

28 January 2022

### **Release of Target's Statement in response to TGM's Offer**

In accordance with Item 14 of section 633(1) of the Corporations Act 2001 (Cth), Focus Minerals Limited (**Focus**) attaches its target's statement (**Target's Statement**) in response to the off-market takeover offer by Theta Gold Mines Limited (**TGM**), for certain of the fully paid ordinary shares of Focus<sup>1</sup> (**Offer**).

The Target's Statement sets out the Focus Board's reasons for unanimously recommending that Focus shareholders **REJECT** the Offer and other information that is material to shareholders in assessing the Offer.

The Target's Statement has or will be sent to TGM and lodged with the Australian Securities and Investments Commission today.

As previously announced, the Target's Statement will be dispatched shortly to Focus shareholders by the following means:

- if you have nominated an email address to receive communications from Focus, then you will receive an email to your nominated email address with a link to an electronic copy of the Target's Statement; and
- if you have not nominated an email address to receive communications from Focus, then you will receive a letter from Focus to your registered postal address, which will contain details of where you can access an electronic copy of the Target's Statement or how to request a hard copy of the Target's Statement.

An electronic copy of the Target's Statement and updates in relation to the Offer will be made available on Focus' website ( <https://www.focusminerals.com.au/>) and we encourage shareholders to call the Focus Information Line on 1300 308 375 (for callers within Australia) or +61 8 6314 6300 (for callers outside of Australia) Monday to Friday between 9.00am and 5.30pm (Perth time) to address any queries.

The release of this ASX announcement was authorised by  
the Board of Focus Minerals Ltd.

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<sup>1</sup> TGM's Offer applies only to those Focus shares that existed as at 21 December 2021, and therefore does not relate to the 103,810,080 new Focus shares that were issued on 31 December 2021 pursuant to Focus' recently completed non-renounceable entitlement offer.

## **About Focus Minerals Limited (ASX: FML)**

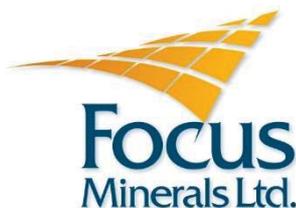
Focus Minerals is a Perth-based, ASX-listed gold exploration company focused on delivering shareholder value from its 100%-owned Coolgardie Gold Project and Laverton Gold Project, in Western Australia's Goldfields.

Focus is committed to delivering shareholder value from the Coolgardie Gold Project, a 138km<sup>2</sup> tenement holding that includes the 1.4Mtpa processing plant at Three Mile Hill (on care and maintenance), by continuing exploration and value-enhancing activities. An updated PFS in September 2020 highlighted the potential for a low capital cost, fast-tracked return to mining at Coolgardie and delivered an NPV<sub>7.5%</sub> of \$183 million. The Company's efforts are now focused on increasing production-ready Mineral Resources at Coolgardie and delivering the approvals and permits required for a resumption of gold-mining operations.

The Laverton Gold Project covers 362km<sup>2</sup> area of highly prospective ground that includes the historic Lancefield and Chatterbox Trend mines. Focus' priority target is to confirm sufficient gold mineralisation at the Beasley Shear Zone, Lancefield-Wedge Thrust, Karridale and Burtville to support a Stage 1 production restart at Laverton. In parallel, Focus is working to advance key Laverton resource growth targets including Sickle, Ida-H and Burtville South. Focus has delivered first results from a progressive Pre-Feasibility Study (Pre-Tax NPV<sub>5.0%</sub> A \$132M) and is advancing study work utilising Laverton's expanded Mineral Resource position.

## **ASX Listing Rule 5.19.2**

Focus confirms that all material assumptions underpinning the production target or the forecast financial information derived from the Coolgardie 2020 PFS announced in September 2020 continue to apply and have not materially changed.



Focus Minerals Limited ACN 005 470 799

## **TARGET'S STATEMENT**

***YOUR DIRECTORS UNANIMOUSLY RECOMMEND THAT YOU  
REJECT TGM'S OFFER***

To **REJECT** TGM's Offer  
**DO NOTHING. IGNORE ALL DOCUMENTS FROM TGM.**

**THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt as to how to deal with this document, please contact your legal, financial, taxation or other professional adviser. If you have any questions about the Offer or this document, please call the Focus Shareholder Information Line on 1300 308 375 (for callers within Australia) or +61 8 6314 6300 (for callers outside of Australia) Monday to Friday between 9.00am and 5.30pm (Perth time)

Legal Adviser

**MinterEllison**

Financial Adviser



**Azure Capital**

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# Key dates

Offer announced	9 December 2021
Bidder's Statement lodged with ASIC and provided to Focus	20 December 2021
Replacement Bidder's Statement lodged with ASIC and provided to Focus	4 January 2022
Offer Period commenced	18 January 2022
Date of this Target's Statement	28 January 2022
Offer Period closes (unless Offer is extended or withdrawn)	7pm (Sydney time), 21 February 2022

## Important notices

### Target's Statement

This document is a Target's Statement dated 28 January 2022 and issued by Focus Minerals Limited (**Focus**) under Part 6.5 Division 3 of the Corporations Act. This Target's Statement sets out the Focus Board's formal response to the off-market takeover offer made by Theta Gold Mines Limited (**TGM or Bidder**), in its Bidder's Statement.

### ASIC and ASX disclaimer

A copy of this Target's Statement was lodged with ASIC and ASX on 28 January 2022. Neither ASIC, ASX nor any of their respective officers takes any responsibility for the content of this Target's Statement.

### TGM information in this Target's Statement

The information in this Target's Statement in relation to TGM has been prepared by Focus using publicly available information including the Bidder's Statement. Focus and its Directors are unable to verify the accuracy or completeness of that information. The information on TGM in this Target's Statement should not be considered comprehensive. Accordingly, to the maximum extent permitted by law, Focus does not make any representation or warranty, express or implied, as to the accuracy or completeness of that information.

### Ore Reserves and Mineral Resources

The information in this Target's Statement that relates to Focus' Mineral Resources is extracted from Focus' ASX announcements<sup>1</sup>, available to view at [www.asx.com.au](http://www.asx.com.au), and was prepared in accordance with the guidelines of the JORC Code (2012). Focus confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the Mineral Resources estimates in the relevant market announcement continue to apply and have not materially changed. Focus confirms that the form and content in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

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<sup>1</sup> Focus 2020 Annual Report & ASX announcements – 'Resource Update for Big Blow and Happy Jack Deposits' dated 21 May 2021, 'Resource Update for Coolgardie's Alicia Gold Deposit' dated 20 July 2021, 'Beasley Creek gold deposit continues to grow' dated 8 November 2021, 'CNX Mineral Resource Update' dated 24 November 2021, 'Maiden 45,600oz Mineral Resource for Green Light' dated 6 December 2021 and 'Lancefield Far North Maiden Mineral Resource' dated 18 January 2022

The information in this announcement that relates to Focus' Ore Reserves is extracted from Focus' ASX announcements<sup>2</sup>, available to view at [www.asx.com.au](http://www.asx.com.au), and was prepared in accordance with the guidelines of the JORC Code (2012). Focus confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the Ore Reserve estimates in the relevant market announcement continue to apply and have not materially changed. Focus confirms that the form and content in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

### **Production Targets and Forecast Financial Information**

The information in this Target's Statement that relates to Focus' production targets and forecast financial information is extracted from Focus' ASX announcements dated 22 September 2022 ('Outstanding Coolgardie PFS Results') and 16 April 2021 ('Updated Laverton Stage 1 Open Pit PFS Progressive Results'), available to view at [www.asx.com.au](http://www.asx.com.au). Focus confirms that all material assumptions underpinning the production target and forecast financial information derived from the production target set out in those Focus ASX announcements, continue to apply and have not materially changed.

### **Foreign jurisdictions**

The release, publication or distribution of this Target's Statement in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations. This Target's Statement has been prepared in accordance with Australian law and the information contained in this Target's Statement may not be the same as that which would have been disclosed if this Target's Statement had been prepared in accordance with the laws and regulations outside Australia.

### **Effect of rounding**

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Target's Statement are subject to the effect of rounding. Accordingly, their actual calculations may differ from the calculations set out in this Target's Statement.

### **Charts, maps and diagrams**

Any diagrams, charts, maps, graphs or tables appearing in this Target's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in diagrams, charts, maps, graphs and tables is based on information available at the date immediately prior to the date of this Target's Statement.

### **No account of personal circumstances**

This Target's Statement does not take into account your individual investment objectives, financial situation or particular needs. It does not contain personal advice. Focus is not licensed to provide financial product advice in relation to Focus Shares, TGM Shares or any other financial products. This Target's Statement should not be relied on as the sole basis for any investment decision in relation to Focus Shares, TGM Shares or the Offer generally. The Directors encourage you to obtain independent legal, financial, taxation or other professional advice before deciding whether or not to accept the Offer.

### **Forward-looking statements**

Some statements in this Target's Statement are in the nature of forward-looking statements. You should be aware that these statements are predictions only and subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to Focus as well as general economic conditions and

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<sup>2</sup> Focus 2020 Annual Report & ASX announcements – 'Resource Update for Big Blow and Happy Jack Deposits' dated 21 May 2021, 'Resource Update for Coolgardie's Alicia Gold Deposit' dated 20 July 2021, 'Beasley Creek gold deposit continues to grow' dated 8 November 2021, 'CNX Mineral Resource Update' dated 24 November 2021, 'Maiden 45,600oz Mineral Resource for Green Light' dated 6 December 2021 and 'Lancefield Far North Maiden Mineral Resource' dated 18 January 2022

conditions in the financial markets, exchange rates, interest rates and the regulatory environment, many of which are outside the control of Focus and its Directors. Actual events or results may differ materially from the events or results expressed or implied in any forward-looking statement.

None of Focus (nor any of its officers and employees) or any person named in this Target's Statement with their consent or anyone involved in the preparation of this Target's Statement makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward-looking statement or any events or results expressed or implied in any forward-looking statement, except to the extent required by law. You are cautioned not to place undue reliance on those statements.

The forward-looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement. Focus has no obligation to disseminate any updates or revisions to any statements to reflect any change in expectations in relation to those statements or any change in events, conditions or circumstances on which any of those statements are based unless it is required to do so under Division 4 of Part 6.5 of the Corporations Act to update or correct this Target's Statement (i.e. for certain matters that are material from the point of view of a Shareholder) or under its continuous disclosure obligations under the Corporations Act and the ASX Listing Rules.

### **Privacy**

Focus has collected your information from the Focus share registry for the purpose of providing you with this Target's Statement. The type of information Focus has collected about you includes your name, contact details and information on your Focus shareholding. The Corporations Act requires the name and address of Shareholders to be held in a public register. Your information may be disclosed on a confidential basis to Focus, Focus' related bodies corporate and external service providers (such as Focus' share registry, print and mail service providers and shareholder communication and engagement firms).

### **Shareholder enquiries**

Focus has established a Shareholder Information Line, which Focus Shareholders may call if they have any queries in relation to the Offer. The telephone number for the Shareholder Information Line is 1300 308 375 (for callers within Australia) or +61 8 6314 6300 (for callers outside of Australia). The Shareholder Information Line is available Monday to Friday between 9.00am and 5.30pm (Perth time).

### **Defined terms**

Certain terms used in this Target's Statement have defined meanings, as set out in Section 9 of this Target's Statement.

### **No internet site is part of this Target's Statement**

No internet site is part of this Target's Statement. Focus ([www.focusminerals.com.au](http://www.focusminerals.com.au)) and TGM (<https://thetagoldmines.com>) each maintains internet sites. Any references in this Target's Statement to these or other internet sites are textual references only and the information contained on the sites does not form part of this Target's Statement.

# What do your Directors recommend?

**Your Directors unanimously recommend that you REJECT the Offer BY TAKING NO ACTION.**



**Ignore all documents sent to you by TGM**

## Your Directors' key reasons to REJECT the Offer

- 1. The Offer Consideration, comprising only TGM Shares, is FUNDAMENTALLY UNATTRACTIVE**
  - TGM has a LOWER Mineral Resource and Ore Reserve Inventory position compared to Focus
  - TGM is exposed to HIGHER jurisdictional and business risks
  - TGM is in a WEAKER financial position than Focus
  - TGM will require ADDITIONAL FUNDING to meet its short term financial commitments and SUBSTANTIAL CAPITAL to fund any project development
  - TGM Shareholders may be FURTHER DILUTED by the exercise of options and vesting of performance rights
  - TGM Shares have recently provided LOWER LIQUIDITY than Focus Shares

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- 2. Focus has a STRONG PLATFORM and IS EXECUTING ON ITS STRATEGY by progressing initiatives to drive value creation**
  - Focus has recently established a clear plan to resume mining operations at the Coolgardie Gold Project
  - Focus has made additional management and Board appointments to support its Resumption Plan
  - Focus has recently raised substantial funding to pursue its Resumption Plan

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- 3. The Offer is INADEQUATE and DOES NOT appropriately reflect the underlying value of Focus' strategic asset portfolio**
  - The Offer materially undervalues the assets of Focus
  - The Offer provides a NEGLIGIBLE PREMIUM to recent market prices of your Focus Offer Shares

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- 4. The terms and conditions of the Offer result in further MATERIAL RISKS for any accepting Focus Shareholders**
  - The Offer is NOT A CREDIBLE attempt to acquire Focus outright or merge with TGM
  - The Offer remains HIGHLY CONDITIONAL
  - There may be ADVERSE TAX CONSEQUENCES if you accept the Offer

The full basis for your Directors' unanimous recommendation to REJECT the Offer is set out in Section 1.2.

# Executive Chairman's letter

28 January 2022

Dear Focus Shareholder,

## **REJECT TGM's Offer for your Focus Offer Shares – ignore any documents sent to you by TGM**

You will have recently received from Theta Gold Mines Limited (**TGM**) its unsolicited offer (**Offer**) to acquire certain of your Focus Minerals Limited (**Focus**) Shares<sup>3</sup>. TGM is offering 2 TGM Shares for every Focus Offer Share that you hold (**Offer Consideration**).

This document is our Target's Statement, which sets out the unanimous recommendation of your Directors to **REJECT** TGM's unsolicited Offer as well as the reasons for that recommendation. To **REJECT** the Offer, simply ignore all documents from TGM and do nothing.

Section 1 sets out in detail the reasons for your Directors' unanimous recommendation to **REJECT** TGM's unsolicited Offer and retain your Focus Offer Shares.

Shandong Gold (which holds approximately 63.18% of Focus' Shares) has publicly stated that it intends to **REJECT** TGM's unsolicited Offer in its current form.

Your Directors note that TGM has opportunistically made its Offer shortly following the announcement of Focus' Resumption Plan and its Entitlement Offer. Your Directors believe that the Offer represents an opportunistic attempt to secure benefits for TGM but not Focus Shareholders. Importantly, since TGM announced its Offer, Focus has completed its Entitlement Offer and raised approximately \$25.5m of equity and has an additional \$US10.0 million of committed unsecured debt available to it.

Your Directors believe that you are an owner of a gold exploration company with substantial funding now in place and an attractive outlook as an independent company, including near-term development opportunities.

