US Nickel indicated in the table below.

### Placement Only

Security Holder	Current Shareholding	Current % of issued Share capital	Shares issued pursuant to Placement	Total Shares held after Placement	% Issued Capital after Placement
US Nickel	500,000	1.04%	20,000,000	20,500,000	23.23%
Associated Shareholders <sup>1</sup>	4,735,527	9.82%	0	4,735,527	5.37%
Barrick	0	0%	0	0	0%
Non associated	42,995,724	89.14%	20,000,000	62,995,724	71.40%
<b>Company Total</b>	<b>48,231,251</b>	<b>100.00%</b>	<b>40,000,000</b>	<b>88,231,251</b>	<b>100.00%</b>

Placement and issue of Shares to Barrick

Security Holder	Current Shareholding	Current % of issued Share capital	Shares issued pursuant to Placement and issue to Barrick	Total Shares held after Placement and Bullant Transaction	% Issued Capital after Placement
US Nickel	500,000	1.04%	20,000,000	20,500,000	23.14%
Associated Shareholders <sup>1</sup>	4,735,527	9.82%	0	4,735,527	5.35%
Barrick	0	0%	350,000	350,000	0.40%
Non associated	42,995,724	89.14%	20,000,000	62,995,724	71.11%
<b>Company Total</b>	<b>48,231,251</b>	<b>100.00%</b>	<b>40,350,000</b>	<b>88,581,251</b>	<b>100.00%</b>

<sup>1</sup> Christopher Daws, a director of the Company and US Nickel and a substantial holder of US Nickel has been classified as an associate.

(h) ***Effect of US Nickel's relevant interest on voting power:***

As set out in the table above, the maximum potential voting power US Nickel would hold as a result of the issue of Shares pursuant to the Placement would be 23.14%, assuming:

- (i) all 40,000,000 Shares are issued for the Placement;
- (ii) the matters set out in paragraphs (b) to (e) above; and
- (iii) the Company does not issue any additional Shares and US Nickel does not acquire any additional Shares other than pursuant to the Placement,

US Nickel would hold 20,500,000 Shares on completion of the Placement, with a voting power of approximately 23.14% (an increase of 22.10%).

(i) ***The maximum extent of the increase in the voting power of each of the associates of US Nickel that would result from the acquisition.***

For the purposes of this Explanatory Statement, the Company has assumed that Christopher Daws, as a director of the Company and US Nickel, and as a substantial shareholder of US Nickel, is an associate of US Nickel.

The maximum extent of the increase in the voting power of the associates of US Nickel is also set out in the tables above.

(j) ***The voting power that each of the associates of US Nickel will have as a result of the acquisition.***

As set out above.

**4.5 Intentions of US Nickel in relation to the Company**

The Company understands that US Nickel does not presently:

- (a) have any intention of making any changes to the Company's business;
- (b) have any intention to significantly change the Company's financial or dividend policies;

- (c) intend to inject further capital into the Company, other than its participation in the Placement;
- (d) have any current intention regarding the future employment of the present employees of the Company;
- (e) intend to transfer any property between the Company and itself nor any person associated with it;
- (f) intend to redeploy any fixed assets of the Company; or
- (g) have any current intention to change the Company's existing policies in relation to financial matters or dividends.

#### **4.6 Independent Expert's Report**

The Independent Expert's Report prepared by Stanton's International Securities (a copy of which is set out in the Annexure to this Explanatory Statement) assesses whether the Placement is fair and reasonable to the non-associated Shareholders of the Company.

The Independent Expert's Report concludes that the Placement is fair and reasonable to the non-associated Shareholders of the Company.

Shareholders are urged to carefully read the Independent Expert's Report to understand the scope of the report, the methodology of the valuation and the sources of information and assumptions made.

#### **Directors' Recommendation**

Mr Christopher Daws declines to make a recommendation to Shareholders in relation to Resolution 3 due to his material interest in the outcome of the Resolution as a director and significant shareholder of US Nickel. The remaining Directors are not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution.

The independent Directors recommend that Shareholders vote in favour of Resolution 3.

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## **5. RESOLUTIONS 4 TO 6 - RE-ELECTION OF DIRECTORS**

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### **5.1 General**

Clause 6.2 of the Constitution allows the Directors to appoint at any time a person to be a Director as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Any Director so appointed holds office only until the next following annual general meeting and is then eligible for re-election.



## **5.2 Mr Douglas Daws**

Mr Douglas Daws will retire in accordance with clause 6.3 of the Constitution and being eligible seeks re-election. Mr Daws has 40 years diverse experience in the resources industry in particular in exploration and mining in Australia.

He started with Western Mining Corporation (WMC) in 1962. Later, as Regional Manager for the Eastern Goldfields for the Western Australian Government, he facilitated the governmental response to both minor and major resource and development projects in the region.

Between 1986 and 1991 Daws was Manager of Projects for the Western Australian Mint and assisted in the establishment of the very large Kaltails tailings retreatment project and he supervised the construction and later managed the Kalgoorlie Gold Refinery. There followed several overseas resource projects in China, Romania, Myanmar, Sri Lanka and, more recently, gold projects in Ghana.

A more recent venture, when Chairman of Niagara Mining Limited, was the negotiated acquisition of the Poseidon Nickel project from WMC, the commencement of a successful exploration program which established additional ore reserves which will lead to the recommencement of mining at the famous Windarra nickel mine north of Laverton.

## **5.3 Mr Christopher Daws**

Mr Christopher Daws will retire in accordance with clause 6.3 of the Constitution and being eligible seeks re-election. Christopher Daws has a strong background in finance and economics having spent 10 years involved in Australian equities and has worked within some of the largest broking organisations in the world.

Mr Daws is an Affiliate Member of the Securities Institute of Australia.

Mr Daws held the role of CEO for 4 years for ASX-listed Niagara Mining Limited (renamed Poseidon Nickel Limited) including as a Director from November 2006 to July 2007. Mr Daws is currently a non-executive director of ASX Listed Spitfire Resources Limited.

## **5.4 Mr Steve Gemell**

Mr Steve Gemell will retire in accordance with clause 6.3 of the Constitution and being eligible seeks re-election. Steve Gemell has more than 35 years experience in the Australasian and global mining industry. He has been Principal of Gemell Mining Engineers, an independent multi-discipline consultancy, since its formation in Kalgoorlie in 1984.

His experience includes operational management in underground and open pit mining and supervision of CIP/CIL, flotation and alluvial plants. He has held executive and non executive directorships in listed mining companies and is currently a non-executive Director of Eastern Iron Limited and Uranium Exploration Australia Limited.

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## **6. RESOLUTIONS 7 to 10 – PARTICIPATION BY DIRECTORS IN SHARE PLACEMENT**

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It is proposed that each of the Directors of the Company (or their respective nominees) participate in the Placement contemplated by Resolution 1.

ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship

with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

Mr Douglas Daws, Mr Steve Gemell, Mr Marcus Michael and Mr Kerry McHugh are considered to be related parties of the Company as they are directors of the Company. Accordingly, Resolutions 7 to 10 seek Shareholder approval pursuant to ASX Listing Rule 10.11 to enable each of the Directors to participate in the Placement.

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. Section 208 of the Corporations Act provides that, for a public company to give a financial benefit to a related party of the company, the company must:

- (a) obtain the approval of the company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and give the benefit within 15 months following such approval,
- (a) unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

The Directors consider that participation in the Placement will be on arm's length terms as the offer will be made on the same terms to all parties, regardless of whether they are associated with the Company or not. Accordingly, the proposed participation by the Directors falls within the arm's length terms exception provided by Section 210 of the Corporations Act to the requirement to obtain shareholder approval under Part 2E of the Corporations Act.