Your Directors believe that there are four key reasons why you should **REJECT** TGM's Offer:

1. The Offer Consideration, comprising only TGM Shares, is **FUNDAMENTALLY UNATTRACTIVE**.
2. Focus has a **STRONG PLATFORM** and **IS EXECUTING ON ITS STRATEGY** by progressing initiatives to drive value creation.
3. The Offer is **INADEQUATE** and **DOES NOT** appropriately reflect the underlying value of Focus' strategic asset portfolio.
4. The terms and conditions of the Offer result in further **MATERIAL RISKS** for any accepting Focus shareholders.

You should read this Target's Statement in its entirety and carefully consider the Offer, having regard to your own personal risk profile, investment strategy and tax position. You may also wish to seek

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<sup>3</sup> Being, those Focus Shares on issue as at 21 December 2021 (therefore excluding any Focus Shares issued pursuant to Focus' recently completed Entitlement Offer).

independent legal, financial, taxation or other professional advice in relation to your overall assessment of the Offer.

Focus will continue to keep you updated on all material developments relating to the unsolicited Offer. All company announcements are available on our website, [www.focusminerals.com.au](http://www.focusminerals.com.au).

**If you have any questions in relation to this Target's Statement or your shareholding in Focus, please call the Shareholder Information Line on 1300 308 375 (for callers within Australia) or +61 8 6314 6300 (for callers outside of Australia) Monday to Friday between 9.00am and 5.30pm (Perth time).**

Yours sincerely,

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

**Wanghong Yang**  
Executive Chairman  
Focus Minerals Limited

# 1. Your Directors' evaluation of the Offer

## 1.1 Recommendation and intentions

As at the date of this Target's Statement, the Directors of Focus and their respective interests in Focus Shares are set out in the table below:

Name	Position	Focus Shares in which Director otherwise has a relevant interest	Material personal interests of Director
Mr Wanghong Yang	Executive Chairman	Nil	Nil
Mr Zhaoya Wang	Executive Director (CEO)	Nil	Nil
Mr Lingquan Kong	Executive Director	Nil	Nil
Mr Gerry Fahey	Non-Executive Director	25,640 (of which 12,820 are Focus Offer Shares)	Nil
Mr Richard O'Shannassy	Non-Executive Director	Nil	Nil

A biography of each Director is set out at Section 6.2. Each of Mr Yang, Mr Wang and Mr Kong are nominee Directors of Shandong Gold. However, the Focus Board unanimously considers that this does not preclude them from making a recommendation to Focus Shareholders in relation to the Offer. Please refer to item 8 of the table in Section 2 for further information.

Your Directors unanimously recommend that you **REJECT** the Offer for the key reasons set out in Section 1.2 of this Target's Statement.

As at the date of this Target's Statement, Mr Gerry Fahey intends to **REJECT** the Offer in respect of all Focus Offer Shares held by or on behalf of him or in which he otherwise has a relevant interest. Mr Gerry Fahey holds 25,640 Focus Shares<sup>4</sup> representing approximately 0.01% of all Focus Shares on issue as at the date of this Target's Statement (however, only 12,820 of these Focus Shares are Focus Offer Shares).

As at the date of this Target's Statement, Shandong Gold, which holds 181,039,908 Focus Shares (being 63.18% of all Focus Shares on issue as at the date of this Target's Statement), has publicly stated that its current intention is to **REJECT** the Offer in its current form.

In evaluating the Offer, your Directors encourage you to:

- read the whole of this Target's Statement and the Bidder's Statement;
- have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances;
- consider the choices available to you and ensure you understand the consequences of those choices, as outlined in Section 4 of this Target's Statement;
- carefully consider Section 1.2 (Reasons why you should **REJECT** the Offer) and Section 5 (Information about the Offer and other important issues) of this Target's Statement; and
- seek independent financial, legal, taxation or other professional advice if you are in any doubt as to what you should do in response to the Offer.

<sup>4</sup> These Focus Shares are held by Mr Fahey's spouse

Your Directors will keep you informed of any material developments relating to the Offer.

## 1.2 Reasons why you should REJECT the Offer

### 1. The Offer Consideration, comprising only TGM Shares, is FUNDAMENTALLY UNATTRACTIVE

As the Offer Consideration is entirely TGM Shares, it is critical to consider TGM's prospects on a standalone basis. This is particularly important considering that there is no prospect that TGM will acquire control of Focus under the current Offer in light of Shandong Gold's publicly expressed intention to reject the Offer in its current form. As a result, Focus Shareholders who accept the Offer will become shareholders of TGM as a stand-alone entity, being entirely exposed to TGM's assets while only retaining an indirect minority exposure to Focus' assets. Your Directors unanimously believe the Offer Consideration is fundamentally unattractive for the following reasons taken as a whole.

#### (a) TGM has a LOWER Mineral Resource and Ore Reserve Inventory position compared to Focus

Transvaal, TGM's flagship project, comprises 579koz of gold Ore Reserves and 6,105koz of gold Mineral Resources<sup>5</sup>. These Mineral Resource and Ore Reserve figures are represented by TGM on a 100% whole of project basis. Focus notes that TGM only holds a 74.00% interest in the project, resulting in materially less attributed gold Ore Reserves of 429koz and materially less attributed gold Minerals Resources of 4,518koz. The remaining 26.00% interest in the project is held by Black Economic Empowerment entities as part of South Africa's ESG initiatives.

By comparison, Focus currently controls two 100%-owned exploration and development projects in two of Australia's largest goldfields; the Laverton Gold Project and Coolgardie Gold Project. Across these two projects, Focus maintains 968koz of gold Ore Reserves and 6,235koz of gold Mineral Resources<sup>6</sup>.

A comparison of the gold Ore Reserves and Mineral Resources of Focus and TGM is summarised in the table below, noting your Directors' view that an objectively appropriate comparison of the gold Ore Reserves and Mineral Resources of Focus and TGM should be undertaken on the basis of attributable resources (which in the case of TGM is 74.00% of the whole of its relevant projects).

	Focus (attributable Reserves and Resources)	TGM (attributable Reserves and Resources)
Gold Ore Reserves	968koz	429koz
Gold Mineral Resources	6,235koz	4,518koz

#### (b) TGM is exposed to HIGHER jurisdictional and business risks

Transvaal is located in the Mpumalanga Province of South Africa. It is exposed to significant political, social, economic and other uncertainties including, but not limited to, changes in policies

<sup>5</sup> TGM ASX announcement titled 'Quarterly Activities Report (revised)' dated 4 November 2021

<sup>6</sup> Focus 2020 Annual Report & ASX announcements – 'Resource Update for Big Blow and Happy Jack Deposits' dated 21 May 2021, 'Resource Update for Coolgardie's Alicia Gold Deposit' dated 20 July 2021, 'Beasley Creek gold deposit continues to grow' dated 8 November 2021, 'CNX Mineral Resource Update' dated 24 November 2021, 'Maiden 45,600oz Mineral Resource for Green Light' dated 6 December 2021 and 'Lancefield Far North Maiden Mineral Resource' dated 18 January 2022

or the personnel administering them, foreign exchange restrictions, changes of law affecting foreign ownership and currency fluctuations.

Ongoing political unrest in South Africa has created hesitation by some investors to pursue mining operations within that country. Notably, the imprisonment of resigned South African president Jacob Zuma in July 2021 caused widespread violence across the country. Resource nationalism also poses considerable risk, and with an unpredictable regulatory landscape, community relationships becoming increasingly challenging, and state-run infrastructure assets underperforming, there are significant risks in the ability to reliably maintain operations. South Africa remains one of the lowest mining jurisdictions in investment attractiveness, ranking 60 out of 77 in the Fraser Institute's annual survey of mining companies 2020.

In contrast, Focus' assets are all located in Australia, which is widely considered one of the world's premier mining investment jurisdictions. Western Australia is ranked 4<sup>th</sup> for investment attractiveness in Fraser Institute's annual survey of mining companies 2020, the 5<sup>th</sup> year in a row it has been rated within the top 5 mining jurisdictions. Exposure to Western Australia's tier one jurisdiction provides access to reliable infrastructure and mining support, posing limited country and other business risks.

The following table shows the comparative rankings of Western Australia and South Africa for investment attractiveness over the last 5 years as profiled in the Fraser Institute's annual survey of mining companies 2020.

	Rank (out of number of jurisdictions assessed)				
	2020	2019	2018	2017	2016
<b>Western Australia</b>	4/77	1/76	2/83	5/91	3/104
<b>South Africa</b>	60/77	40/76	43/83	48/91	74/104

Source: 'Survey of Mining Companies 2020', Fraser Institute, 23 February 2021  
<https://www.fraserinstitute.org/sites/default/files/annual-survey-of-mining-companies-2020.pdf>.

Accepting the Offer will expose Focus shareholders to the high risks associated with TGM's South African assets while diluting their exposure to Focus' mining assets in a lower-risk jurisdiction. Your Directors believe that diversification to a high-risk mining jurisdiction such as South Africa is illogical for Focus Shareholders.

Your Directors further believe that the Offer is an opportunistic attempt by TGM to diversify its current exposure to a high-risk mining jurisdiction by obtaining an interest in Focus' low-risk Western Australian assets without expending cash. The jurisdictional risks to which Focus and TGM are exposed are respectively exposed summarised in the comparative table below.

	Focus	TGM
<b>Location of projects</b>	Western Australia	South Africa
<b>Jurisdiction investment attractiveness ranking<sup>7</sup></b>	4th out of 77	60th out of 77
<b>Political stability in location of projects</b>	✓	✗
<b>Predictable regulatory landscape</b>	✓	✗
<b>Low risk of resource nationalism</b>	✓	✗

<sup>7</sup> 'Survey of Mining Companies 2020', Fraser Institute, 23 February 2021

**(c) TGM is in a WEAKER financial position than Focus**

Your Directors believe Focus is in a materially stronger financial position than TGM. For the year ended 30 June 2021, TGM made a loss of \$5.85 million, with net current liabilities of \$11.53 million at year end<sup>8</sup>. The 2021 Annual Report discloses a material uncertainty over TGM's ability to continue as a going concern, stating that "the ability of the consolidated entity to continue as a going concern and meet its debts and commitments as they fall due is dependent upon the Company continuing to be successful in raising additional funds".

As at 30 September 2021, TGM held \$7.42 million in cash and cash equivalents, resulting from the completion of a \$10.37 million funding package during the quarter<sup>9</sup>. Included in this funding package was the issue of 15 'bearer partial bonds', each with a face value of \$400,000 (being an aggregate face value of \$6.0 million). These bonds were issued at an unfavourable coupon rate of 20% per annum, which requires TGM to pay \$1.20 million per annum until the full repayment of the \$6.0 million face value in January 2023<sup>10</sup>. As a consequence, as at 30 September 2021, TGM's total debt was \$10.16 million and TGM's net debt totalled \$2.73 million<sup>11</sup>.

By comparison, as at 31 December 2021, Focus has a net cash position of \$7.25 million, comprising \$27.25 million in cash and cash equivalents (excluding restricted cash held as environmental security bonds) and \$20.0 million of unsecured debt under the 2020 Shandong Gold Loan Facility. Importantly, Focus notes that this unsecured debt has an interest rate of only 3.50% per annum, is due to be repaid in October 2023 and is owed to a related entity of Focus' major shareholder, Shandong Gold. In addition, Focus has access to an additional US\$10.0 million of non-dilutive debt funding under the 2021 Shandong Gold Loan Facility, which remains undrawn as at the date of this Target's Statement.

These financial comparisons are summarised in the table below.

Item	Focus (as at 31 December 2021)	TGM (as at 30 September 2021) <sup>12</sup>
Available cash & cash equivalents	\$27.25 million <sup>13</sup>	\$7.42 million
Net cash / Net debt	\$7.25 million net cash	\$2.73 million net debt
Unused debt facilities available	US\$10.00 million <sup>14</sup>	Nil

**(d) TGM will require ADDITIONAL FUNDING to meet its short-term financial commitments and SUBSTANTIAL CAPITAL to fund any project development**

Transvaal, TGM's flagship project, is in pre-production, with project commissioning targeted for 2023<sup>15</sup>. No revenue is being generated through this project and (without further fundraising) depletion of TGM's existing cash reserves is imminent to maintain operating and investing obligations.

<sup>8</sup> TGM Bidder's Statement, 20 December 2021

<sup>9</sup> TGM ASX Announcement, 'Quarterly Activities Report (revised)' dated 4 November 2021. AUD:USD FX Rate of 0.7243 used for USD to AUD conversion (Source S&P Capital IQ as at 30 September 2021)

<sup>10</sup> TGM ASX Announcement titled 'Funding Package to Accelerate TGME Project' dated 2 August 2021

<sup>11</sup> TGM ASX Announcement, 'Appendix 5B (revised)' dated 4 November 2021. AUD:USD FX Rate of 0.7243 used for USD to AUD conversion (Source S&P Capital IQ as at 30 September 2021)

<sup>12</sup> TGM ASX Announcement, 'Appendix 5B (revised)' dated 4 November 2021. AUD:USD FX Rate of 0.7243 used for USD to AUD conversion (Source S&P Capital IQ as at 30 September 2021)

<sup>13</sup> This amount excludes restricted cash held as environmental security bonds

<sup>14</sup> This remains undrawn as at the date of this Target's Statement.

<sup>15</sup> TGM ASX Announcement, 'Replacement Bidder's Statement FML Take Over Offer' dated 4 January 2022

It is possible that TGM may be required to turn to its At-The-Market Subscription Agreement (**ATM**) with Acuity Capital as a means to maintain solvency. This will involve the issue of new TGM Shares at a 10% discount<sup>16</sup> and would therefore dilute the ownership of TGM Shareholders.

To develop the Transvaal project, TGM will be required to arrange funding (in addition to the funding required to meet its immediate financial commitments described above) to meet the peak capital expenditure requirement of US\$37 million as outlined in its pre-feasibility study<sup>17</sup>.

As it is likely that substantial capital will be required for TGM to advance its projects to the production stage, further dilution could occur through funding of these projects. Failure to obtain additional funding may potentially cause TGM to postpone development plans, forfeit rights to some or all of its projects or reduce their operating structures, which may delay or suspend TGM's business strategy and could have a material adverse effect on its activities.

**(e) TGM Shareholders may be FURTHER DILUTED by the exercise of options and vesting of performance rights**

As at the date of its Bidder's statement, 10% of TGM's issued securities consist of options and performance rights. To the extent these options are exercised or performance rights vested, the interests of accepting Focus Shareholders in TGM will be diluted.