#### **6.1. Technical information required by the ASX Listing Rules**

The following information is provided for Resolutions 7 to 10 pursuant to and in accordance with ASX Listing Rules 10.13:

- (a) the related parties proposing to participate in the Placement will be Mr Douglas Daws, Mr Christopher Daws, Mr Steve Gemell, Mr Marcus Michael and Mr Kerry McHugh (or their respective nominees) and they are related parties by virtue of being Directors
- (b) the maximum number of Shares each Director will subscribe for under the Placement is as follows:

<b>Director</b>	<b>Shares</b>
Douglas Daws	500,000
Steve Gemell	250,000
Marcus Michael	500,000
Kerry McHugh	150,000

- (c) the issue price of Shares under the Placement will be 20 cents per Share;
- (d) the Shares to be issued to the Directors will be issued no later than one month after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;

- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) as outlined in Section 1.7 above, the Company intends to use the funds raised from the Placement towards the acquisition of the Bullant tenements and equipment, stamp duty in respect of the acquisition, replacement of rehabilitation existing bonds, to meet expenses of the placement and working capital.

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**7. ENQUIRIES**

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Shareholders are requested to contact Mr Marcus Michael on (+ 61 8) 9322 6600 if they have any queries in respect of the matters set out in these documents.

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## GLOSSARY

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**\$** means Australian dollars.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited.

**ASX Listing Rules** means the Listing Rules of ASX.

**Board** means the current board of directors of the Company.

**Carbine Paradigm Leases** means lease numbers M16/27, M16/188, M16/239, M16/411 and P16/2508.

**Company** means Argent Minerals Limited (ACN 124 780 276).

**Constitution** means the Company's constitution.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Directors** means the current directors of the Company.

**Explanatory Statement** means the explanatory statement accompanying the Notice of Meeting.

**General Meeting** or **Meeting** means the meeting convened by the Notice.

**Notice** or **Notice of Meeting** or **Notice of General Meeting** means this notice of general meeting including the Explanatory Statement and the Proxy Form.

**Proxy Form** means the proxy form accompanying the Notice.

**Resolutions** means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

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

**Shareholder** means a holder of a Share.

**US Nickel** means US Nickel Limited (ACN 091 009 559), a company listed on the ASX.

**WST** means Western Standard Time as observed in Perth, Western Australia.

18 August 2010

The Directors  
Argent Minerals Ltd  
Level 1, 115 Cambridge Street  
LEEDERVILLE WA 6007

Dear Sirs

**RE: ARGRENT MINERALS LTD (“ARGENT” OR “THE COMPANY”) (ABN 89 124 780 276) ON THE PROPOSAL THAT SHAREHOLDERS APPROVE THE ISSUE OF 20,000,000 ORDINARY SHARES AT 20 CENTS EACH TO US NICKEL LIMITED (“US NICKEL”) AS NOTED BELOW TO RAISE \$4,000,000. MEETING PURSUANT TO SECTION 611 (ITEM 7) OF THE CORPORATIONS ACT 2001 (“TCA”).**

## **1. Introduction**

1.1 We have been requested by the directors of Argent to prepare an Independent Expert’s Report to determine the fairness and reasonableness relating to the proposal to issue a total of 20,000,000 ordinary shares (“Subscription Shares”) in Argent at an issue price of 20 cents each to raise a gross \$4,000,000 to US Nickel. Resolution 3 in the Notice of Meeting (“Notice”) and the Explanatory Statement attached to the Notice refers to further details. The proposed issue of 20,000,000 shares to US Nickel is referred to in this report as the “US Nickel Subscription”.

1.2 Following discussions held earlier this month, on 17 August 2010, the Company and US Nickel entered into a letter of offer agreement (“Letter of Offer Share Subscription Agreement” or “LOO”) whereby US Nickel will subscribe for 20,000,000 Subscription Shares in Argent at a subscription price per share of 20 cents each to raise \$4,000,000. In addition, a further 20,000,000 shares are to be offered to other investors, also at 20 cents each to raise a further \$4,000,000. The funds to be raised (an initial \$8,000,000 and known collectively as the Subscription) will be used so that Argent via its wholly owned subsidiary, Argent (Bullant) Pty Ltd can meet its purchase obligations to acquire the Bullant Gold Mine Project from Barrick (PD) Australia Limited, a wholly owned subsidiary of Barrick Gold Corporation (collectively known as “Barrick”) and to expedite its exploration activities and definitive feasibility studies in respect of its 51%-owned Kempfield Silver Project in New South Wales.

The Subscription is conditional on inter-alia shareholders passing an ordinary resolution approving the issue of, and the acquisition of a relevant interest in, the Subscription Shares by US Nickel and its associates for the purposes of and in accordance with section 611 (item 7) of TCA; US Nickel obtaining commitments for an equity raising of \$4,000,000 and the Argent Board recommending the US Nickel participation in the \$8,000,000 Subscription.

- 1.3 On 7 July 2010, the Company announced that it had entered into an in-principle agreement with Barrick in respect of the acquisition of the Bullant Tenement Package and that a formal sale agreement would be entered into within 21 days. On 28 July 2010, Argent announced the signing of the Assets Sale Agreement whereby Argent's subsidiary Argent (Bullant) Pty Ltd is to acquire the Bullant Tenement Package comprising of M16/44 and M16/45 that includes the Bullant underground gold mine (Barrick ceased production in December 2009) located approximately 65kms from Kalgoorlie. Site facilities and equipment are included in the purchase. The purchase consideration is to be the payment of \$5,276,000 and 350,000 Argent shares. A deposit of \$527,600 has been paid. The purchase is conditional on approval for the issuance of Argent shares to the value of \$7,000,000. On 28 July 2010, Argent announced its intention to raise up to \$16,000,000 by way of the issue of shares to institutional and sophisticated investors to fund the acquisition of the Bullant Tenement Package (\$5,276,000), pay stamp duty (\$262,000), replace rehabilitation bonds to \$890,000, pay expenses of the issue (\$1,050,000) and provide development and working capital of \$8,522,000. Subsequently, after discussions with professional advisers, it has been agreed to raise an initial \$8,000,000 (gross) (approximately \$7,430,000 net) and that this would pay for the acquisition price, stamp duty, replacement of rehabilitation bonds and provide \$1,002,000 of new working capital. Of the \$8,000,000 to be initially raised (40,000,000 shares at 20 cents each), US Nickel will subscribe for \$4,000,000 being 20,000,000 Subscription Shares at 20 cents each. It is proposed that subject to, inter-alia exploration success and market conditions that further funds will be raised, at a higher issue price, however the final issue price, if it at all occurs, cannot be ascertained and could be higher or lower than 20 cents per share.
- 1.4 Under section 606 of TCA, a person must not acquire a relevant interest in issued voting shares in a company if because of the transaction, that persons or someone else's voting power in the company increases:
- (a) from 20% or below to more than 20%; or
  - (b) from a starting point that is above 20% and below 90%.

Under section 611 (Item 7) of TCA, section 606 does not apply in relation to any acquisition of shares in a company approved by resolution passed at a general meeting at which no votes were cast in favour of the resolution by the acquirer or the disposer or their respective associates. An independent expert is required to report on the fairness and reasonableness of the transaction pursuant to a section 611 (Item 7) meeting.

- 1.5 Following completion of the Subscription, US Nickel who currently holds 500,000 shares in Argent would own a total of 20,500,000 shares in Argent representing approximately 23.14% of the then shares on issue (assuming no other share issues). There would be 88,581,251 Argent shares on issue. In addition, Moongold Pty Ltd ("Moongold"), a company controlled by the Argent director, Mr Christopher Daws is deemed to be associated with US Nickel as Mr Daws is also a director of US Nickel. Moongold's shareholding interest in Argent is currently 4,735,527 shares representing approximately 9.82% of the issued capital on hand as at 16 August 2010. Moongold's shareholding interest would reduce to approximately 5.35% after the completion of the Subscription and the issue of 350,000 shares to Barrick. The combined US Nickel and Moongold's shareholding interest after the completion of the Subscription and the issue of 350,000 shares to Barrick would approximate 28.49%.

- 1.6 A notice prepared in relation to a meeting of shareholders convened for the purposes of section 611 (Item 7) of TCA should be accompanied by an independent expert's report stating whether it is fair and reasonable for US Nickel (and its associates) to obtain a shareholding interest of greater than 20% (and this would include the approval to issue 20,000,000 Subscription Shares to US Nickel at 20 cents each to raise a gross \$4,000,000). To assist shareholders in making a decision on the proposals outlined in resolution 3 of the Notice the directors have requested that Stantons International Securities prepare an Independent Expert's Report, which must state whether, in the opinion of the Independent Expert, the proposal under resolution 3 is fair and reasonable to the non-associated shareholders of Argent.
- 1.7 Apart from this introduction, this report considers the following:
- Summary of opinion
  - Implications of the proposals
  - Corporate history and nature of business
  - Future direction of Argent
  - Basis of valuation of Argent shares
  - Premium for control
  - Consideration as to fairness and reasonableness
  - Conclusion as to fairness and reasonableness
  - Sources of information
  - Appendix A and Financial Services Guide
- 1.8 In determining the fairness and reasonableness of the transactions pursuant to resolution 3 we have had regard to the definitions set out by the Australian Securities and Investments Commission ("ASIC") in its Regulatory Guide 111, "Content of Expert Reports". The Regulatory Guide 111 states that an opinion as to whether an offer is fair and/or reasonable shall entail a comparison between the offer price and the value that may be attributed to the securities under offer (fairness) and an examination to determine whether there is justification for the offer price on objective grounds after reference to that value (reasonableness). The concept of "fairness" is taken to be the value of the offer price, or the consideration, being equal to or greater than the value of the securities in the above mentioned offer. Furthermore, this comparison should be made assuming 100% ownership of the "target" and irrespective of whether the consideration is scrip or cash. An offer is "reasonable" if it is fair. An offer may also be reasonable, if despite not being "fair", there are sufficient grounds for security holders to accept the offer in the absence of any higher bid before the close of the offer. It also states that, where an acquisition of shares by way of an allotment is to be approved by shareholders pursuant to section 611 (Item 7) of TCA, it is desirable to commission a report by an independent expert stating whether or not the proposal is fair and reasonable, having regards to the proposed allottees and whether a premium for potential control is being paid by the allottees. Regulatory Guide 111 also provides that such an allotment should involve a comparison of the advantages and disadvantages likely to accrue to non associated shareholders if the transactions proceed compared with if they do not.

Accordingly, our report in relation to resolution 3 that inter-alia includes the approval to issue 20,000,000 Subscription Shares to US Nickel is concerned with the fairness and reasonableness of the proposal with respect to the existing non-associated shareholders of Argent and whether US Nickel is paying a premium for control.

- 1.8 There are nine other resolutions being put to the shareholders of Argent however we are not reporting on the merits or otherwise of any of the other resolutions. Resolution 1 relates to the proposal to issue up to 40,000,000 shares at 20 cents per share to raise up to \$8,000,000 (of which 20,000,000 shares will be issued to US Nickel as is the subject of this report). To determine the fairness and reasonableness of issuing 20,000,000 shares to US Nickel we have considered all of resolution 1 as a whole. Resolution 2 relates to the issue of 350,000 shares to Barrick as part of the Bullant Tenement Package consideration. Resolutions 4, 5 and 6 relate to the re-appointment of Messrs Douglas Daws, Christopher Daws and Steve Gemell respectively as directors of Argent. Resolutions 7 to 10 relate to allowing Messrs Douglas Daws, Steve Gemell, Marcus Michael and Kerry McHugh respectively to participate in the share issue pursuant to resolution 1 as noted above. Further details are outlined in the Notice of Meeting ("the Notice") and the Explanatory Statement to Shareholders ("ESS") attached to the Notice.

#### Summary of Opinion

- 1.9 **For the purposes of section 611 (item 7) of TCA, in relation to the proposal to approve the issue of 20,000,000 Subscription Shares to US Nickel that would allow US Nickel (and associates) to obtain a shareholding interest of greater than 20% in Argent are, in our opinion, taking into account the factors noted elsewhere in this report including the factors (positive, negative and other factors) noted in section 7 of this report, and as outlined in paragraph 1.1 and resolution 1 on balance collectively considered fair and reasonable to the shareholders (other than US Nickel and its associates).**

## 2. Implications of the Proposals

- 2.1 As at 16 August 2010, there are 48,231,251 ordinary fully paid shares on issue in Argent. The significant registered fully paid shareholders as at 16 August 2010, based on the top 20 shareholders list were believed to be:

	<b>No. of fully paid shares</b>	<b>% of issued fully paid shares</b>
Pannin Pty Ltd	8,471,500	17.56
Moongold Pty Ltd	4,735,527	9.82
St Barnabas Investments Pty Ltd	3,540,001	7.34
Riverfront Nominees Pty Ltd	2,625,000	5.44
Douglas C Daws	2,000,000	4.15
	<u>21,372,028</u>	<u>44.31</u>

The top 20 shareholders at 16 August 2010 owned approximately 67.98% of the ordinary issued capital of the Company. Mr Christopher Daws is deemed to control Moongold Pty Ltd and Moongold Pty Ltd is also a substantial shareholder in US Nickel as it owns approximately 11.1% of the issued capital of US Nickel as at 16 August 2010. Mr Christopher Daws is also a director of US Nickel.

- 2.2 As at 16 August 2010, there are 48,230,761 outstanding share options on issue, exercisable at 20 cents each, on or before 30 June 2011. Moongold Pty Ltd owns 1,393,999 listed share options in Argent.
- 2.3 Following completion of the Subscription (of the 20,000,000 Subscription Shares to US Nickel and a further 20,000,000 shares to investors), US Nickel would own



20,500,000 shares (it already owns 500,000 shares) in Argent representing approximately 23.14% of the then shares on issue (assuming no other share issues). The Company will raise a gross \$8,000,000 from the Subscription of which US Nickel would have paid a gross \$4,000,000 at 20 cents per share. In addition, 350,000 shares would be issued to Barrick as part of the acquisition costs pertaining to the Bullant Tenement Package. There would be 88,581,251 shares on issue. The combined US Nickel and Moongold's shareholding interest after the completion of the Subscription and the issue of 350,000 shares to Barrick would approximate 28.49%.