Securities	TGM <sup>18</sup>		Focus <sup>19</sup>	
	Number	%	Number	%
Ordinary shares on issue	525,432,336	90	286,558,645	100
Options	41,169,786	7	Nil	Nil
Performance rights	16,220,000	3	Nil	Nil
<b>Total</b>	<b>582,822,122</b>	<b>100</b>	<b>286,558,645</b>	<b>100</b>

**(f) TGM Shares have recently provided LOWER LIQUIDITY than Focus shares**

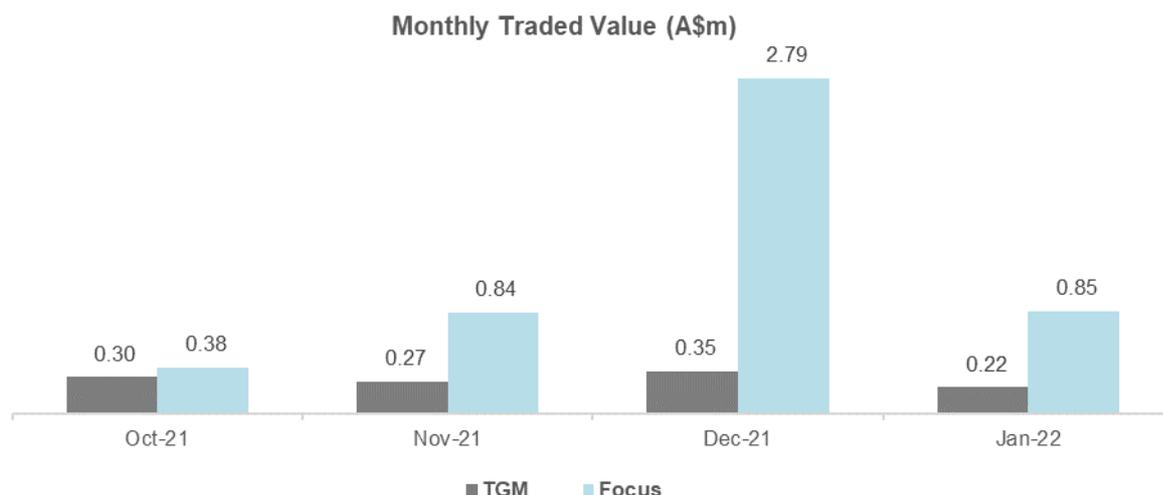
From 1 October 2021 to 27 January 2022, \$1.13 million of TGM shares have been traded on-market. This is significantly less than the \$4.86 million of Focus shares traded over the same period, demonstrating that Focus shares have provided greater liquidity than TGM shares in recent months. This means it is reasonably expected to take longer to sell TGM Shares, having the potential to put further downward pressure on the TGM share price. While TGM maintains a greater free-float, this does not imply greater liquidity, as demonstrated on the following page.

<sup>16</sup> TGM ASX Announcement, '\$15 million At-The-Market Facility' dated 25 March 2021

<sup>17</sup> TGM ASX Announcement, 'Pre-Feasibility Study for Initial Underground Projects' dated 13 April 2021

<sup>18</sup> TGM Bidder's Statement, 20 December 2021

<sup>19</sup> Focus ASX Announcements, 'Rights Issue Offer Booklet' dated 3 December 2021, 'Correction to Number of Shares Issued' dated 31 December 2021



Source: S&P Capital IQ as at 27 January 2022, included without S&P Capital IQ consent in reliance on ASIC Corporations (Consents to Statements) Instrument 2016/72.

## 2. Focus has a **STRONG PLATFORM** and **IS EXECUTING ON ITS STRATEGY** by progressing initiatives to drive value creation

### (a) Focus has recently established a clear plan to pursue the resumption of mining operations at the Coolgardie Gold Project

On 3 December 2021, approximately one week prior to the announcement of TGM's Offer, Focus released its plan to pursue the resumption of mining operations at the Coolgardie Gold Project (the **Resumption Plan**)<sup>20</sup>. The Resumption Plan includes:

- assessment and potential update of the Coolgardie 2020 PFS;
- permitting and contractor appointment;
- funding (including a US\$10.0m loan facility and the Entitlement Offer); and
- recommissioning, construction and development.

Your Directors consider that the Resumption Plan will assist Focus in maximising shareholder value.

### (b) Focus has made additional management and Board appointments to support its Resumption Plan

Focus has made a series of key management appointments in recent months, including the appointment of Mr Wanghong Yang as Executive Chairman, Mr Rod Johns as Chief Operating Officer and Mr Richard O'Shannassy as an Independent Non-Executive Director. These appointments bring extensive experience and industry knowledge to Focus, which your Directors believe will help facilitate the implementation of the Resumption Plan.

### (c) Focus has raised substantial funding to pursue its Resumption Plan

As announced on 30 December 2021, Focus successfully raised \$25.5 million through the Entitlement Offer, which will help fund the implementation of the Resumption Plan and provide working capital to fund the continued operation, exploration and assessment of all its projects. In addition, Focus has access to an additional US\$10 million of non-dilutive debt funding through the 2021 Shandong Gold Loan Facility (which is on similarly favourable terms to the 2020 Shandong

<sup>20</sup> Focus ASX Announcement titled 'Plan to Resume Gold Mining at Coolgardie' dated 3 December 2021

Gold Loan Facility). Focus intends to draw down the 2021 Shandong Gold Loan Facility after utilising existing cash reserves and funds raised from the Entitlement Offer<sup>21</sup>. Accordingly, your Directors consider that Focus is now well positioned to proactively pursue its Resumption Plan to maximise value for Focus Shareholders.

### **3. The Offer is INADEQUATE and DOES NOT appropriately reflect the underlying value of Focus' strategic asset portfolio**

Your Directors believe that you are an owner of a gold exploration and development company with substantial funding now in place and an attractive outlook as an independent stand-alone company, including near-term development opportunities. Focus has a strong platform in the Australian gold exploration and development sector with a significant opportunity over the medium to long term for profitable growth on a stand-alone basis.

#### **(a) The Offer materially undervalues the assets of Focus**

Your Directors unanimously consider that:

- your Focus Shares are worth substantially more than both the Implied Offer Value of \$0.36 per Focus Offer Share as at the date that the Offer was announced and the Implied Offer Value of \$0.33 per Focus Offer Share as at the close of trading on 27 January 2022; and
- the Offer is otherwise inadequate and does not reflect fair value for your Focus Offer Shares.

The reasons for this view are as follows:

- Focus is well placed to execute its Resumption Plan to drive value creation for all Focus Shareholders. As noted in Reason 2 above, Focus has recently successfully raised substantial equity and debt funding and made additional management and Board appointments to support the Resumption Plan. Implementation of the Resumption Plan is expected to assist Focus in realising the value of significant Mineral Resources and Ore Reserves across both its Coolgardie Gold Project and Laverton Gold Project.
- Completion of Pre-Feasibility Studies (**PFS**) for both the Coolgardie and Laverton projects have been announced to the ASX (together with summaries of those studies). Although these studies were based on only a fraction of the total Ore Reserves and Mineral Resources base for each project, the reported NPV's for Coolgardie and Laverton are \$183m pre-tax<sup>22</sup> and \$132m pre-tax<sup>23</sup> respectively.
- Following the completion of the PFS's for the Coolgardie Gold Project and Laverton Gold Project, Focus has announced material Mineral Resource updates to both the Coolgardie Gold Project (see ASX announcements relating to the Big Blow, Happy Jack, Alicia, CNX and Green Light deposits<sup>24</sup>) and the Laverton Gold Project (see ASX announcements relating to the Beasley Creek and Lancefield Far North deposits<sup>25</sup>).
- Your Directors believe there are reasonable prospects of further Mineral Resource extensions and Ore Reserve conversions at the Coolgardie Gold Project and Laverton Gold Projects.
- Subject to the successful implementation of the Resumption Plan at Coolgardie, your Directors expect that the market price of Focus Shares should be re-rated as Focus transitions to becoming a gold producer.

<sup>21</sup> Focus ASX Announcement, 'Rights Issue Offer Booklet' dated 3 December 2021

<sup>22</sup> Focus ASX announcement titled 'Outstanding Coolgardie PFS Results' dated 22 September 2020

<sup>23</sup> Focus ASX announcement titled 'Updated Laverton Stage 1 Open Pit PFS Progressive Results' dated 16 April 2021

<sup>24</sup> Focus ASX announcements – 'Resource Update for Big Blow and Happy Jack Deposits' dated 21 May 2021, 'Resource Update for Coolgardie's Alicia Gold Deposit' dated 20 July 2021, 'CNX Mineral Resource Update' dated 24 November 2021, and 'Maiden 45,600oz Mineral Resource for Green Light' dated 6 December 2021

<sup>25</sup> Focus ASX announcements – 'Beasley Creek gold deposit continues to grow' dated 8 November 2021, 'CNX Mineral Resource Update' dated 24 November 2021, and 'Lancefield Far North Maiden Mineral Resource' dated 18 January 2022

- Considering Focus' Mineral Resource and Ore Reserve inventory, your Directors have had regard to 'Enterprise Values / Mineral Resource' and 'Enterprise Values / Ore Reserve' multiples established from:
  - ASX listed companies with operations primarily exposed to Australian gold development and exploration projects; and
  - recent control transactions with the target's operations primarily exposed to Australian gold development and exploration projects.
- The Offer Consideration comprises only TGM Shares. Your Directors consider that the current and future value of TGM Shares is subject to inherent risks and uncertainties that are greater than those that apply to Focus Shares (see Reason 1 above and more generally Section 8 of the Bidder's Statement).

In summary, considering all the factors set out in this Section 1.2, your Directors are optimistic about Focus' prospects and consider that continuing to hold your Focus Shares should deliver superior value over the medium to long-term when compared to accepting the Offer and becoming a TGM Shareholder.

**(b) The Offer provides a NEGLIGIBLE PREMIUM to recent market prices of your Focus Offer Shares**

The consideration under the TGM Offer comprises solely TGM Shares, with no cash consideration alternative or component. Consequently, the underlying value that Focus Shareholders who accept the Offer would ultimately receive depends entirely on the market price of TGM Shares. Your Directors note that both TGM Shares and Focus Offer Shares are relatively illiquid, with the result that small trading volumes can cause material movements (up or down) in the market price of TGM Shares and Focus Offer Shares. This in turn has a corresponding impact on the Implied Offer Value and the extent of any premium (or discount) to the market price of Focus Offer Shares.

To illustrate, since the Offer was announced on 9 December 2021, the movement in the market price of TGM Shares and Focus Offer Shares off low trading volumes has resulted in Implied Offer Values that represent premiums as high as 30.77%<sup>26</sup> and discounts of as much as 23.08%<sup>27</sup> to the market price of your Focus Offer Shares at the relevant time.

In light of this, your Directors consider that an objective assessment of the adequacy of any premium implied by TGM's Offer should be based on a comparison of a range of VWAPs of TGM Shares and Focus Shares respectively, over a period that mitigates potential distortion caused by transitory but material movements in the respective market prices of TGM Shares and Focus Shares off low trading volumes. Your Directors consider that these VWAP ranges should include the period from 9 December 2021 (being the date TGM announced its Offer) to 27 January 2022 (being the last practicable date prior to the finalisation of the Target's Statement). That is because the trading price of TGM Shares and Focus Offer Shares during this period will mitigate the impacts of low liquidity, reflect any material market announcements by either company, and the market's assessment of material information relating to TGM's Offer, including:

- the announcement of the Offer;
- Focus' decision to proceed with its Entitlement Offer despite the existence at the time of a defeating condition requiring the withdrawal of the Entitlement Offer;
- the completion of the Entitlement Offer;
- TGM's election to waive its defeating condition relating to the withdrawal of the Entitlement Offer;
- Shandong Gold's publicly stated intention to not accept the Offer in its current form; and

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<sup>26</sup> S&P Capital IQ as at 25 January 2022

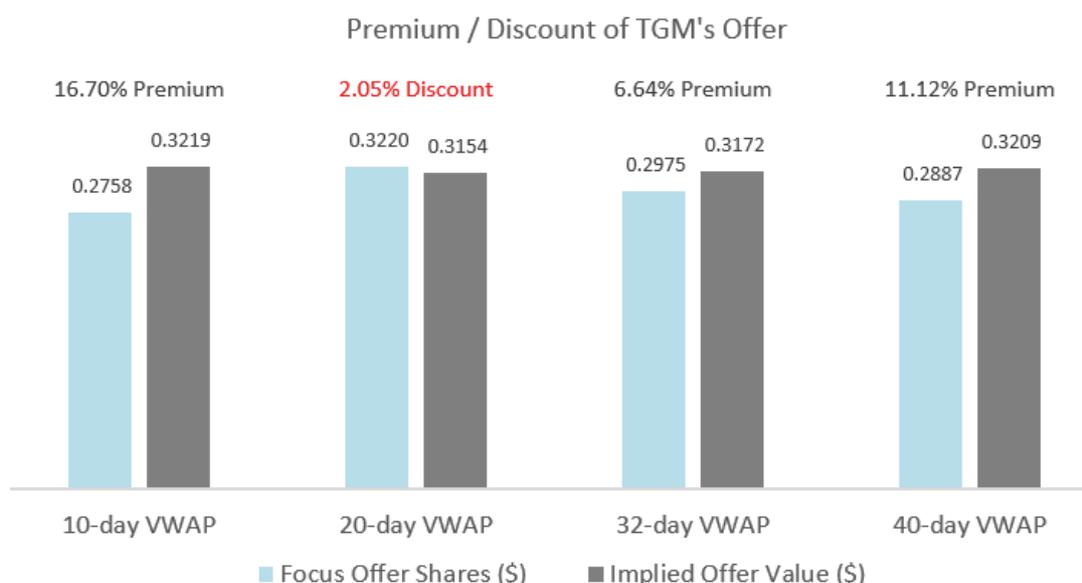
<sup>27</sup> S&P Capital IQ as at 31 December 2021

- the disclosures contained in TGM's Bidder's Statement (including TGM's replacement bidder's statement and second supplementary bidder's statement).

Based on a comparison of the VWAP of TGM Shares and Focus Offer Shares over:

- the period from 9 December 2021 to 27 January 2022 (being a 32-day VWAP);
- the last 10 trading days up until 27 January 2022;
- the last 20 trading days up until 27 January 2022; and
- the last 40 trading days up until 27 January 2022,

your Directors consider that TGM's Offer, viewed over a reasonable period of trading, represents only a negligible premium (or in some cases a discount) to the trading prices of your Focus Offer Shares. This is illustrated in the table below.



Source: S&P Capital IQ as at 27 January 2022

There is also a risk that some Focus Shareholders who accept the Offer may not intend to hold their TGM Shares. Those former Focus Shareholders may instead seek to realise the cash value of their TGM Shares by selling them on market. If there is a large number of former Focus Shareholders who seek to sell their TGM Shares received under the Offer within a short period after the Offer closes, it is reasonable to expect that downward pressure may be placed on the market price of TGM Shares. In those circumstances, there is a material risk that the Implied Offer Value will not reflect the realisable value Focus Shareholders could actually receive after they are issued TGM Shares.

#### **4. The terms and conditions of the Offer result in further material risks for any accepting Focus Shareholders**

##### **(a) The Offer is NOT A CREDIBLE attempt to acquire Focus outright and merge with TGM**

The TGM Offer only extends to the Focus Offer Shares (being those in existence before the issue of Focus Shares under the Entitlement Offer), representing 64% of the issued Focus Shares. Therefore, there is no potential for Focus to be fully acquired by TGM through the Offer in its current form. Furthermore, Shandong Gold (which holds approximately 63.18% of the Focus Shares) has publicly stated that it intends to reject TGM's unsolicited Offer in its current form.

As TGM has no realistic prospect of gaining ownership or effective control of Focus, any potential synergies or benefits of a merger between TGM and Focus, as suggested by TGM, are no longer applicable.

The Focus Board considers that TGM recognises the attractive medium to long-term prospects of an investment in Focus and that the Offer has been structured in an opportunistic manner to provide an avenue for TGM to acquire a material minority stake in Focus without expending any cash resources for the Offer Consideration.

**(b) The Offer remains HIGHLY CONDITIONAL**

Focus Shareholders will only receive the Offer Consideration if all Conditions are satisfied or are waived by TGM at its sole discretion. As at the date of this Target's Statement, the Offer remains subject to a number of Conditions. Focus Shareholders who accept the Offer will lose the ability to deal with their Focus Shares including selling them on-market, except in certain limited circumstances.

Your Directors consider that a number of the Conditions may not be satisfied by virtue of Focus' existing arrangements or may be triggered during the Offer Period as a result of Focus executing its Resumption Plan. See Section 5.2 of this Target's Statement for an analysis of the nature of the Conditions and their impact on the prospects of the Offer proceeding.

The absence of a minimum acceptance condition also creates significant uncertainty about the likely level of ownership of Focus that TGM may have at the conclusion of the Offer.

**(c) There may be ADVERSE TAX CONSEQUENCES if you accept the Offer**

As the Offer does not extend to the Focus Shares issued under the Entitlement Offer, TGM can only acquire a maximum holding of 64% in Focus (even assuming that Shandong Gold accepts the Offer, contrary to its publicly stated intention that it does not intend to accept the Offer in its current form). Therefore, scrip-for-scrip rollover relief is not available for those Focus Shareholders who accept the Offer. Accordingly, Focus Shareholders who accept the Offer will potentially incur a capital gains tax liability arising from the disposal of their Focus Shares. See Section 7 of this Target's Statement for further details of the tax consequences of accepting TGM's Offer.

## 2. Focus' response to inaccurate or misleading statements by TGM in its Bidder's statement

The replacement Bidder's Statement contains extensive amendments arising from matters of material concern raised by Focus regarding the Offer, as can be seen by the number of changes in the marked-up version released to the market on 4 January 2022. Similarly, the second supplementary bidder's statement released to the market on 18 January 2022 makes further material amendments to TGM's disclosures, again arising from matters of material concern raised by Focus regarding the Offer.

Despite those extensive amendments, your Directors consider that there still remains a number of materially misleading statements and other information deficiencies in the Bidder's Statement. Your Directors further consider that those information deficiencies disadvantage Focus Shareholders and their capacity to make a fully informed decision as to whether or not to accept the Offer.

The table below contains your Directors' response to remaining inaccurate or misleading statements made by TGM in its Bidder's Statement:

#	TGM's Statement	Focus' Response
1	<b>Stated reason to accept:</b> Offer reflects attractive premiums	<p>As noted in reason 3 under Section 1.2 'Reasons why you should REJECT the Offer', when comparing the current Implied Offer Value of TGM's Offer with recent trading prices of Focus' Shares, the Offer represents only a negligible premium.</p> <p>TGM states in its second supplementary bidder's statement that the Offer is an attractive premium to the trading price of Focus Shares immediately prior to the announcement of the Offer on 9 December 2021. However, it is important to note that the examples of premia provided by TGM have been provided are in respect of only certain selective dates, and provide an incomplete, overly favourable impression of the size of the premia implied by the Offer.</p> <p>The premia calculations included in Section 1.2 of this Target's Statement are based on a comparison of TGM's 5-day VWAP as at 27 January 2022 to a range of Focus VWAPs as at 27 January 2022. Your Directors consider that this provides a fairer representation of the premia implied by the Offer than those provided in the Bidder's Statement.</p> <p>Focus Shareholders should consider the range of premia set out in Section 1.2 as well as the prevailing price of TGM Shares in the future when considering the adequacy of the premia implied by the Offer.</p>
2	<b>Stated reason to accept:</b> TGM believes it may be able to develop Focus' assets (and in particular Focus' Coolgardie project) with less dilution to shareholders than the current	<p>This statement implies that TGM may be able to access non-dilutive funding for the Coolgardie Gold Project more effectively than the current Board. However, TGM has not disclosed to Focus Shareholders any basis on which it, if it were to</p>

	Focus proposal (which gave rise to the Focus Entitlement Offer)	control Focus, it could access such non-dilutive funding.  By comparison, your Directors have already raised \$20.0 million of non-dilutive unsecured debt through the 2020 Shandong Gold Loan Facility and have arranged US\$10 million of committed non-dilutive unsecured debt through the 2021 Shandong Gold Loan Facility.
3	<b>Stated reason to accept:</b> Ability for Focus Shareholders to exit a minority position in an illiquid company	This statement implies that TGM Shares provide greater liquidity than Focus Shares.  As outlined above in Reason 1 under Section 1.2 'Reasons why you should REJECT the Offer', Focus Shares have provided significantly greater liquidity in recent months. Accepting the Offer will result in Focus Shareholders exiting their position in Focus for shares in a company that currently has less liquidity.  The Bidder's statement notes that TGM has a greater free-float. However, as shown in Reason 1 under Section 1.2, this is not an indication of greater liquidity.
4	<b>Stated reason to accept:</b> Focus Shareholders will potentially benefit from greater diversification	As outlined above in Reason 1 under Section 1.2 'Reasons why you should REJECT the Offer', TGM's only significant asset is in South Africa, which is currently exposed to significant political, social, economic and other jurisdictional risks. If you accept the Offer and become a TGM Shareholder, you would be exposed to assets in South Africa and Australia, providing very limited benefit of diversification. This limited benefit will likely be offset by the increased risks associated with investing in South Africa.
5	<b>Stated reason to accept:</b> The Offer seeks to aggregate minority holdings in Focus and (with an increased holding and substantial management experience) may (depending on the Focus shareholding acquired) allow TGM to exercise influence to encourage the prompt development of the Focus assets.	The prompt development of Focus' assets is already the clearly stated objective of the Focus Directors, having announced on 3 December 2021 – approximately one week prior to TGM's announcement of its Offer - their plan to resume operations at the Coolgardie Gold Project.  Despite stating that it has substantial management experience, TGM's Bidder's Statement has provided no substantive details regarding how TGM would seek to enhance value for all Focus Shareholders. Indeed after initially stating that it 'had a plan' for Focus' assets, TGM's Bidder's Statement (as amended by its replacement bidder's statement lodged with ASIC on 4 January 2022) reveals that TGM does not in fact have a plan beyond conducting a strategic review of those assets should it acquire control of Focus.  In contrast, Focus has a strong platform and is already executing on its strategy by progressing

		initiatives to drive value creation (see further Reason 2 under Section 1.2 'Reasons why you should REJECT the Offer).
6	<b>Stated reason to accept:</b> The Offer represents a logical combination of complementary assets	<p>As TGM's flagship project is located in South Africa, the potential for synergies with Focus, whose two projects are located in Western Australia, appears to be limited to a potential reduction in corporate and administrative costs.</p> <p>Further, both TGM's and Focus' projects are at pre-production stage, therefore requiring funding to progress to the production phase before any available operational synergies could potentially be realised.</p> <p>Accordingly, the Focus Directors consider that TGM's and Focus' assets are not complementary as it is likely that both projects will follow a similar timeline, increasing the level of funding that needs to be obtained.</p> <p>In addition, your Directors do not consider that a merger of TGM's and Focus' assets represents a logical combination. Potential corporate cost synergies are likely to be immaterial, therefore not being a valid reason to merge.</p> <p>In any event, as Shandong Gold has publicly stated that it does not intend to accept the Offer in its current form, there is no prospect that TGM will acquire control of Focus under the Offer, or that any potential merger synergies will arise.</p>
7	<b>Stated reason to accept:</b> You will have the opportunity to share in the potential upside of TGM's business	<p>For the reasons set out in Reason 1 under Section 1.2 'Reasons why you should REJECT the Offer', your Directors consider that the Offer Consideration comprising solely TGM Shares is fundamentally unattractive.</p> <p>To the extent Focus Shareholders seek exposure to TGM's assets, they have the option to purchase TGM Shares directly on market without unfavourably acquiring them through acceptance of TGM's Offer.</p>
8	<b>Absence of independent board committee:</b> "...contrary to TGM's public request that it do so, Focus has not announced to ASX that it has put in place an independent board committee (excluding the Shandong Gold nominee directors) to consider and respond to the Offer. Nor did it announce that it had put in place	<p>This statement implies that the Focus Board was required to form an independent board committee or that by failing to do so the Focus Directors are acting contrary to their duties. This is fundamentally misconceived for a number of reasons.</p> <p>The Focus Board has unanimously determined that it is neither necessary nor appropriate that an independent board committee be established, either in relation to whether the Entitlement Offer should</p>

an independent board committee to consider whether the Focus Entitlement Offer should have been withdrawn in light of the announcement of TGM's takeover bid for Focus, notwithstanding the clear control effect of the Focus Entitlement Offer on Shandong Gold which has resulted in its level of control being entrenched at a significant discount"

be withdrawn following the announcement of TGM's Offer or in relation to Focus' response more generally to TGM's Offer.

It is common for listed companies to have a major or even controlling shareholder with nominee Directors on the board. In the current circumstances, there is no basis for excluding the Directors nominated by Shandong Gold, either from:

- the Board's decision to proceed with the Entitlement Offer (which triggered a defeating Condition to TGM's Offer, which Condition TGM has subsequently elected to waive); or
- joining with the other Focus Directors in providing a recommendation to Shareholders in response to the TGM Offer, subject to full disclosure of their interests as nominees of Shandong Gold.

Absent a material personal interest, each Focus Director is required by Section 638 of the Corporations Act to engage actively with the Offer and make a recommendation, so that Focus Shareholders have the benefit and guidance of the knowledge and expertise of each Director. The Focus Directors are the persons collectively responsible for the operation and management of Focus and, by reason of their position, are best placed to express a collective view whether or not TGM's Offer is in the best interests of all Focus Shareholders.

In the case of the Entitlement Offer, all Focus Shareholders (including Shandong Gold and TGM) had the same rights to subscribe for additional Focus Shares. Any effect on control would only be known once the Focus Entitlement Offer had closed and all acceptances taken into account.

Similarly, in relation to TGM's Offer, all Focus Shareholders (including Shandong Gold) have the same right to accept or reject that Offer. Each Shandong Gold nominee Director has confirmed that they do not have a material personal interest in the outcome of the TGM Offer.

Nor are the interests of the Shandong Gold nominee Directors, simply by virtue of being nominees of Shandong Gold, so divergent from the interests of the other Focus Directors as to warrant the Shandong Gold nominee Directors abstaining from making a recommendation to Focus Shareholders.

		<p>For completeness, the Board's decision to not withdraw the Entitlement Offer following the announcement of TGM's Offer (and thereby trigger a defeating Condition to that Offer) was unanimously approved by the Focus Directors. In any event, your Directors again note that TGM has since elected to waive that Condition and to allow its Offer to proceed despite the completion of the Entitlement Offer.</p>
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### 3. Frequently asked questions

This Section answers some questions you may have about the Offer. It is not intended to address all relevant issues for Focus Shareholders. This Section should be read in conjunction with all other parts of this Target's Statement.

Question	Answer
<b>The Offer</b>	
<b>What is TGM offering for my Focus Shares?</b>	The Offer is 2 TGM Shares for every Focus Offer Share you hold. The Offer does not extend to any Focus Shares issued under the Entitlement Offer. Therefore, if you accept the Offer you will be issued 2 TGM Shares for each Focus Offer Share you hold (but only if the Conditions to the Offer are satisfied or waived by TGM at its sole discretion).
<b>Who is TGM?</b>	TGM describes itself as an ASX-listed gold exploration and development company.
<b>Did Focus have any knowledge of TGM's intention to make its Offer?</b>	No. The Offer was unsolicited and made without any prior notice to or consultation with Focus.
<b>What choices do I have in response to the Offer?</b>	<p>As a Shareholder you have the following three choices in respect of your Focus Shares:</p> <ul style="list-style-type: none"> <li>▪ <b>REJECT</b> the Offer and remain a Focus Shareholder – to reject the Offer simply do nothing and ignore all documents sent to you by TGM. This is your Directors' unanimous recommendation;</li> <li>▪ sell your Focus Shares on the ASX (unless you have previously accepted the Offer and you have not validly withdrawn your acceptance); or</li> <li>▪ accept the Offer by following the instructions set out in the section entitled "How to accept the Offer" on page 5 of the Bidder's Statement and clause 5 of Appendix 1 of the Bidder's Statement.</li> </ul> <p>There are implications for you in relation to each of these choices. An outline of these implications is set out in Section 4 of this Target's Statement.</p>
<b>Will Focus remain listed on the ASX?</b>	<p>Given that:</p> <ul style="list-style-type: none"> <li>▪ the Offer relates to only the Focus Offer Shares; and</li> <li>▪ Shandong Gold has publicly stated that it does not intend to accept the Offer in its current form,</li> </ul> <p>it is likely that Focus will remain listed on the ASX following the close of the Offer. See Section 5.8 for further information regarding the limited possibility of a de-listing of Focus.</p>
<b>How to respond to the Offer</b>	
<b>What do your Directors recommend?</b>	<p>Your Directors unanimously recommend that you <b>REJECT</b> the Offer, for the reasons set out in Section 1.2 of this Target's Statement.</p> <p>If there is a change to this recommendation or any other material developments in relation to the Offer, Focus will keep you fully informed.</p>

Question	Answer
<b>What do your Directors intend to do with their own Shares?</b>	The only Director who holds Focus Offer Shares is Mr Gerry Fahey. Mr Fahey intends, for all Focus Offer Shares held by him or on his behalf or in which he otherwise has a relevant interest, to act in accordance with his recommendation from time to time to Shareholders. As at the date of this Target's Statement, your Directors unanimously recommend that you <b>REJECT</b> the Offer for the reasons set out in Section 1 of this Target's Statement.
<b>When do I have to make a decision?</b>	If you wish to follow your Directors' recommendation to <b>REJECT</b> the Offer, you do not need to do anything. You should simply <b>IGNORE</b> all documents received from TGM.  If you wish to accept the Offer, you must do so before its scheduled closing date. TGM has stated that its Offer remains open until 7.00pm (Sydney time) on 21 February 2022 (unless extended or withdrawn). TGM has reserved the right to extend the Offer Period in accordance with the Corporations Act. In addition, the Offer Period may be extended automatically in certain circumstances. See Section 5.12 of this Target's Statement for details of the circumstances in which the Offer Period can be extended.
<b>Will TGM improve its Offer?</b>	TGM has not declared its Offer to be final. Accordingly, it remains open for TGM to improve its Offer if it chooses.  However, Focus cannot say whether TGM will in fact improve its Offer as this is a matter for TGM.
<b>What happens if TGM improves its Offer or another offer emerges?</b>	If TGM improves its Offer or another offer emerges, your Directors will carefully consider the revised or other offer and advise Shareholders accordingly.
<b>What happens if I accept the Offer and a superior offer is subsequently made by a third party for my Focus Shares?</b>	If you accept the Offer, you are only able to withdraw your acceptance in the following limited circumstance: if TGM varies its Offer in a way that postpones for more than one month the time by which TGM must meet its obligations under its Offer, for example, by extending the Offer Period for more than one month while the Offer remains conditional.  Accordingly if you accept the Offer, you may be unable to accept any superior offer that may emerge. As at the date of this Target's Statement, your Directors are not aware of any other competing expression of interest or proposal that may develop into a superior offer.
<b>What happens if I do nothing?</b>	You will remain a Focus Shareholder.  If TGM acquires any Focus Shares under its Offer, you will remain a minority shareholder in Focus. The implications of this are described in Section 5.6 of this Target's Statement.  TGM has noted that it will not acquire 90% or more of Focus' Shares under its Offer and consequently is not able to proceed to compulsorily acquire your Focus Shares. See Section 5.9 of this Target's Statement for more details.
<b>What are the risks associated with continuing to hold Focus Shares?</b>	Those risks are outlined in Section 6.5 of this Target's Statement.