- 2.4 We understand that the Subscription monies raised (a gross \$8,000,000 but an estimated net \$7,430,000) will be used to pay for the cash acquisition price of the Bullant Tenement Package (\$5,276,000), stamp duty (\$262,000), replacement of rehabilitation bonds (\$890,000) and provide \$1,002,000 of new working capital.
- 2.5 At this stage, it is not intended to alter the composition of the Board of Argent (that only changed in July 2010) in the near future. Mr Douglas Daws, Christopher Daws (a director of US Nickel) and Steve Gemell were appointed to the Board on 28 July 2010 and Mr Jamie Ogilvie stepped down as a director. The remaining directors are Kerry McHugh and Marcus Michael (also Company Secretary).

### **3. Corporate History and Nature of Business**

- 3.1 Argent is listed on the ASX (since 3 April 2008) and is an Australian exploration company that has to date primarily focused on the exploration and development of NSW silver/gold projects in the NSW. The Company's projects are as follows:
- The Kempfield Silver Project in NSW. This project to date has been the Company's flagship project and on 16 July 2010 Argent announced that it had earned a 51% interest in the Kempfield Joint Venture with Golden Cross Resources Limited ("Golden Cross") (by Argent having spent \$2,000,000 – initially it had to 1 June 2011 to spend \$2,000,000). It may earn a further 19% (to 70%) by spending of an additional \$700,000 by 1 June 2013. It is expected that such expenditure will be occur and Argent will eventually own 70% of the Kempfield Silver Project. In April 2010, Argent announced that the Independent Scoping Study into a silver, gold, lead and zinc project had indicated the potential for a robust mining project. The Board has decided to proceed with a Definitive Feasibility Study ("DFS") at an estimated cost of \$1,100,000 with the objective of taking a decision to mine by March 2011 and commencing production of silver in the first half of 2012. Initial studies indicated a 10.5 year mine life at 600,000 tpa of silver and assuming LOM operating costs, net of other metal credits of \$10.27 per ounce;
  - West Wyalong gold project in NSW. Argent is earning a 70% interest from Golden Cross in this project by expenditure of \$1,030,000 by July 2013;
  - Sunny Corner copper, lead, zinc and gold project in NSW. - Argent is earning a 70% interest from Golden Cross in this project by expenditure of \$686,000 by July 2013;

As noted in announcements to the ASX on 7 and 28 July 2010 and as noted in paragraphs 1.2 and 1.3 above, Argent proposes to complete the acquisition of the Bullant Tenement Package. Subject to completing the acquisition and subject to further studies, it is the intention of Argent to re-open the Bullant Gold Mine, extend the decline and establish development drives to support the commencement of scoping within approximately six months from completion of the acquisition which should occur in late September 2010 or by mid October 2010. The Company intends to enter into a toll treatment arrangement with one of a number of possible toll treatment plants within a short trucking distance from the mine site. A 10% profit share (net operating profit before depreciation from production of the Bullant Tenements after the repayment of all acquisition costs, stamp duty, borrowing costs, capital and development and operational costs relating to the project) will be awarded to McVerde Minerals Pty Ltd who will direct and supervise the re-opening of the mine and undertake on-going mining.

- 3.2 A summarised unaudited statement of financial position of Argent as at 30 June 2010 is outlined in paragraph 5.4.1 of this report.

#### **4. Future Directions of Argent**

4.1 We have been advised by the directors and management of Argent that:

- The immediate short-term plan is to complete the Subscription to raise \$8,000,000 (of which \$4,000,000 will be from US Nickel) and such funds will be used as noted in paragraphs 1.3 and 2.4 above.
- The composition of the Board of directors of Argent is not proposed to change in the near future. Refer paragraph 2.5 above for recent changes.
- No dividend policy has been set and it is not proposed to be set until such time as the Company is profitable and has a positive cash flow; and
- The Company may seek to raise further capital if required to develop the Bullant Gold Project and the Kempfield Silver Project and any other mineral projects that it has an interest in. As discussed above, further share equity may, if required be raised later this year or early next year.

#### **5. Basis of Valuation of Argent**

##### **5.1 Shares**

5.1.1 In considering the proposal as outlined in resolution 3 inter-alia relating to the issue of 20,000,000 Subscription Shares to US Nickel (as part of the \$8,000,000 Subscription), we have sought to determine whether the issue price of the Subscription Shares to US Nickel is in excess of the current fair value of the shares in Argent on issue and whether the proposed Subscription is at a price that Argent could make to unrelated third parties and then conclude whether the proposal is fair and reasonable to the existing non associated shareholders of Argent.

5.1.2 The valuation methodologies we have considered in determining a theoretical value of an Argent share are:

- capitalised maintainable earnings/discounted cash flow;
- takeover bid - the price at which an alternative acquirer might be willing to offer;
- adjusted net asset backing and windup value; and
- the recent market prices of Argent shares.

## 5.2 Capitalised maintainable earnings and discounted cash flows.

5.2.1 Argent currently does not have a reliable cash flow or profit history from a business undertaking and therefore this methodology is not considered to be appropriate. The Company is currently evaluating the Kempfield Silver Project in NSW and will make a decision possibly in March 2011 as to whether it is economically feasible to enter into production mode. It may be too early to use a discounted cash flow model as proven and probable economic reserves are yet to be accurately determined. The Company however has announced the proposed acquisition of the Bullant Gold Project that preliminary evaluations undertaken by the Company indicate has a reasonable probability of proving to be economic to mine. However, the Bullant Gold Project cannot proceed without Argent raising the \$8,000,000 Subscription noted above and Argent will still need to spend further expenditure before proceeding to production. Currently, Argent does not have sufficient funds to complete the acquisition of the Bullant Gold Project and incur all exploration and earn-in expenditure and complete a DFS on the Kempfield Silver Project. Any perceived technical value of the Bullant Gold Project is theoretical as without funds it will not be acquired or developed.

## 5.3 Takeover Bid

5.3.1 It is possible that a potential bidder for Argent could purchase all or part of the existing shares, however no certainty can be attached to this occurrence. To our knowledge, there are no current bids in the market place however that is not to say a bid may not be made in the future. However, if all of the 40,000,000 shares are issued as part of the Subscription including 20,000,000 Subscription Shares to US Nickel, US Nickel would control approximately 23.14% of the expanded ordinary issued capital of Argent before the exercise of any outstanding share options and other share issues. The combined US Nickel and Moongold's shareholding interest after the completion of the Subscription and the issue of 350,000 shares to Barrick would approximate 28.49%.

## 5.4 Adjusted Net Asset Backing

5.4.1 As there is no intention to wind up the Company, we have not considered wind up values for the purposes of this report. A summary of the un-audited consolidated statement of financial position as at 30 June 2010 of Argent is summarised below (after adjusting for estimated exploration and non exploration expenditure to 31 August 2010 of \$150,000 and payment of a deposit of \$527,600 in relation to the Bullant Tenement Package purchase) along with a pro-forma consolidated statement of financial position after allowing for the following:

- the issue of 40,000,000 shares from the Subscription (includes 20,000,000 Subscription Shares to US Nickel) to raise a gross \$8,000,000 and the payment of capital raising costs of \$570,000 and expensed against share equity;
- an allowance of \$40,000 for costs relating to the Notice which has been treated as capital raising costs; and

- the acquisition by Argent (Bullant) Pty Ltd of the Bullant Gold Package by the issue of 350,000 Argent shares at say 20 cents each (\$70,000), the payment of \$4,748,400 (deposit of \$527,600 already paid) to Barrick (the total of \$5,346,000 split \$3,570,000 to the tenements and \$1,776,00 towards plant acquired), the payment of stamp duty of \$262,000 and placing \$890,000 of environmental bonds with the Department of Mines and Petroleum;

	<b>Un-audited Adjusted 30 June 2010 \$'000</b>	<b>Pro-forma un- audited 30 June 2010 \$'000</b>
<b>Current assets</b>		
Cash and cash equivalents	716	2,205
Receivables and prepayments	32	32
	748	2,237
<b>Non current assets</b>		
Plant and equipment	6	1,782
Capitalised acquisition costs/deposit	527	3,832
Bonds	38	928
	571	6,542
Total assets	1,319	8,779
<b>Current liabilities</b>		
Trade and other payables	110	110
Total liabilities	110	110
<b>Net Assets</b>	1,209	8,669
<b>Equity</b>		
Issued capital	4,995	12,495
Reserves	405	405
Accumulated losses	(4,191)	(4,231)
<b>Net Equity</b>	1,209	8,669

- 5.4.2 The unaudited book net tangible asset backing as at 30 June 2010 (as adjusted) equates to approximately 2.5 cents per share based on 48,231,251 ordinary shares on issue as at that date. After the issue of the 40,000,000 Subscription Shares and other shares to investors to raise a gross \$8,000,000 and the other proposed matters noted above, the net book asset backing per share may approximate 9.78 cents (88,585,251 shares on issue).
- 5.4.3 We have accepted the book amounts of Argent for all current assets and non current assets. We have been assured by the management of Argent that they believe the carrying value of all current assets and liabilities at 30 June 2010 are fair and not materially misstated. We note that accounting policy of the Company is to expense all exploration and evaluation expenditure in relation to its mineral tenements as incurred. As a result the statement of financial position at 30 June 2010 does not reflect any capitalised tenement acquisition or exploration and evaluation costs. The exploration expenditure expensed as incurred for the year ended 30 June 2010 based on the unaudited 30 June 2010 financial statements amounted to approximately \$1,095,000, the vast majority (\$860,700) which was attributable to the Kempfield Silver Project. The Company has not yet completed a DFS on the Kempfield Silver Project (although it has completed a Scoping Study). An external technical valuation of the mineral assets of Argent has not been undertaken. The Company needs to raise further significant sums to complete the acquisition of the Bullant Tenement Package and complete a DFS

on the Kempfield Silver Project (the net approximately \$7,430,000 to be raised from the Subscription will, inter-alia be used to complete the Bullant Tenement Package acquisition and continue with exploration and complete a DFS pertaining to the Kempfield Silver Project) and if successful would need to incur further significant amounts to then start developments.

## 5.5 Market Price of Argent Fully Paid Ordinary Shares

5.5.1 We set out below a summary of share prices of Argent since 1 January 2010 to 16 August 2010, the day before the signing of the LOO.

2010	High Cents	Low Cents	Last Sale Cents	Volumes Trade (000's)
January	13.0	10.5	10.5	1,187
February	18.5	10.0	18.5	1,432
March	23.0	16.0	17.0	4,802
April	22.0	16.5	18.0	2,573
May	20.0	15.0	17.5	877
June	17.0	15.0	15.5	2,015
July	24.0	14.0	23.5	4,079
August to 16th	23.5	20.0	20.0	1,423

The share price of an Argent share spiked to 23 cents on the day after the announcement of the increase in silver reserves on the Kempfield Silver Project mining potential of the Kempfield Silver Project (via announcing the results of the Scoping Study) but quickly fell to trade below 20 cents. On 20 April 2010 and for around 8 days after, the share price of an Argent share rose to trade in the very low 20' after the announcement of the mining potential of the Kempfield Silver Project (via announcing the results of the Scoping Study) but quickly fell to trade below 20 cents until the 28 July 2010 announcement. It is noted that on 7 July 2010, Argent announced the conditional proposal to acquire the Bullant Tenement Package and on 28 July 2010, the formal Asset Sale Agreement with Barrick was signed and announced to the market. On the same day Argent announced a proposal to raise up to \$16,000,000. Prior to the formal announcement on 28 July 2010 re the Bullant Tenement Package acquisition (subject to raising sufficient acquisition and working capital), the share price in June 2010 and July 2010 was below 20 cents and in the main in the 15 cent to 17 cent range. Post the 28 July 2010 announcement, the shares have traded above 20 cents (20 cents to 24 cents with a last sale on 13 August 2010 of 20 cents and trades at 21.5 cents on 17 August 2010). The last sale on 18 August 2010 was at 21 cents.

The price of an Argent share is dependent on a number of factors including the announcements on the proposed Bullant Tenement Package, the Kempfield Silver Project and other projects, the cash position and demand for the Company's shares and silver, gold and other base metal prices in particular (as the Kempfield Silver Project is a prospective silver, lead, zinc and gold mine). It is believed that the share price (at or over 20 cents since 28 July 2010 is mainly attributable to the proposed acquisition of the Bullant Tenement Package.

5.5.2 No independent valuations have been prepared on the mineral prospects of Argent and we do not consider it necessary to obtain an independent valuation of the mineral prospects for the purposes of this report. We note that the market

has been informed of all of the current projects, joint ventures and farm in/farm out arrangements entered into between Argent and other parties. We also note it is not the present intention of the Directors of Argent to liquidate the Company and therefore any theoretical value based upon wind up value or even net book value (as adjusted), is just that, theoretical. The shareholders, existing and future, must acquire shares in Argent based on the market perceptions of what the market considers an Argent share to be worth. It is noted that before the onset of the global financial crisis ("GFC") many mineral exploration and producer companies listed on the ASX were arguably trading at premiums to appraised technical values (this is a turn around from the early 2000s when a discount may have applied and also when the GFC was at its worse from late 2008 to March 2009). The market capitalisation of Argent as at 13 August 2010 was approximately \$9.66 million that is materially higher than the un-audited net equity position as noted above of around \$1,209 million as at 30 June 2010 (as adjusted). In the case of Argent, the monthly volume of trades over the last six months on the ASX is enough to argue that an orderly market exists for the Company's shares. The "market" arguably is fully informed of the Company's activities, notwithstanding that approximately 67.98% of the shares are under the control of twenty shareholders (and the top 5 shareholders control approximately 44.31% as at 16 August 2010). We are of the opinion that it is fair to use a range of market values over the past three months as one of the indicators of what an Argent share is worth but this is not exclusive as we have also considered the net asset backing of the Company and the probability that the share price may fall in the near future without the acquisition of the Bullant Tenement Package and/or continued positive announcements on the prospectivity of its Kempfield Silver Project and the ability of the Company to raise funds. It is noted that further drilling and exploration and feasibility studies are being undertaken at the moment to determine whether to proceed to development of the Kempfield Silver Project. Indications to date have been positive and the announcements indicate that development will take place subject to final completion of the DFS. In addition, the completion of the acquisition of the Bullant Tenement Package cannot be completed without a capital raising of around \$8,000,000 as envisaged under the Subscription.

As at 30 June 2010 after the payment of the deposit of \$527,600 relating to the acquisition of the Bullant Tenement Package, the net cash position of the Company approximates \$756,000 and this would have been reduced by administration costs and on-going exploration costs post 30 June 2010. The deposit paid of \$527,600 is non refundable under certain circumstances outlined in the Asset Sale Agreement. The Company's financial position is arguably insufficient to continue exploration and evaluation of its Kempfield Silver Project, the West Wyalong Gold Project, acquire the Bullant Tenement Package and pay new administration and corporate costs without a significant inflow of funds via a capital raising or loan funds. Although the gross \$8,000,000 may be sufficient to complete the proposed acquisition of the Bullant Tenement Package as noted above, new funds may need to be raised later in early 2011.