Question	Answer
<p><b>If I accept the Offer now, can I withdraw my acceptance later?</b></p>	<p>You only have limited rights to withdraw your acceptance of the Offer. You may only withdraw your acceptance if TGM varies its Offer in a way that postpones the period TGM is required to satisfy its obligations by more than one month and the Offer is still subject to one or more Conditions. This will occur if TGM extends the Offer Period by more than one month while the Offer is still subject to any Condition.</p>
<p><b>Can TGM extend the closing date of its Offer?</b></p>	<p>Yes. This applies even if at the time of your acceptance the Offer remains conditional, with no assurance that the Conditions will ever be satisfied or waived. TGM has stated that its Offer remains open until 7.00pm (Sydney time) on 21 February 2022, unless it is withdrawn or extended under the Corporations Act. TGM has reserved the right to extend the Offer Period in accordance with the Corporations Act.</p> <p>In addition, the Offer Period may be extended automatically in certain circumstances. See Section 5.12 of this Target’s Statement for details of the circumstances in which the Offer Period can be extended.</p>
<p><b>Can I be forced to sell my Focus Shares as a result of the Offer?</b></p>	<p>You cannot be forced to sell your Focus Shares unless TGM is legally allowed to proceed to compulsory acquisition of Focus Shares. This requires TGM to acquire at least 90% of all Focus Shares (under the Offer or otherwise) and to then elect to proceed to compulsorily acquire the outstanding Focus Shares.</p> <p>As TGM's Offer only relates to Focus Offer Shares (being those that existed on the Register Date of 21 December 2021), TGM will not be able to acquire a relevant interest in 90% or more of the Focus Shares under this Offer. This means that TGM will not be able to proceed to compulsory acquisition of the outstanding Focus Shares under Part 6A.1 of the Corporations Act.</p> <p>For more information about compulsory acquisition refer to Section 5.9 of this Target’s Statement.</p>
<p><b>Can I accept the Offer for only some of my Focus Shares?</b></p>	<p>No. TGM is offering to acquire <b>all (and not some)</b> of your Focus Offer Shares (being those Focus Shares that existed as at 21 December 2021). You may not accept the Offer for only some of your Focus Offer Shares.</p> <p>The Offer does not relate to any Focus Shares issued under the Entitlement Offer. Accordingly, you may not accept the Offer for any Focus Shares allotted to you as part of the Entitlement Offer.</p> <p>Special rules apply to nominees and others holding shares for different accounts.</p>
<p><b>When will I receive the Offer Consideration if I accept the Offer?</b></p>	<p>It is important to understand that even if you accept the Offer, you will not receive any TGM Shares unless all of the Conditions are satisfied or waived. As the Offer currently remains conditional, there is no assurance that you will receive the Offer Consideration if you accept the Offer.</p> <p>If the Offer becomes unconditional, you will receive your Offer Consideration on or before the earlier of:</p> <ul style="list-style-type: none"> <li>▪ one month after the date of your acceptance of the Offer or, if the Offer is subject to a Condition when you accept the Offer, within one month after the contract arising from your acceptance of the Offer becomes unconditional; and</li> <li>▪ 21 days after the end of the Offer Period.</li> </ul> <p>Refer to sections 6.2 and 6.3 of the Offer terms set out in Appendix 1 of the</p>

Question	Answer
	Bidder's Statement for further details on when you will receive your Offer Consideration from TGM if (and only if) the Offer becomes unconditional.
<b>Will I need to pay brokerage if I accept the Offer?</b>	In certain circumstances, brokerage or other transactional fees or services charges will apply to your acceptance of the Offer. Please refer to question 22 of the 'Frequently Asked Questions' in the Bidder's Statement for further details.
<b>Are there any taxation implications of accepting the Offer?</b>	<p>A general outline of the tax implications for Focus Shareholders of accepting the Offer is set out in Section 7 of this Target's Statement. As that outline is general in nature and does not take into account your individual circumstances, you should not rely on that outline as advice for your particular circumstances.</p> <p>You should seek your own independent advice on the taxation implications applicable to your specific circumstances.</p>
<b>Offer Conditions and their implications</b>	
<b>Are there any conditions to the Offer?</b>	<p>Yes, the Offer remains subject to a number of conditions. Please refer to Section 5.2 of this Target's Statement for a discussion of each of the Conditions and their implications.</p> <p>To receive the Offer Consideration, all of the Conditions must be waived by TGM at its sole discretion or satisfied before the Closing Date of the Offer.</p>
<b>Are there any risks of accepting the Offer while it is still conditional?</b>	<p>Yes. If you accept the Offer now while it is subject to a Condition, there are significant consequences for you including that:</p> <ul style="list-style-type: none"> <li>▪ you will not receive the Offer Consideration unless and until the Offer becomes unconditional;</li> <li>▪ in the meantime, you will give up your rights to sell your Focus Offer Shares on ASX or to otherwise deal with them (for example, by accepting any superior offer from another bidder if such an offer is made), subject to your right to withdraw your acceptance of the Offer in certain circumstances; and</li> <li>▪ you will only have a limited right to withdraw your acceptance of the Offer in certain circumstances.</li> </ul>
<b>What happens if I accept the Offer and the Conditions are not satisfied or waived?</b>	<p>If the Conditions are not satisfied and TGM has not waived the Conditions before the end of the Offer Period, the Offer will lapse and your acceptance of the Offer will be void and of no effect. This in turn means that:</p> <ul style="list-style-type: none"> <li>▪ you will not receive any Offer Consideration from TGM; and</li> <li>▪ you will continue to own your Focus Offer Shares and you will then be free to deal with them.</li> </ul>
<b>What happens if I accept the Offer and the Conditions are satisfied or waived?</b>	<p>If the Offer becomes unconditional you will relinquish control of your Focus Offer Shares and the Rights attaching to them to TGM, in exchange for the Offer Consideration.</p> <p>As to the timing for when you will receive your Offer Consideration, see the question above '<i>When will I receive the Offer Consideration if I accept the Offer?</i>'.</p>
<b>How will I know when the Offer is unconditional?</b>	<p>TGM is required to inform Focus, ASX and Shareholders as soon as any Conditions are satisfied or waived.</p> <p>Notices from TGM will be available on the ASX website at <a href="http://www.asx.com.au">www.asx.com.au</a> (ASX code: TGM). These notices will also be available on the Focus' ASX company announcement platform (ASX code: FML).</p>

Question	Answer
	TGM has set 14 February 2022 as the date on which it will give Focus and ASX a notice required by law on the status of the Offer Conditions. This date may be extended if the Offer Period is extended.
<b>General</b>	
<b>I am an overseas Shareholder. How does the Offer affect me?</b>	If you are an Ineligible Foreign Shareholder and accept the Offer, you will not be entitled to receive TGM Shares. Instead the TGM Shares to which you would otherwise be entitled will be sold by a nominee approved by ASIC and the net proceeds of sale paid to you. See Section 5.11 of this Target's Statement for further details. If you require further information to determine whether you are an Ineligible Foreign Shareholder, you should contact TGM.
<b>What if I have further questions?</b>	You should contact your legal, financial, taxation or other professional adviser. If you have any questions about the Offer or this document please call the Focus Information Line on 1300 308 375 (for callers within Australia) or +61 8 6314 6300 (for callers outside of Australia) Monday to Friday between 9.00am and 5.30pm (Perth time).

## 4. Your choices as a Focus Shareholder

As a Focus Shareholder, the following three choices are currently available to you:

### 1. REJECT THE OFFER

To **REJECT** the Offer, you should do nothing. This is the course of action unanimously recommended by your Directors as at the date of this Target's Statement.

You are not required to take any action to reject the Offer. In particular, you should not complete or return the Acceptance Form that accompanied the Bidder's Statement nor should you respond to any documentation sent to you by TGM or any other communication from TGM (including telephone solicitation or canvassing by TGM or its representatives).

If you decide to do nothing, you should be aware of the risks associated with rejecting the Offer and remaining a Focus Shareholder. For further information on these risks, refer to Section 5.5(a) of this Target's Statement.

### 2. SELL YOUR FOCUS SHARES ON ASX

During the Offer Period, you may sell your Focus Offer Shares on-market through ASX at the prevailing market price for cash (less any brokerage), provided you have not already accepted the Offer for those Shares.

The latest trading price for Focus Offer Shares may be obtained from the ASX website [www.asx.com.au](http://www.asx.com.au) using the code 'FML'.

If you sell your Focus Offer Shares on-market, you will receive the consideration for that sale of your Shares sooner than if you accept TGM's Offer. If you sell your Focus Offer Shares on-market, you:

- will lose the ability to accept TGM's Offer and receive the Offer Consideration (and any possible increase in the Offer Consideration) in relation to those Shares;
- will lose the ability to accept any offer from a competing bidder if one eventuates;
- may be liable for Capital Gains Tax on the sale;
- may incur a brokerage charge; and
- will lose the opportunity to receive future returns from Focus in relation to those Focus Offer Shares.

You should contact your broker for information on how to sell your Focus Offer Shares through ASX and your tax adviser to determine your tax implications from such a sale.

### 3. ACCEPT THE OFFER

Focus Shareholders who accept TGM's Offer:

- will not receive the Offer Consideration unless and until each of the Conditions of the Offer are satisfied or waived;
- will not be able to withdraw their acceptance, except in certain limited circumstances. This means that they would not be able to accept any offer from a competing bidder if one eventuates or sell their Focus Offer Shares on-market. See Section 5.12 of this Target's Statement;
- may be liable to pay tax on the disposal of their Focus Offer Shares, which may have financial consequences for some Focus Shareholders. See Section 7 of this Target's Statement for further details of the tax consequences of accepting the Offer; and

- will exit their investment in Focus in respect of all of their Focus Offer Shares (which excludes any Focus Shares allotted to them under the Entitlement Offer, if any) and will not benefit (other than through an indirect and proportional exposure to Focus Shares as a TGM Shareholder) in respect of those Focus Offer Shares accepted into the Offer if the market price for Focus Shares on the ASX trades above the Implied Offer Value.

If TGM increases the Offer Consideration, all Focus Shareholders, whether or not they have already accepted TGM's Offer before then, will be entitled to receive the increased Offer Consideration if they accept the Offer and it becomes unconditional.

For directions on how to accept the Offer, please refer to page 5 of the Bidder's Statement under the heading 'How to accept the Offer'.

## 5. Information about the Offer and other important issues

### 5.1 Summary of the Offer

<b>The Offer</b>	<p>TGM is offering to acquire <b>all (and not some)</b> of your Focus Offer Shares (being those Focus Shares that existed as at 21 December 2021, which therefore excludes any Focus Shares issued under the Entitlement Offer).</p> <p>Accordingly, you cannot accept the Offer for any Focus Shares allotted to you as part of the Entitlement Offer.</p>
<b>Offer Consideration</b>	<p>The Offer consideration is 2 TGM Shares for each Focus Offer Share you hold (being those Focus Shares that existed as at 21 December 2021, which therefore excludes any Focus Shares issued under the Entitlement Offer).</p> <p>Therefore, TGM will issue to you 2 TGM Shares for each Focus Offer Share (if and only if the conditions to the Offer are satisfied or waived by TGM at its sole discretion).</p>
<b>Ineligible Foreign Shareholders</b>	<p>Ineligible Foreign Shareholders are not entitled to receive TGM Shares under the Offer. TGM's Bidder's Statement defines Ineligible Foreign Shareholders as those Focus Shareholders whose registered address is outside Australia, its external territories, New Zealand, Hong Kong or the United States (unless such person is not an accredited investor (as defined in Rule 501(a) under the US Securities Act of 1933) or any other person whom TGM may otherwise determine may participate in the Offer in compliance with applicable securities laws)<sup>28</sup>.</p> <p>If you are an Ineligible Foreign Shareholder, you accept the Offer and the Offer is or becomes unconditional you will not receive any TGM Shares. Instead, the TGM Shares to which you would otherwise be entitled will be issued to a nominee approved by ASIC and you will receive the net cash proceeds of sale of those TGM Shares.</p> <p>See Section 5.11 of this Target's Statement for further details. If you require further information to determine whether you are an Ineligible Foreign Shareholder, you should contact TGM.</p>
<b>Implied Offer Value</b>	<p>The Implied Offer Value will vary depending on the underlying price at which TGM Shares trade.</p> <p>The Implied Offer Value for each Focus Offer Share is:</p> <ul style="list-style-type: none"><li>▪ \$0.33, based on the closing price of TGM Shares on 27 January 2022 of \$0.1650<sup>29</sup>; and</li><li>▪ \$0.3172, based on the VWAP of TGM Shares for the period from 9 December 2021 to 27 January 2022 of \$0.1586<sup>30</sup>.</li></ul>
<b>Conditions</b>	<p>The Offer remains conditional. See Section 5.2 of this Target's Statement for details.</p> <p>The Offer Consideration will only be received if all of the Conditions of the Offer are waived by TGM at its sole discretion or are satisfied.</p>
<b>TGM has not yet declared its Offer final</b>	<p>TGM has not declared its Offer final. Accordingly, it remains open for TGM to increase the Offer Consideration, which TGM may at its discretion choose to do,</p>

<sup>28</sup> Unless TGM determines that: it is lawful and not unduly onerous or unduly impracticable to issue that Focus Shareholder with New TGM Shares on completion of the Offer; and it is lawful for the Focus Shareholder to participate in the Offer by the law of the relevant place outside Australia and its external territories.

<sup>29</sup> S&P Capital IQ as at 27 January 2022

<sup>30</sup> S&P Capital IQ as at 27 January 2022

	<p>including (but not limited to) following any negotiation with the Focus Board or in response to any competing takeover or other similar proposal being announced by a third party.</p> <p>If TGM increases the Offer Consideration, all Focus Shareholders, whether or not they have already accepted TGM's Offer before then, will be entitled to receive that increased Offer Consideration if they accept the Offer and the Offer is or becomes unconditional.</p> <p>Nevertheless, there are still substantial risks in accepting TGM's Offer particularly while it remains conditional. See Section 5.5 of this Target's Statement for further details.</p>
<b>Offer closing date</b>	TGM's Offer is scheduled to close at 7.00pm (Sydney time) on 21 February 2022 unless TGM's Offer is extended or withdrawn.
<b>Procedural aspects</b>	<p>The Offer Period may be extended by TGM.</p> <p>The Offer Period may be required by law to be extended in certain circumstances.</p> <p>TGM's Offer may be withdrawn in limited circumstances.</p> <p>TGM must notify Focus and the ASX on the status of Conditions by a certain date.</p> <p>If you accept TGM's Offer and all of the Conditions are satisfied or waived, TGM is required to provide your Offer Consideration within a certain timeframe.</p> <p>These and other procedural aspects of TGM's Offer are outlined in Section 5.12 of this Target's Statement.</p>

## 5.2 Conditions of TGM's Offer

The Offer is subject to Conditions, which are set out in full in Appendix 2 of the Bidder's Statement.

Unless all of these Conditions are satisfied or are waived by TGM before the end of the Offer Period,<sup>31</sup> the Offer will lapse and no consideration will be received by any Focus Shareholders who have accepted the Offer. Furthermore, Focus Shareholders who accept the Offer will lose the ability to deal with their Focus Shares including by accepting any potential higher competing offer, except in certain limited circumstances.

When considering how these Conditions might affect the prospects of success of the Offer, you should be aware of the following matters as more fully set out below:

- many of the Conditions are wholly or partly beyond Focus' control;
  - there is no certainty as to whether the remaining Conditions will be satisfied or waived by TGM (noting that TGM has waived the Conditions to the extent they are triggered by the implementation of the Entitlement Offer);
  - a number of the Conditions require Focus to take (or refrain from taking) various actions in order to satisfy those Conditions but the taking (or the refraining from taking) of those actions may not be in the interests of Focus Shareholders; and
  - a number of Conditions were triggered by the completion of the Entitlement Offer.
- However, in its Bidder's Statement TGM waived Condition A and stated that it will not rely on any other Condition (including the prescribed occurrence conditions at paragraph (b)(iv) or paragraph (c)(iv) of Appendix 2) to the extent that those Conditions would be triggered by the completion of (or the issue of Focus Shares under) the Focus Entitlement Offer. This waiver does not extend to (and TGM has not agreed to waive any Condition that may be triggered by) any issue of residual shortfall shares following completion of the Entitlement Offer (or any other issue of Focus Shares other than under the Entitlement Offer).

<sup>31</sup> Or in the case of Condition 2 *No Prescribed Occurrences*, by the end of three Business Days after the end of the Offer Period

Condition (adopting the Condition numbering in Appendix 2 of the Bidder's Statement)*		Likely to be satisfied?
(a)	<p><b>Entitlement Offer does not proceed:</b> prior to the end of the Offer Period, Focus announces that the Entitlement Offer will not proceed (and the Entitlement Offer does not proceed).</p>	<p>No. Focus did not withdraw the Entitlement Offer and the Entitlement Offer has already completed.</p> <p>However, as noted above, TGM has waived this condition.</p>
(b)	<p><b>No prescribed occurrences:</b> during the Offer Period, none of the following events occurs:</p> <p>(i) Focus converts all or any of its shares into a larger or smaller number of shares under Section 254H of the Corporations Act;</p> <p>(ii) Focus or a Subsidiary of Focus resolves to reduce its share capital in any way;</p> <p>(iii) Focus or a Subsidiary of Focus enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement under Section 257C(1) or 257D(1) of the Corporations Act;</p> <p>(iv) Focus or a Subsidiary of Focus issues shares or grants an option over its shares, or agrees to make such an issue or grant such an option;</p> <p>(v) Focus or a Subsidiary of Focus issues, or agrees to issue, convertible notes;</p> <p>(vi) Focus or a Subsidiary of Focus disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;</p> <p>(vii) Focus or a Subsidiary of Focus charges, or agrees to charge, the whole, or a substantial part, of its business or property;</p> <p>(viii) Focus or a Subsidiary of Focus resolves to be wound up;</p> <p>(ix) a liquidator or provisional liquidator of Focus or of a Subsidiary of Focus is appointed;</p> <p>(x) a court makes an order for the winding up of Focus or of a Subsidiary of Focus;</p> <p>(xi) an administrator of Focus or of a Subsidiary of Focus is appointed under</p>	<p>Yes. Nothing has come to the attention of the Focus Board which indicates that this Condition will not be materially satisfied.</p>

	<p>Section 436A, 436B or 436C of the Corporations Act;</p> <p>(xii) Focus or a Subsidiary of Focus executes a deed of company arrangement; or</p> <p>(xiii) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of Focus or a Subsidiary of Focus,</p> <p>provided that a prescribed occurrence will not include any matter, the undertaking of which, TGM has previously approved in writing (<b>Prescribed Occurrence</b>).</p>	
(c)	<p><b>(no prescribed occurrences between the Announcement Date and date of the Bidder's Statement)</b> during the period from the [Announcement Date] to the date that is the day before the start of the Offer Period (each inclusive), no Prescribed Occurrences happen.</p>	<p>Yes. Nothing has come to the attention of the Focus Board which indicates that this Condition will not be materially satisfied.</p> <p>This Prescribed Occurrence was triggered by the issue of new Shares under the Entitlement Offer. However, as noted above, TGM has stated that it will not rely on this Condition to the extent that those Conditions would be triggered by the completion of (or the issue of Focus Shares under) the Entitlement Offer.</p>
(d)	<p><b>No Focus Material Adverse Change:</b> between the Announcement Date and the end of the Offer Period, no Focus Material Adverse Change occurs.</p>	<p>Unknown.</p> <p>Nothing has come to the attention of the Focus Board which indicates that this Condition will not be satisfied. However unforeseen events may emerge prior to the end of the Offer Period which are wholly or partially outside of Focus' control and which may lead to a breach of this Condition.</p>
(e)	<p><b>No litigation:</b> Between the Announcement Date and the end of the Offer Period (each inclusive), no litigation against any member of the [Focus Group], which may reasonably result in judgment of \$2,500,000 or more is commenced, threatened to be commenced, announced or made known to TGM.</p>	<p>Unknown.</p> <p>Nothing has come to the attention of the Focus Board which indicates that this Condition will not be satisfied. However, unforeseen events may emerge prior to the end of the Offer Period, which are wholly or partially outside of Focus' control and that may lead to a breach of this Condition.</p> <p>Your Directors note that:</p>

		<ul style="list-style-type: none"> <li>▪ this condition is vague and uncertain – it captures 'threatened' claims etc which 'may result' in a liability; and</li> <li>▪ this condition overlaps with Condition 4 (no Focus Material Adverse Change) - this overlap reinforces the conditional nature of the Offer.</li> </ul>
(f)	<p><b>(no material acquisitions, disposals or new commitments)</b> except with the prior written consent of TGM, none of the following events occurs during the period from the Announcement Date to the end of the Offer Period:</p> <p>(i) a member of the Focus Group acquires, offers to acquire or agrees to acquire one or more companies, businesses or assets (or any interest in one or more companies, businesses or assets) for an amount in aggregate greater than \$5,000,000 or makes an announcement in relation to such an acquisition, offer or agreement;</p> <p>(ii) a member of the Focus Group disposes of, offers to dispose of or agrees to dispose of one or more companies, businesses or assets (or any interest in one or more companies, businesses or assets) for an amount, or in respect of which the book value is, in aggregate, greater than \$5,000,000 or makes an announcement in relation to such a disposition, offer or agreement;</p> <p>(iii) a member of the Focus Group enters into, or offers to enter into or agrees to enter into, any agreement, joint venture, partnership, management agreement or commitment which would require expenditure, or the foregoing of revenue, by a member of the Focus Group of an amount which is, in aggregate, more than \$2,500,000, other than in the ordinary course of business, or makes an announcement in relation to such an entry, offer or agreement.</p>	<p>Depending on the ultimate duration of the Offer Period (which cannot exceed 12 months), there is a reasonable likelihood that this Condition will not be satisfied.</p> <p>Limbs (i) and (iii) of this Condition capture acquisitions of assets for an amount in aggregate greater than \$5,000,000 as well as the entry into agreements or commitments which would require expenditure in aggregate of more than \$2,500,000.</p> <p>Focus has announced its Resumption Plan to resume mining operations at its Coolgardie Gold Project (see ASX Announcement dated 3 December 2021). Further, Focus has disclosed in the Offer Booklet relating to its Entitlement Offer how it intends to use its available funds to implement the Resumption Plan and otherwise advance the operations of Focus.</p> <p>Focus' Resumption Plan was announced approximately one week prior to the announcement of TGM's Offer which includes this Condition prohibiting new material acquisitions, disposals and other commitments. Consistent with Focus' announced Resumption Plan, your Directors expect that there is a real likelihood that Focus will acquire assets, or enter into commitments or make announcements regarding such acquisitions or commitments that will trigger this Condition. If this Condition is triggered and not waived by TGM, the Offer will lapse and no consideration will be received by any Focus Shareholders who have accepted the Offer.</p>
(g)	<b>(non-existence of certain rights)</b> that no person has any right (whether subject to	Unclear.

	<p>conditions or not) as a result of TGM acquiring Focus Shares to:</p> <p>(i) acquire, or require Focus or a Subsidiary of Focus to dispose of, or offer to dispose of, any material asset of Focus or a Subsidiary of Focus; or</p> <p>(ii) terminate or vary or exercise any right under any material agreement with Focus or a Subsidiary of Focus,</p> <p>other than a right in respect of which a written, enforceable, irrevocable and unconditional waiver has been obtained and disclosed to the ASX.</p>	<p>In respect of limb (i) of this Condition, Focus is not aware of any such rights.</p> <p>In respect of limb (ii) of this Condition, the only contracts that Focus has identified as potentially applicable are the 2020 Shandong Gold Loan Facility and the 2021 Shandong Gold Loan Facility. These agreements include a right for the relevant Shandong Gold lending entity to terminate those facilities and accelerate repayment where a person (other than Shandong Gold) acquires more than 50% of the Shares.</p> <p>As Shandong Gold intends to REJECT the Offer in its current form, TGM will not acquire more than 50% of Focus Shares unless the terms and conditions of the Offer are improved to a level that Shandong Gold is prepared to accept and Shandong Gold accepts the Offer.</p> <p>Therefore, it currently appears unlikely that a 'review event' will be triggered under either the 2020 Shandong Gold Loan Facility and the 2021 Shandong Gold Loan Facility. However, this Condition is drafted in extremely broad terms, noting that it applies irrespective of whether the 'right' is presently exercisable or not, and can apply even if the 'right' is subject to conditions. As the 'right' of the relevant Shandong Gold lending entity is presently subsisting, on the strict wording of the Condition it could potentially be breached regardless of whether TGM actually acquires more than 50% of Focus Shares. Accordingly, Focus considers that TGM should clarify whether it intends to rely on this Condition in respect of these rights as soon as possible.</p> <p>Other than as set out above, nothing has come to the attention of the Board which indicates that this Condition will not be satisfied.</p>
(h)	<p><b>(no restraints)</b> that between the Announcement Date and the end of the Offer Period:</p> <p>(i) there is not in effect any preliminary or final decision, order or decree issued by a Public Authority; and</p>	<p>Unknown. This Condition is wholly outside Focus' control.</p>

<p>(ii) no application is made to any Public Authority, or action or investigation is announced, threatened or commenced by a Public Authority in consequence of or in connection with the Offer,</p> <p>(other than an application to or a determination by ASIC or the Takeovers Panel in the exercise of the powers and discretions conferred by the Corporations Act), which restrains, impedes or prohibits (or if granted could restrain, impede or prohibit), or otherwise materially adversely impacts upon, the making of the Offer or the completion of any transaction contemplated by the Offer (whether subject to conditions or not) or the rights of TGM in respect of Focus and the Focus Shares to be acquired under the Offer or requires the divestiture by TGM of any Focus Shares, or the divestiture of any assets of the Focus Group, the TGM Group, or otherwise.</p>	
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\*This is a summary of Conditions only. The Conditions are set out in full in Appendix 2 of the Bidder's Statement.

Given the number of conditions of the Offer that may be triggered, and having regard to the Takeovers Panel's policy on frustrating action, Focus requests TGM to clarify urgently its position about each relevant condition. Focus does not presently regard the policy as inhibiting Focus from conducting its business and pursuing its strategic objectives.

### 5.3 Potential effect of the Offer on Focus' material contracts

Focus has identified that two of the material contracts to which Focus or a related body corporate of Focus is a party contain change of control provisions, which may be triggered as a result of TGM making the Offer or as a result of acceptances of the Offer.

A summary of the relevant provisions of these agreements is set out below. This information has been included in this Target's Statement because:

- it may impact on the future prospects of Focus if TGM obtains a relevant interest in more than 50% of Focus Shares. This may be relevant to Focus Shareholders who remain as minority Shareholders in Focus; and
- it may be relevant in assessing the likelihood of the no existence of certain rights Condition of the Offer being satisfied or waived. See Appendix 2 (Condition (g)) of the Bidder's Statement.

The relevant material contracts are the 2020 Shandong Gold Loan Facility and the 2021 Shandong Gold Loan Facility. Under these agreements, a 'review event' occurs when a person that does not control Focus (as defined in Section 50AA of the Corporations Act), acquires more than 50% of the Focus Shares (**Review Event**). If a Review Event occurs, the relevant Shandong Gold lending entity<sup>32</sup>

<sup>32</sup> The lender under the 2020 Shandong Gold Loan Facility is Shandong Gold Group Co. Limited. The lender under the 2021 Shandong Gold Loan Facility is Shandong Gold Financial Holdings Group (Hong Kong) Co., Ltd. Each of these entities is a related entity of Shandong Gold

may, by not less than 120 days' notice to Focus, cancel its commitment and declare the outstanding loan, together with accrued interest, and all other amounts accrued immediately due and payable, whereupon the commitment of the relevant lender will be cancelled and the outstanding loan and amounts will become immediately due and payable.

Focus is not aware of any other material contracts to which it or its subsidiaries are a party that include change of control provisions which may be triggered as a result of TGM making the Offer or as a result of any acceptances of the Offer.

#### **5.4 Entire Offer Consideration comprises TGM Shares**

The entirety of the Offer Consideration comprises TGM Shares. Accordingly, Focus Shareholders should note the following important considerations.

##### **(a) The value of TGM Shares is variable**

The future trading price of TGM Shares is uncertain and will be influenced by a wide range of factors. The market price of TGM Shares, and therefore the implied value of the Offer Consideration, may fall.

In its Bidder's Statement TGM represents the Implied Offer Value as being as high as \$0.36 per Focus Share, based on the closing price of TGM Shares of \$0.18 on 8 December 2021, being the last trading day prior to the announcement of the Offer.

To provide a broader comparison of the range of Implied Offer Values since the announcement of the Offer on 9 December 2021, you should note that the market price of TGM Shares has closed as low as \$0.15 (which represents an Implied Offer Value of \$0.30) and as high as \$0.18 (which represents an Implied Offer Value of \$0.36). See further the premia calculations set out in Reason 3(b) of Section 1.2 of the 'Reasons to REJECT the Offer'.

##### **(b) Risks associated with holding TGM Shares**

Please refer to Section 8 of the Bidder's Statement for a description of the risks that Focus Shareholders will assume if they accept the Offer and receive TGM Shares. As noted in Reason 1(b) of Section 1.2 of the 'Reasons to REJECT the Offer', a number of these risks are likely to be more material in the context of a holding of TGM Shares, or apply specifically to a holding in TGM Shares rather than Focus Shares.

##### **(c) Potential stock overhang**

The maximum number of TGM Shares that would be required to be issued to Focus Shareholders under the Offer is 184,457,222, which represents an increase of approximately 35.11% in TGM's current issued share capital. This assumes the terms and conditions of the Offer are not improved and that, consistent with its presently expressed intention, Shandong Gold does not accept the Offer in its current form.

There is a risk that some Focus Shareholders who accept the Offer (where the Offer is or becomes unconditional) may not wish to hold their TGM Shares in the long term. Those Shareholders may instead seek to realise the cash value of their TGM Shares by selling them on market. If there is a large number of former Focus Shareholders who seek to sell their TGM Shares received under the Offer within a short period after the Offer closes, it is reasonable to expect that downward pressure may be placed on the market price of TGM Shares. In those circumstances, there is a material risk that the Implied Offer Value will not reflect the realisable value Focus Shareholders receive after they are issued TGM Shares.

## 5.5 Risks associated with the Offer

Focus Shareholders should be aware of the following key risks associated with the Offer.

### (a) Risks associated with rejecting the Offer

If you **reject** the Offer, you will not receive the Offer Consideration for your Focus Shares. Instead you will remain a Focus Shareholder and continue to be subject to the risks associated with holding Focus Shares. A non-exhaustive summary of those risks is set out in Section 6.5 of this Target's Statement.