- 5.5.3 Generally, the market is a fair indicator of what a share is worth, however the theoretical technical value based on the underlying value of assets and liabilities may be lower or higher. Based on the adjusted unaudited 30 June 2010 book values of Argent assets, Argent has a value per share (2.5 cents) significantly lower than the proposed issue price of the 20 cents under the Subscription and the theoretical technical value may be higher. These adjusted book values do not include the value of tenement acquisition costs or exploration and evaluation costs as these are expensed as incurred under the Company's accounting policy. The true or recoverable values of the capitalised mineral assets are more than likely to



be higher than the carrying book value of nil but the value will depend on whether they could be successfully exploited through their sale or through further exploration and development.

## 5.6 Preferred value of Argent fully paid shares (range) to arrive at fairness conclusion

5.6.1 Notwithstanding the prospectivity of the Kempfield Silver Project without cash the Company cannot complete exploration and evaluation (including completion of a DFS) and cannot complete the acquisition of the Bullant Tenement Package and the share price may fall. As noted above, the market is kept fully informed of the operations of the Company and thus the pre announcement share price is a fair indicator of what the market considers the Company's shares to be worth. Even if a technical valuation of the tenements and proposed tenements was higher than the market value of the Company based on the market prices of its shares pre the announcement on 28 July 2010, the Company cannot exploit its main asset (held in the books at \$nil as at 30 June 2010) without further cash and thus we have not put a great weighting on to the asset backing approach or the technical valuation. In conclusion, we consider that the fair value of an Argent fully paid share falls in the range of 15 cents to 20 cents (mid range 17.5 cents) that is the range of share prices from 1 May 2010 to 27 July 2010. Based on a mid range market price of 17.5 cents per share, the issue of the Subscription Shares at 20 cents may be fair, but based on a market price of over 20 cents (that has occurred subsequent to the announcement of the signing of the Asset Sale Agreement with Barrick for Argent to acquire the Bullant Tenement Package), the issue of the Subscription Shares at 20 cents would not be considered fair. As stated, the share prices do not necessarily reflect fair values in the current economic circumstances of the Company. If funds can be raised and development of the Bullant Gold Mine and the Kempfield Silver Project proceeds then arguably the fair value of an Argent share would be in excess of the current closing share price at 17 August 2010 of around 21.5 cents and the proposed issue price of the Subscription Shares of 20 cents as envisaged in resolution 3. The share price in the future is unknown but it may be fair to say that if the Bullant Tenement Package was not acquired then it is likely that the share price could fall below the Subscription price of 20 cents (but could recover later if the Company could raise capital to fund further exploration and development of the Kempfield Silver Project).

5.6.2 The future value of an Argent share will depend upon, inter alia:

- The future commercialisation of the existing mineral interests and in particular the Kempfield Silver Project and the future commercialisation of the Bullant Tenement Package (that cannot take place without the Subscription monies being raised) ;
- The state of, in the main, the silver, gold, lead and zinc markets (and prices) and foreign exchange rates;
- Cash position of Argent;
- The state of Australian and overseas stock markets;
- Membership and control of the Board and the composition of management;
  
- General economic conditions; and
- Liquidity of shares in Argent.

## 6. PREMIUM FOR CONTROL

- 6.1 Premium for control for the purposes of this report, has been defined as the difference between the price per share, which a buyer would be prepared to pay to obtain or improve a controlling interest in the Company and the price per share which the same person would be required to pay per share, which does not carry with it control or the ability to improve (increase) control of the Company.
- 6.2 Under TCA, control may be deemed to occur when a shareholder or group of associated shareholders control more than 20% of the issued capital. In this case, if US Nickel subscribed for 20,000,000 Subscription Shares at 20 cents each, US Nickel's shareholding in Argent could increase from approximately 1.04% to approximately 23.14% of the expanded issued capital of Argent. Including Moongold's shareholding interest in Argent, US Nickel's and Moongold's combined shareholding would increase to approximately 28.49%. Accordingly, we have addressed whether a premium for control will be paid.
- 6.3 The market value of an Argent share pre announcement of the Bullant Tenement Package proposal lies in the range of approximately 15 cents to 18 cents with the net book asset backing disclosing a significantly lower value (the Company's policy is to expense all exploration and evaluation costs). Based on a market price range of 15 cents to 18 cents the value of the 20,000,000 Subscription Shares that would be issued to US Nickel at 20 cents per share would lie in the range of \$3,000,000 (based on 15 cents) to \$3,600,000 (based on 18 cents) compared with the Subscription value of 20 cents per share (\$4000,000). The issue price of the Subscription Shares is 20 cents each which is at a premium of approximately 10% to the 18 cent share price of an Argent share traded on ASX on 16 July 2010 when Argent announced that Argent had earned a 51% interest in the Kempfield Joint Venture. Therefore, US Nickel may be considered to be paying a small premium for potential technical control. However since the announcement of the signing of the Asset Sale Agreement with Barrick, the shares have traded in the range of 20 cents and 24 cents and thus no premium would be payable by US Nickel. It is noted that on an un-audited net asset backing basis, the value per share is 2.5 cents compared with the Subscription price by US Nickel of 20 cents implying a premium for control of 700%. On such a basis (net asset backing) US Nickel would be paying a premium for control. However it is noted this basis does not attribute any value to the exploration and evaluation assets as all exploration and evaluation expenditure is expensed as incurred and no technical valuation of the tenements has been undertaken. It is also noted that Argent does not have sufficient funds to complete the acquisition of the Bullant Tenement Package (the prime reason for the Subscription) and continue full evaluation of its Kempfield Silver project and other projects and without an inflow of funds by way of a capital raising there is the possibility that the shares in Argent could fall below the share prices before 16 July 2010 (of 15 cents to 18 cents). It is also noted that US Nickel is paying the same Subscription Price as other investors are to pay to Argent to raise a further \$4,000,000.
- 6.4 We note that currently US Nickel does not have Board control of Argent and following the passing and consummation of resolutions 1 to 10, it is not proposed to alter the composition of the Board in the near future. Refer paragraph 2.5 for Board member composition.



## 7. Fairness and Reasonableness of the Proposed Subscription

7.1 We set out below some of the advantages and disadvantages and other factors pertaining to the proposed issue of 20,000,000 Subscription Shares pursuant to resolution 3 of the Notice and also the issue of a further 20,000,000 shares to other investors.

### Advantages

7.2 By entering into the proposals with US Nickel and other investors, Argent increases its cash reserves (it will raise an approximate net \$7,430,000). Obtaining access to a significant amount of cash funds in the current environment is difficult and thus the Company and its shareholders should benefit. This should alleviate cash flow concerns in the immediate future and allow the acquisition of the Bullant Tenement Package to be completed.