If you **reject** the Offer and TGM acquires more than 50% of Focus Shares<sup>33</sup>, you will also be exposed to the minority shareholder risks described in Section 5.6 of this Target's Statement.

### (b) Risks associated with accepting the Offer

If you accept the Offer, you will be legally bound to sell your Focus Offer Shares to TGM if the Offer is unconditional at the time of your acceptance or subsequently becomes unconditional. You will not be able to withdraw your acceptance, unless you are offered withdrawal rights (applicable only in limited cases). You may also be liable to pay tax on the disposal of your Focus Offer Shares, which may have financial consequences for some Focus Shareholders. See Section 7 of this Target's Statement for further details of the tax consequences of accepting the Offer.

Accordingly, if you accept the Offer now while it remains subject to a number of Conditions, some of the consequences include the following:

- you will not receive the Offer Consideration unless and until the Offer becomes unconditional;
- in the meantime, you will give up your right to sell your Focus Offer Shares on the ASX or otherwise deal with them (relinquishing your right, for example, to participate in a superior offer should one eventuate); and
- you will only have a limited right to withdraw your acceptance of the Offer in certain circumstances.

The effect of accepting the Offer is set out in clause 8 of Appendix 1 of the Bidder's Statement. Focus Shareholders should read those parts of the Bidder's Statement in full to understand the effect that acceptance will have on their ability to exercise the Rights attaching to their Focus Offer Shares and the representations and warranties which they give by accepting the Offer.

In particular, Focus Shareholders should note that by accepting the Offer in circumstances where the Offer is or becomes unconditional, TGM will be entitled to attend meetings of Focus and vote on accepting Focus Shareholders' behalf in respect of their Focus Offer Shares accepted into the Offer to defeat resolutions relating to any competing offers which may adversely affect the success of the Offer.

In addition, if you accept the Offer (and did not participate in the Entitlement Offer), you will no longer be eligible to access the benefits of remaining a Focus Shareholder. Those benefits include the opportunity to participate in:

- the future value that your Directors may be creating as a result of implementing Focus' Resumption Plan; and

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<sup>33</sup> TGM will only potentially acquire more than 50% of Focus Shares if the terms and conditions of the Offer are improved to a level that Shandong Gold is prepared to accept and Shandong Gold accepts the Offer

- any potential increase in the Focus Share price above the Implied Offer Value.

**(c) TGM will end up with less than a controlling interest in Focus based on the current Offer**

If the Offer becomes unconditional, Focus Shareholders who have accepted the Offer will receive TGM Shares and become shareholders in TGM. Due to the absence of any minimum acceptance condition as part of the Offer, a number of potential outcomes are open. However, noting Shandong Gold's presently expressed intention to not accept the Offer in its current form, TGM could only acquire up to 32.65% of Focus Shares at the conclusion of its Offer. In this scenario, the extent to which TGM may influence Focus, or implement its intentions regarding Focus, will be influenced by the level of acceptances ultimately received.

**5.6 Consequences of TGM acquiring more than 50% of Focus**

If TGM acquires more than 50% of the Focus Shares, assuming all Conditions to the Offer are satisfied or waived, TGM will acquire a majority shareholding in Focus. This will only potentially occur if the terms and conditions of the Offer are improved to a level that Shandong Gold is prepared to accept and Shandong Gold accepts the Offer. However, Focus cannot say whether TGM will in fact improve its Offer as this is a matter for TGM. Further, even if TGM improves its Offer, Focus cannot say whether Shandong Gold will accept it, as this is a matter for Shandong Gold.

Nevertheless, in the hypothetical scenario where TGM acquires more than 50% of Focus Shares, Focus Shareholders who do not accept TGM's Offer will remain minority shareholders of Focus. This hypothetical outcome has a number of possible implications, including:

- TGM would be in a position to cast the majority of votes at a general meeting of Focus, enabling TGM to control the composition of Focus' board of Directors and senior management as well as the strategic direction of Focus and its subsidiaries;
- the Focus Share price may fall immediately following the end of the Offer Period though this may be mitigated by the underlying attractiveness of Focus' assets;
- the liquidity of Focus Shares may be lower than at present and there is a risk that Focus could be fully or partially removed from certain S&P/ASX market indices due to lack of free float and/or liquidity;
- if the number of Focus Shareholders is less than that required by the ASX Listing Rules to maintain an ASX listing, then TGM may potentially seek to have Focus removed from the official list of the ASX. If this occurs, Focus Shares will not be able to be bought or sold on the ASX;
- TGM and Focus will not be able to form an income tax consolidated group and obtain the benefit of costs synergies of having one taxpayer as opposed to two taxpayers;
- Focus Shareholders who accept the Offer will not be able to benefit from scrip for scrip roll over relief from Capital Gains Tax; and
- if you are not entitled to provide a CGT Declaration or do not provide a CGT Declaration, the consideration payable to you (if and only if the Offer is or becomes unconditional) may be reduced by 12.5%.

**5.7 Consequences of TGM acquiring less than 50% of Focus**

If TGM acquires less than 50% of the Focus Shares then, assuming all Conditions to the Offer are satisfied or waived, TGM will become a minority shareholder in Focus. Having regard to the Offer structure and to Shandong Gold's presently expressed intention to not accept the Offer in its current form, TGM could only acquire up to 32.65% of Focus Shares at the conclusion of its Offer.

In those circumstances, Focus Shareholders who do not accept the Offer will remain as minority shareholders of Focus and continue to enjoy the rewards but also be subject to the risks of being a Focus Shareholder. This outcome has a number of possible implications, including:

- provided that Shandong Gold continues to hold 63.18% of Focus Shares, TGM will not be able to control the composition of Focus' board of Directors and senior management, nor the strategic direction of Focus and its subsidiaries but (depending on the size of its Shareholding) may have greater influence;
- the Focus Share price may fall immediately following the end of the Offer Period though this may be mitigated by the underlying attractiveness of Focus' business;
- the liquidity of Focus Shares may be lower than at present and there is a risk that Focus could be fully or partially removed from certain S&P/ASX market indices due to lack of free float and/or liquidity;
- TGM and Focus will not be able to form an income tax consolidated group and obtain the benefit of costs synergies of having one taxpayer as opposed to two taxpayers; and
- Focus Shareholders who accept the Offer will not be able to benefit from scrip for scrip roll over relief from Capital Gains Tax.

## 5.8 Potential delisting

TGM states in its Bidder's Statement that '*Subject to continued compliance by Focus with the ASX listing rules (including Focus maintaining a sufficient spread of shareholders), TGM intends to maintain Focus' listing on the ASX (although Focus Shareholders should be aware that in this circumstance the liquidity of Focus Shares on the ASX may be materially diminished)*'.

As at the date of this Target's Statement, your Directors consider that it is highly unlikely that Focus faces imminent delisting. The Offer structure, together with Shandong Gold's presently expressed intention to not accept the Offer in its current form, means that TGM could only acquire up to 32.65% of Focus Shares at the conclusion of its Offer. In addition, **your Directors wish to emphasise the following important legal protections to Shareholders regarding any potential delisting of Focus:**

- any decision to apply to the ASX to delist Focus would need to be made by the Focus Board, not by the controlling Shareholder (whether Shandong Gold or TGM);
- the Focus Board, including nominee Directors appointed by a controlling Shareholder (whether Shandong Gold or TGM), could only decide to seek a delisting if the Board concludes that this action is in the best interest of Focus and its Shareholders as a whole, at the relevant time;
- your Directors currently consider that the disadvantages for Shareholders of delisting outweigh any potential benefits. Therefore, your Directors' current intention would be to vote against any Board proposal to delist Focus (however, your Directors' views may change depending on future circumstances including the final level of control achieved by TGM at the end of the Offer);
- even if (a majority of) the Board resolved to delist Focus from ASX, this action would still require the ASX's consent and is likely to be subject to conditions imposed by ASX, which would be likely to include the approval of Focus Shareholders by special resolution; and
- ASX states<sup>34</sup> that it will use its discretion to ensure that the delisting of any entity is being sought for acceptable reasons. For example, ASX notes that a request to remove an entity from the ASX that is primarily or solely aimed at denying minority shareholders a market for their securities, in order to coerce them into accepting an offer from a controlling shareholder to buy out their securities, would be an unacceptable reason for requesting removal from the official list.
- The ASX applies a number of guidelines to safeguard the interests of minority shareholders in the context of any proposed delisting.

<sup>34</sup> See ASX Guidance Note 33 which sets out ASX's policy in relation to a delisting request

If, despite the above procedural protections, Focus is ultimately delisted at some point in the future, any remaining Shareholders would be holders of unquoted shares. A delisting would result in a number of disadvantages for Shareholders such as:

- the absence of an orderly, transparent and timely mechanism for share trading;
- restricted information compared to that currently provided. Focus would no longer be subject to the continuous disclosure requirements of the ASX Listing Rules. If Focus remains a public company after delisting and has at least 100 members, Focus would still be required to disclose material information to ASIC and likely on its website. Nevertheless, the level of shareholder reporting in these circumstances could be diminished; and
- the ceasing of various requirements and protections for minority shareholders under the ASX Listing Rules and the Corporations Act. Examples of provisions that would cease to apply include: restrictions on the issue of new securities, a governance framework for related party transactions, requirements to seek Shareholder approval for significant changes in the nature or scale of Focus' activities and the annual consideration of a remuneration report.

## **5.9 No compulsory acquisition following the Offer**

As the Offer extends only to the Focus Offer Shares and not Focus Shares generally, TGM will not be able to acquire a relevant interest in 90% or more of the Focus Shares under this Offer. This means that TGM will not be able to proceed to compulsory acquisition of the outstanding Focus Shares under Part 6A.1 of the Corporations Act.

## **5.10 Risks of status quo**

If all of the Offer Conditions are not satisfied nor waived by the end of the Offer Period, the Offer will lapse and Focus will remain an independent ASX listed company<sup>35</sup>.

If all of the Offer Conditions are satisfied or waived by the end of the Offer Period but TGM acquires less than 50% control of Focus, Focus will remain an independent ASX listed company.<sup>36</sup> See further our comments in Section 5.7 of this Target's Statement.

Having regard to the Offer structure and Shandong Gold's 's presently expressed intention to not accept the Offer in its current form, TGM could only acquire up to 32.65% of Focus Shares at the conclusion of its Offer. Therefore, Focus will remain an independent ASX listed company. Following the close of the Offer, there is a risk that the Board fails to successfully execute its Resumption Plan and other strategies it has underway to realise value for Shareholders (refer to Section 1 of this Target's Statement). In these circumstances, assuming the Offer becomes unconditional, Focus Shareholders who do not accept the Offer will have foregone the opportunity to substitute their Focus Offer Shares for TGM Shares and thereby participate in any potential uplift in the value of an immediate investment in TGM.

## **5.11 Treatment of Ineligible Foreign Shareholders**

The Bidder's Statement defines an Ineligible Foreign Shareholder as a Focus Shareholder whose address (as recorded in the register of Focus Shareholders) is a place outside Australia and its external territories, New Zealand, Hong Kong or the United States,<sup>37</sup> unless TGM determines that:

- it is lawful and not unduly onerous or unduly impracticable to issue that Focus Shareholder with New TGM Shares on completion of the Offer; and

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<sup>35</sup> Assuming no other competing offer emerges and is not successful

<sup>36</sup> Assuming no other competing offer emerges and is not successful

<sup>37</sup> Unless such person is not an accredited investor (as defined in Rule 501(a) under the US Securities Act of 1933) or any other person whom TGM may otherwise determine may participate in the Offer in compliance with applicable securities laws)

- it is lawful for that Focus Shareholder to participate in the Offer by the law of the relevant place outside Australia and its external territories.

Ineligible Foreign Shareholders are not entitled to be issued TGM Shares under the Offer. Instead, the relevant TGM Shares that would otherwise be transferred to those Ineligible Foreign Shareholders will be issued to a nominee approved by ASIC. The nominee will sell the TGM Shares attributable to Ineligible Foreign Shareholders as soon as reasonably practicable after the end of the Offer Period in such a manner, at such a price and on such other terms and conditions as are determined by the nominee and will distribute to each of those Ineligible Foreign Shareholders their proportion of the proceeds of sale net of expenses.

See Section 9.3 of the Bidder's Statement for further details.

## 5.12 Procedural aspects of the Offer

<b>Offer Period</b>	Unless the Offer is extended or withdrawn, it is open for acceptance from 18 January 2022 until 7.00pm (Sydney time) on 21 February 2022.
<b>Extension of the Offer Period</b>	<p>TGM may extend the Offer Period at any time before giving the Notice of Status of Conditions (referred to below) while the Offer is subject to Conditions.</p> <p>However, if the Offer becomes unconditional (that is, if all the Conditions are satisfied or waived), TGM may extend the Offer Period at any time before the end of the Offer Period.</p> <p>In addition, there will be an automatic extension of the Offer Period if, within the last seven days of the Offer Period:</p> <ul style="list-style-type: none"> <li>▪ TGM improves the Offer Consideration; or</li> <li>▪ TGM's voting power in Focus increases to more than 50%.</li> </ul> <p>If either of these two events occur, the Offer Period is automatically extended so that it ends 14 days after the occurrence of the relevant event. However, your Directors note that TGM will not acquire more than 50% of Focus Shares if Shandong Gold acts consistently with its publicly stated intention to not accept the Offer in its current form.</p> <p>The maximum duration of the Offer Period is 12 months.</p>
<b>Notice of status of Conditions</b>	<p>Section 7.5 of the Bidder's Statement states that TGM will give a Notice of Status of Conditions to the ASX and Focus not later than 14 February 2022, subject to variation if the Offer is extended.</p> <p>TGM is required to set out in its Notice of Status of Conditions:</p> <ul style="list-style-type: none"> <li>▪ whether the Offer is free of any or all of the Conditions;</li> <li>▪ whether, so far as TGM knows, any of the Conditions have been satisfied; and</li> <li>▪ TGM's voting power in Focus.</li> </ul> <p>If the Offer Period is extended by a period before the current date by which the Notice of Status of Conditions is to be given (14 February 2022), the date for giving the Notice of Status of Conditions will be taken to be postponed for the same period. In those circumstances, TGM is required, as soon as practicable after the extension, to give a notice to the ASX and Focus that states the new date for the giving of the Notice of Status of Conditions.</p> <p>If a Condition is satisfied during the Offer Period but before the date on which the Notice of Status of Conditions is required to be given, TGM must as soon as practicable give the ASX and Focus a notice that states that the particular Condition has been satisfied.</p>

	As at the date of this Target's Statement, TGM had not given notice that any of the Conditions had been satisfied or waived, other than the waiver by TGM of Condition (a) in Appendix 2 to the Bidder's Statement requiring the withdrawal of the Entitlement Offer (and any other Conditions that may be triggered by the issue of new Focus Shares under the recently completed Entitlement Offer).
<b>Withdrawal of Offer</b>	TGM may withdraw its Offer at any time with the written consent of ASIC and subject to the conditions (if any) specified in ASIC's consent.
<b>Effect of acceptance</b>	<p>The effect of acceptance of the Offer is set out in clause 8 of Appendix 1 of the Bidder's Statement. Focus Shareholders should read that section in full to understand the effect that acceptance will have on their ability to exercise the rights attaching to their Focus Shares and the representations and warranties which they give by accepting of the Offer.</p> <p><b>Important!</b> If you accept the Offer while it is conditional you will immediately lose the following rights:</p> <ul style="list-style-type: none"> <li>▪ you lose your right to sell your Focus Offer Shares on the ASX or otherwise deal with them; and</li> <li>▪ you lose your right to participate in a superior offer from another bidder should one emerge in relation to your Focus Offer Shares.</li> </ul> <p>In addition, if you accept the Offer, you may also be liable to pay tax on the disposal of your Focus Offer Shares which may have financial consequences for some Focus Shareholders. See Section 7 of this Target's Statement for further details of the tax consequences of accepting the Offer.</p>
<b>Limited ability to withdraw your acceptance</b>	<p>If you accept the Offer, you only have limited rights to withdraw your acceptance.</p> <p>You may only withdraw your acceptance of the Offer if TGM varies its Offer in a way that postpones, for more than one month, the time when TGM needs to meet its obligations under the Offer. This will occur if TGM extends the Offer Period by more than one month and the Offer is still subject to Conditions.</p>
<b>Effect of an improvement in Offer Consideration for Shareholders who have already accepted</b>	If TGM increases the Offer Consideration, all Focus Shareholders, whether or not they have already accepted the Offer before then, will be entitled to receive that increased Offer Consideration.
<b>Lapse of the Offer</b>	The Offer will lapse if the Conditions are not satisfied or waived by the end of the Offer Period, in which case all contracts resulting from acceptance of the Offer and all acceptances that have not resulted in binding contracts are void. In that situation you will remain a Focus Shareholder and will be free to deal with your Focus Offer Shares as you see fit.