7.3 In the event that the full capital raising via the proposals with US Nickel and other investors is not completed or the Company cannot raise adequate working capital from other sources, there is the likelihood that the Bullant Tenement Package would not be acquired and that Argent would not have sufficient capital to complete the DFS on the Kempfield Silver Project and spend further sums on the West Wyalong Gold Project until such time as new funds are raised. In the current market it is difficult for small exploration companies such as Argent to raise equity. We have been advised that management has considered that the best proposal put to them was the proposal that is being put to the shareholders via resolutions 1 and 3. The most recent placement of shares undertaken by the Company was the issue of 6,291,000 shares at 10 cents per share in November 2009. Since then the share price of the Company has increased to mainly trade in the 15 cents to 18 cents range prior to the announcement of signing of the Asset Sale Agreement with Barrick on 28 July 2010. The indications were that a capital raising would need to be raised at a discount to the then share price of an Argent share trading on ASX of around 18 cents. It is not uncommon for share issues to be undertaken at a discount to market of up to 50% and certainly a 20% discount to market is not uncommon. The \$8,000,000 capital raising (of which US Nickel is subscribing for 50% of the Subscription) is being undertaken at 20 cents each that is no discount to the share price in mid July 2010 (although it is at a small discount to the share price since 28 July 2010). The share price could fall in the event that the Bullant Tenement Package did not proceed. As noted, US Nickel is paying the same price (20 cents per share) as other investors to the \$8,000,000 Subscription.

7.4 There is an incentive for US Nickel to ensure Argent becomes a viable mineral exploration and development company as US Nickel will continue to have a significant shareholding interest in Argent. US Nickel is taking a risk in investing funds into Argent as to a large extent, Argent's future share price may be determined by the exploitation and/or commercial success (or otherwise) of its mineral projects (including the Bullant Tenement Package in WA and the Kempfield Silver Project in NSW). There is a major incentive for US Nickel to make Argent a successful company and have the share price rise considerably. All shareholders would benefit from a rise in the share price.

7.5 The issue price of the Subscription Shares is 20 cents that is at a premium of approximately 10% to the last sale price of an Argent share traded on ASX on 16 July 2010 the day Argent announced that it had earned a 51% interest in the Kempfield Silver Project, although the shares rose to a high of 20 cents prior to the

announcement of the signing of the Asset Sale Agreement with Barrick. The issue price of the Subscription Shares is also at a premium to the net asset value per share of the Company at 30 June 2010.

#### Disadvantages

- 7.6 The number of fully paid ordinary shares on issue initially rises to 88,581,251 on completion of the Subscription and the acquisition of the Bullant Tenement Package. This represents an approximate 83.66% increase in the ordinary shares of the Company from the shares on issue as at 16 August 2010.
- 7.7 An influential shareholding of the Company is being given to US Nickel in that they would ultimately have voting control of approximately 23.14% of the expanded ordinary issued capital after the successful ratification and implementation of the Subscription proposals (and assuming no other share issues other than the 350,000 shares to Barrick). This is very significant increase from the current shareholding of approximately 1.4%. Including Moongold's shareholding in Argent, US Nickel and Moongold's combined shareholding interest approximates 28.49%.
- 7.8 There is always the possibility that the value of the shares may be in excess of the Subscription price of 20 cents per share particularly if the Bullant Gold Mine and Kempfield Silver Project goes into production although for both to occur, further funds may need to be raised. Whilst the un-audited adjusted asset backing per share is only 2.5 cents, this value does not include any value attributed to the technical value of the projects and no formal valuation of these projects has been undertaken.

#### Other Factors

- 7.9 Having a cornerstone investor such as US Nickel has advantages but it may also limit the opportunity for other parties to bid for all or part of the shares in Argent in the future. However, a takeover bid for the Company cannot be completely ruled out. As US Nickel itself is not a significant mineral company with a big market capitalisation (as at 13 August 2010 it was only around \$16,000,000), it could be argued that the potential shareholding by US Nickel may be considered an "overhang in the market".
- 7.10 By proceeding with the Subscription to raise a total gross \$8,000,000 and allowing the completion of the Bullant Tenement Acquisition and providing further development and working capital, the chances of the existing 48,230,751 share options exercisable at 20 cents each on or before 30 June 2011 to be exercised is enhanced.
- 7.11 Without the Subscription monies, the share price may fall below 20 cents as the Bullant Tenement Package could not be completed. The Company would still need to raise new funds to further explore and develop the Kempfield Silver Project and evaluate the potential of the other existing projects of Argent.

### **8. Conclusion as to Fairness and Reasonableness**

- 8.1 **After taking into account the factors referred to in section 7 above and elsewhere in this report, we are of the opinion that the proposed approval of the issue of 20,000,000 Subscription Shares to US Nickel at 20 cents each as noted in paragraph 1.1 and resolution 3 in the Notice and allowing US Nickel (and associates) to obtain a shareholding interest in Argent of greater than**

**20% may be considered, on balance, collectively to be fair and reasonable to the non-associated shareholders of Argent.**

## **9. Sources of Information**

9.1 In making our assessment as to whether the proposals to issue 20,000,000 Subscription Shares to US Nickel at 20 cents each as outlined in paragraph 1.1 are fair and reasonable, we have reviewed relevant published available information and other unpublished information of the Company and its mining assets that is relevant to the current circumstances. In addition, we have held discussions with the management of Argent about the present and future operations of the Company. Statements and opinions contained in this report are given in good faith but in the preparation of this report, we have relied in part on information provided by the directors and management of Argent.

9.2 Information we have received includes, but is not limited to:

- draft Notices and Explanatory Statement to Shareholders of Argent prepared to 18 August 2010;
- Letter of Offer between Argent and US Nickel dated 17 August 2010;
- discussions with management and a director of Argent;
- details of historical market trading of Argent ordinary fully paid shares recorded by ASX for the period 1 January 2010 to 18 August 2010;
- shareholding details of Argent as at 16 August 2010;
- announcements made by Argent to the ASX from 1 July 2009 to 17 August 2010;
- preliminary cash flow forecasts of Argent to December 2010;
- audited accounts of Argent for the year ended 30 June 2009 and audit reviewed accounts of Argent for the six months ended 31 December 2009;
- unaudited management accounts of Argent to 30 June 2010; and
- details as disclosed on the Company's web site to 17 August 2010; and
- preliminary cash flow forecasts on the Bullant Gold Mine prepared by an Argent director.

9.3 Our report includes Appendix A and our Financial Services Guide attached to this report.

Yours faithfully

**STANTONS INTERNATIONAL PTY LTD**  
**(Trading as Stantons International Securities)**



**J P Van Dieren - FCA**  
**Director**

**APPENDIX A****AUTHOR INDEPENDENCE AND INDEMNITY**

This annexure forms part of and should be read in conjunction with the report of Stantons International Securities dated 18 August 2010, relating to the issue of 20,000,000 Subscription Shares at 20 cents each to US Nickel as outlined in paragraph 1.1 of the report and resolution 3 in the Notice of Meeting to Shareholders proposed to be distributed to shareholders in late August 2010.

At the date of this report, Stantons International Securities does not have any interest in the outcome of the proposals. Stantons International is the auditors for Argent and has been since 2008. In addition, Stantons International was the auditors of US Nickel up to the year ended 30 June 2009 when it was known as Lumacom Limited. There are no other relationships with Argent or US Nickel other than for the audit associations and as acting as an independent expert for the purposes of this report. Before accepting the engagement Stantons International and the directors of Argent considered all independence issues and concluded that there were no independence issues in accepting the assignment to prepare the Independent Experts Report. There are no existing relationships between Stantons International Securities and the parties participating in the transaction detailed in this report which would affect our ability to provide an independent opinion. The fee to be received for the preparation of this report is based on the time spent at normal professional rates plus out of pocket expenses and is estimated at a maximum of \$15,000. The fee is payable regardless of the outcome. With the exception of the fee, neither Stantons International Securities nor John P Van Dieren have received, nor will, or may they receive, any pecuniary or other benefits, whether directly or indirectly, for or in connection with the making of this report.

Stantons International Securities does not hold any securities in Argent or US Nickel. There are no pecuniary or other interests of Stantons International Securities that could be reasonably argued as affecting its ability to give an unbiased and independent opinion in relation to the proposal. Stantons International Securities and Mr J Van Dieren have consented to the inclusion of this report in the form and context in which it is included as an annexure to the Notice.

**QUALIFICATIONS**

We advise Stantons International Securities is the holder of an Australian Financial Services Licence (no 319600) under the Corporations Act 2001 relating to advice and reporting on mergers, takeovers and acquisitions that involve securities. The directors of Stantons International Pty Ltd are the directors of Stantons International Securities. Stantons International Securities has extensive experience in providing advice pertaining to mergers, acquisitions and strategic for both listed and unlisted companies and businesses.

Mr John P Van Dieren, FCA, the person responsible for the preparation of this report, has extensive experience in the preparation of valuations for companies and in advising corporations on takeovers generally and in particular on the valuation and financial aspects thereof, including the fairness and reasonableness of the consideration offered.

The professionals employed in the research, analysis and evaluation leading to the formulation of opinions contained in this report, have qualifications and experience appropriate to the task they have performed.

## DECLARATION

This report has been prepared at the request of the Directors of Argent in order to assist them to assess the merits of the proposals as outlined in resolution 3 and the Explanatory Statement to which this report relates. This report has been prepared for the benefit of Argent's shareholders and does not provide a general expression of Stantons International Securities opinion as to the longer term value of Argent and its assets and proposed assets (including the Kempfield Silver Project and the Bullant Tenement Package). Stantons International Securities does not imply, and it should not be construed, that it has carried out any form of audit on the accounting or other records of Argent. Neither the whole nor any part of this report, nor any reference thereto may be included in or with or attached to any document, circular, resolution, letter or statement, without the prior written consent of Stantons International Securities to the form and context in which it appears.

## DISCLAIMER

This report has been prepared by Stantons International Securities with due care and diligence. However, except for those responsibilities, which by law cannot be excluded, no responsibility arising in any way whatsoever for errors or omission (including responsibility to any person for negligence) is assumed by Stantons International Securities and Stantons International Pty Ltd, their directors, employees or consultants for the preparation of this report.

## DECLARATION AND INDEMNITY

Recognising that Stantons International Securities may rely on information provided by Argent and its officers (save whether it would not be reasonable to rely on the information having regard to Stantons International Securities experience and qualifications), Argent has agreed:

- (a) To make no claim by it or its officers against Stantons International Securities (and Stantons International Pty Ltd) to recover any loss or damage which Argent may suffer as a result of reasonable reliance by Stantons International Securities on the information provided by Argent; and
- (b) To indemnify Stantons International Securities (and Stantons International Pty Ltd) against any claim arising (wholly or in part) from Argent or any of its officers providing Stantons International Securities any false or misleading information or in the failure of Argent or its officers in providing material information, except where the claim has arisen as a result of wilful misconduct or negligence by Stantons International Securities.

A draft of this report was presented to Argent directors for a review of factual information contained in the report. Comments received relating to factual matters were taken into account, however the valuation methodologies and conclusions did not alter.

**FINANCIAL SERVICES GUIDE  
FOR STANTONS INTERNATIONAL PTY LTD  
(Trading as Stantons International Securities)  
Dated 18 August 2010**

1. Stantons International Securities ACN 103 088 697 (“SIS” or “we” or “us” or “ours” as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.
2. Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client a Financial Services Guide (“FSG”). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence, Licence No: 319600;
- remuneration that we and/or our staff and any associated receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

3. Financial services we are licensed to provide

We hold an Australian Financial Services Licence which authorises us to provide financial product advice in relation to:

- Securities (such as shares, options and notes)

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

4. General Financial Product Advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

5. Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

Except for the fees referred to above, neither SIS, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

6. Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

7. Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

8. Associations and relationships

SIS is ultimately a wholly division of Stantons International Pty Ltd a professional advisory and accounting practice. Our directors may be directors in Stantons International Pty Ltd and is affiliated via sharing offices and via an office cost sharing arrangement with Stantons International Services Pty Ltd.

From time to time, SIS, Stantons International Pty Ltd and Stantons International Services Pty Ltd and/or their related entities may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

9. Complaints resolution

9.1 Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to:



The Complaints Officer  
Stantons International Securities  
Level 1  
1 Havelock Street  
WEST PERTH WA 6005

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaints within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

#### 9.2 Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service Limited ("FOSL"). FOSL is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOSL are available at the FOSL website [www.fos.org.au](http://www.fos.org.au) or by contacting them directly via the details set out below.

Financial Ombudsman Service Limited  
PO Box 3  
MELBOURNE VIC 8007

Toll Free: 1300 78 08 08  
Facsimile: (03) 9613 6399

#### 10. Contact details

You may contact us using the details set out at the top of our letterhead on page 1 of this FSG.



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**PROXY FORM**

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**APPOINTMENT OF PROXY  
ARGENT MINERALS LIMITED  
ACN 124 780 276**

**GENERAL MEETING**

I/We

of

being a member of Argent Minerals Limited entitled to attend and vote at the General Meeting, hereby

Appoint

Name of proxy

OR

the Chair of the General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the General Meeting, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, as the proxy sees fit, at the General Meeting to be held at 11.00 am (WST) on Friday, 24 September 2010 at the Upstairs Function Room, Subiaco Hotel, 465 Hay Street, Subiaco WA 6008, and at any adjournment thereof.

If no directions are given, the Chair will vote in favour of all the Resolutions.

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**Voting on Business of the General Meeting**

	<b>FOR</b>	<b>AGAINST</b>	<b>ABSTAIN</b>
Resolution 1 – Placement for Capital Raising	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Issue of Shares to Barrick	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Acquisition of a Relevant Interest by US Nickel Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Re-election of Director – Mr D Daws	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 – Re-election of Director – Mr C Daws	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 – Re-election of Director – Mr S Gemell	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 – Director Participation in Placement of Securities – Mr D Daws	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8 – Director Participation in Placement of Securities – Mr S Gemell	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9 – Director Participation in Placement of Securities – Mr M Michael	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10 – Director Participation in Placement of Securities – Mr K McHugh	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Please note:** If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not to be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is \_\_\_\_\_%

**Signature of Member(s):**

**Date:** \_\_\_\_\_

**Individual or Member 1**

**Sole Director/Company Secretary**

**Member 2**

**Director**

**Member 3**

**Director/Company Secretary**

**Contact Name:** \_\_\_\_\_ **Contact Ph (daytime):** \_\_\_\_\_

**ARGENT MINERALS LIMITED**  
**ACN 124 780 276**

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**Instructions for Completing 'Appointment of Proxy' Form**

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1. **(Appointing a Proxy):** A member entitled to attend and vote at the General Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a member of the Company.
2. **(Direction to Vote):** A member may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing Instructions):**
  - **(Individual):** Where the holding is in one name, the member must sign.
  - **(Joint Holding):** Where the holding is in more than one name, all of the members should sign.
  - **(Power of Attorney):** If you have not already provided the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
  - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual members from attending the General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the General Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
  - (a) post to Argent Minerals Limited, PO Box 1305 West Leederville WA 6901; or
  - (b) facsimile to the Company on facsimile number +61 8 9322 6610; or
  - (c) email to the Company at [info@argentminerals.com.au](mailto:info@argentminerals.com.au),

so that it is received not later than 11,00 am (WST) on Wednesday, 22 September 2010.

**Proxy forms received later than this time will be invalid.**