## 6. Profile of Focus

### 6.1 Introduction

Focus is an Australian gold explorer that operates two 100% owned exploration and development projects in two of Western Australia's largest goldfields; the Laverton Gold Project and the Coolgardie Gold Project. Exposure to Western Australia's tier one mining jurisdiction provides access to reliable infrastructure and mining support, posing limited country and other business risks. Across the Laverton and Coolgardie gold projects, Focus maintains 968koz of gold Ore Reserves and 6,235koz of gold Mineral Resources<sup>38</sup>.

On 3 December 2021, Focus released its Resumption Plan to pursue the resumption of mining operations at the Coolgardie Gold Project<sup>39</sup>. As part of this plan, Focus successfully raised \$25.5m through the Entitlement Offer, which will help fund the implementation of the plan and provide working capital to fund the continued operation, exploration and assessment of all its projects<sup>40</sup>.

Focus is optimistic about the successful implementation of the Resumption Plan, and believes it is well placed to pursue the prompt resumption of mining operations at the Coolgardie Gold Project, with targeted recommencement of operations during 2022.

### 6.2 Directors

Name	Title	Appointment Date	Status
Mr Wanghong Yang	Executive Chairman	Appointed in October 2021	Shandong Gold nominee
Mr Zhaoya Wang	Executive Director	Appointed in November 2017	Shandong Gold nominee
Mr Lingquan Kong	Executive Director	Appointed in January 2021	Shandong Gold nominee
Mr Gerry Fahey	Non-executive Director	Appointed in April 2011	Independent director
Mr Richard O'Shannassy	Non-executive Director (independent)	Appointed in November 2021	Independent director

A biography of each of the Focus Directors is set out below.

**Mr Wanghong Yang (Executive Chairman)** - Mr Yang was an executive Director and interim CEO of Focus from July 2013 to December 2017. Following his retirement from Focus, Mr Yang was appointed Vice President Business Development Unit of Shandong Gold Group Co., Ltd. He was reappointed to the Focus Board in October 2021. Mr Yang has a Bachelor's of Accounting from Renmin University of China and a Master's degree in Applied Finance from Macquarie University.

**Mr Zhaoya Wang (Executive Director)** - Mr Wang is a mining engineer who began his career at Shandong Gold in 1994. He has held various management positions in three of Shandong Gold's mine sites. He has a Master of Project Management from the Science and Technology University of

<sup>38</sup> Focus 2020 Annual Report & ASX announcements – 'Resource Update for Big Blow and Happy Jack Deposits' dated 21 May 2021, 'Updated Laverton Stage 1 Open Pit PFS Progressive Results' dated 16 April 2021, 'Resource Update for Coolgardie's Alicia Gold Deposit' dated 20 July 2021, 'Beasley Creek gold deposit continues to grow' dated 8 November 2021, 'CNX Mineral Resource Update' dated 24 November 2021, 'Maiden 45,600oz Mineral Resource for Green Light' dated 6 December 2021 and 'Lancefield Far North Maiden Mineral Resource' dated 18 January 2022

<sup>39</sup> Focus ASX Announcement titled 'Plan to Resume Gold Mining at Coolgardie' dated 3 December 2021

<sup>40</sup> Focus ASX Announcement titled 'Focus Raises \$25.50 million in Entitlement Offer' dated 30 December 2021

Shandong and a Bachelor of Mining from the Inner Mongolia University of Science and Technology in China.

**Mr Lingquan Kong (Executive Director)** - Mr Kong joined Focus in September 2019 as Focus' Principal Mining Engineer. Prior to joining Focus, Mr Kong spent five years as a director and general manager at Vatukoula Gold Mines in Fiji, focusing on long-term mine planning, production management, cost assessment and stakeholder relations. During his time at Focus, he has been pivotal in managing the pre-feasibility studies for Coolgardie and Laverton, including mine planning and engineering.

**Mr Gerry Fahey (Independent Non-Executive Director)** - Mr Fahey is a geologist with over 40 years' experience. He was Chief Geologist for Delta Gold between 1992-2002, where he gained extensive resource, mine development and feasibility study experience on projects including Kanowna Belle, Sunrise and Wallaby in Australia and Ngezi Platinum in Zimbabwe. Mr Fahey began his career as a mine geologist in the Irish base-metals industry on projects such as Tynagh, Avoca, and Tara Mines (Navan) owned by Noranda and later Outokumpu. On migrating to Australia in 1988, he gained further operational experience in Western Australia and the Northern Territory (Whim Creek and Dominion Mining), prior to joining Delta Gold. He formed FinOre Mining Consultants in 2005, which merged with CSA in 2006. Mr Fahey is currently Principal Mine Geologist at CSA Global and formerly a director of CSA Global and member of the Joint Ore Reserve Committee (JORC). He is also a non-executive director on the board of Prospect Resources Limited (appointed July 2013, ongoing).

**Richard O'Shannassy (Independent Non-Executive Director)** - Mr O'Shannassy has more than 35 years' experience as a commercial lawyer. He served on mining industry committees over a number of years and is a member of the Energy & Resources Law Association. Mr O'Shannassy was general counsel and company secretary at Hardman Resources Ltd and a non-executive director of Avenirra (formerly Minemakers) for eight years. He obtained his Bachelor of Laws (Honours) and Bachelor of Jurisprudence from the University of Western Australia. Mr O'Shannassy established his own legal practice in 1992.

### 6.3 Principal activities

The principal activities of Focus are gold exploration and development in Western Australia.

#### (a) Coolgardie Gold Project

*Project Status: Exploration and development*

The Coolgardie Gold Project covers 138km<sup>2</sup> of highly prospective tenements on the outskirts of the Coolgardie township in the Goldfields region. The project includes the Tindals Mining Centre and the Three Mile Hill mill, a 1.4Mtpa processing plant that is on care and maintenance<sup>41</sup>. The centre comprises a large underground operation that has delivered a gold endowment of approximately 2,500 ounces per vertical metre.

During 2020, the Focus team delivered outstanding results from the Pre-Feasibility Study (**PFS**) for Coolgardie, which relied only on resources from the Greenfields, Brilliant and Bonnie Vale deposits. The PFS demonstrated the robustness of Coolgardie. Focus continues to explore and assess other deposits within the precinct, with an ambition to extend the Mineral Resource and therefore the mine life and improve the project economics<sup>42</sup>.

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<sup>41</sup> Focus ASX announcement 'Coolgardie Gold Project Update' dated 23 September 2021

<sup>42</sup> Focus ASX Announcement titled 'Annual Report to Shareholders' dated 31 March 2021

Following the positive outcome of this PFS, Focus developed a resumption plan targeted at recommencing operations at Coolgardie in 2022. Focus' Resumption Plan contemplated a number of actions which have now been completed, including a US\$10m loan facility from a related entity of Shandong Gold and the Entitlement Offer, which successfully raised \$25.50m as announced on 30 December 2021.

As at the date of this Target's Statement, Focus maintains 422koz of gold Ore Reserves and 2,547koz of gold Mineral Resources at Coolgardie<sup>43</sup>.

## **(b) Laverton Gold Project**

*Project Status: Exploration and development*

The Laverton Gold Project covers 362km<sup>2</sup> of highly prospective tenements, including the historic Lancefield and Chatterbox Trend mines, on the outskirts of the Laverton township in the Goldfields region. Focus' strategy is to identify sufficient open pit Mineral Resources across the Laverton tenement package to refine its Stage 1 open pit PFS completed in April 2021<sup>44</sup>.

As part of the 2011 takeover of Crescent Gold, Focus acquired the 1.45Mtpa Barnicoat plant that sits central to the majority of the Laverton operations. Barnicoat was refurbished in 2008 and has been kept on care and maintenance. Focus has undertaken a number of scoping studies to assess the opportunities for recommissioning and or expanding the mill.

In April 2021, Focus released the progressive results of its Stage 1 Laverton PFS. The assessment delivered positive economic value and a resultant Stage 1 Ore Reserve Statement. Ongoing drilling has been completed across the Laverton deposits and prospects for resource and exploration purposes. As at the date of this Target's Statement, Focus maintains 546koz of gold Ore Reserves and 3,688koz of gold Ore Resources at Laverton<sup>45</sup>.

## **6.4 Financial information**

Focus' last published audited financial statements are for the financial year ended 31 December 2020. Further details of Focus' operational, financial and exploration activities for the subsequent period are provided in Focus' quarterly and half year reports lodged with ASX on:

- 28 January 2022 (for the quarter ending 31 December 2021);
- 29 October 2021 (for the quarter ending 30 September 2021);
- 13 September 2021 (for the half year ended 30 June 2021);
- 30 July 2021 (for the quarter ending 30 June 2021); and
- 29 April 2021 (for the quarter ending 31 March 2021).

All announcements made by the Company are available from the 'Investors' section of the Company's website at <http://www.focusminerals.com.au/investors/news-announcements/> or ASX's website [www.asx.com.au](http://www.asx.com.au).

## **6.5 Key risks faced by Focus**

Set out below is a summary of the key risks to which Focus Shareholders will continue to be exposed if they reject the Offer and retain their current investment in Focus Shares. The risks identified in this Section are not an exhaustive list of all of the risks relevant to Focus.

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<sup>43</sup> Focus 2020 Annual Report & ASX announcements – 'Resource Update for Big Blow and Happy Jack Deposits' dated 21 May 2021, 'Resource Update for Coolgardie's Alicia Gold Deposit' dated 20 July 2021, 'CNX Mineral Resource Update' dated 24 November 2021, and 'Maiden 45,600oz Mineral Resource for Green Light' dated 6 December 2021

<sup>44</sup> Focus ASX Announcement titled 'Exploration Update – Laverton Gold Project' dated 29 October 2021

<sup>45</sup> Focus 2020 Annual Report & ASX announcements – 'Updated Laverton Stage 1 Open Pit PFS Progressive Results' dated 16 April 2021, 'Beasley Creek gold deposit continues to grow' dated 8 November 2021 and 'Lancefield Far North Maiden Mineral Resource' dated 18 January 2022

**(a) Overview**

Focus Shares should be regarded as speculative due to the inherent risks associated with the Company's activities as a gold exploration and development company. The value of Focus Shares on the ASX may rise or fall depending on a range of factors beyond the control of the Company. No assurances or guarantees are given as to Focus' future performance, profitability, payment of dividends, return on capital or the price at which Shares will trade on ASX.

**(b) Future Capital Needs and Additional Funding for the Project**

The funds raised by the Entitlement Offer will primarily be used to continue work programs for the proposed resumption of mining operations at the Coolgardie Gold Project. The proceeds of the Entitlement Offer may not be sufficient to complete all necessary development activities associated with that proposed resumption of mining operations and further funding may be required.

The future capital needs of the Company to continue development and exploration beyond the currently anticipated expenditure may be greater than the proceeds of the Entitlement Offer and other funds available to the Company.

The Company's ability to raise further capital (equity or debt) within an acceptable time, of a sufficient amount and on terms acceptable to the Company will vary according to a number of factors including the prospectivity of tenements (existing and future), the results of exploration, further feasibility studies, development and mining, stock market and industry conditions and the price of relevant commodities and exchange rates.

No assurance can be given that future funding will be available to the Company on favourable terms (or at all). If adequate funds are not available on acceptable terms the Company may not be able to further explore or develop its projects and it may impact on the Company's ability to continue as a going concern.

In addition, there is a risk that the interest of Focus Shareholders will be diluted as a result of future capital raisings that may be required in order to fund working capital and development requirements of the Company.

**(c) Shandong Gold as a controlling shareholder**

The Company's largest shareholder, Shandong Gold, currently holds 63.18% of Focus Shares. As such, Shandong Gold has effective control over the Company. Shandong Gold's interests may not always be aligned with the interests of the Company's other shareholders. There is also a risk that Shandong Gold may seek to make changes to the business and operating policies of Focus. However, the Company's shareholders will continue to have the benefit of protections provided by applicable laws and ASX Listing Rules, which require Directors to prefer the interests of investors to their own and for transactions with related parties to be on arm's length terms or otherwise approved by non-associated Shareholders. In addition, while there may be benefits expected from Shandong Gold's participation in the Entitlement Offer, in the future, the presence of Shandong Gold as a large shareholder may make it more challenging for the Company to attract new investors or raise equity capital.

**(d) Related Party Loans**

The Company has a \$20 million unsecured debt owed to Shandong Gold Group Co. Limited (a related entity of the Company's largest shareholder, Shandong Gold) under the 2020 Shandong Gold Loan Facility. This loan (together with accrued and unpaid interest, if any) is repayable no later than October 2023, unless early repayment is required as a result of an event of default.

As announced on 3 December 2021, the Company has also entered into the 2021 Shandong Gold Loan Facility. As at the date of this Target's Statement, no amounts have been drawn down under this facility. Any amounts drawn down are repayable no later than three years after draw down, unless early repayment is required as a result of an event of default.

To the extent that amounts advanced under these loans become repayable, there is no guarantee that the relevant lenders will agree to refinance those loans, or that the Company will have sufficient funds, or the capacity to raise sufficient funds to repay those amounts when due and payable. If the Company is not able to refinance or repay these loans when they are due and payable, this will affect the position of the Company going forward as it may be forced to sell assets on unattractive terms or proceed to administration, insolvency or winding up.

**(e) Impact on fluctuations in foreign exchange rates on net assets**

The 2021 Shandong Gold Loan Facility is denominated in United States dollars. The Company does not have any foreign exchange hedging. Therefore, the Company's balance sheet and net asset position may be negatively impacted if the Australian dollar weakens compared to the US dollar. Conversely, the Company's balance sheet position and net asset position may be positively impacted if the Australian dollar strengthens compared to the US dollar.

**(f) Lack of liquidity**

The liquidity of Focus Shares is low. This may cause significant volatility in the market price of Focus Shares and impact the value Shareholders are able to realise for their Shares if they seek to sell their Focus Shares on the ASX.

**(g) Exploration and Development Risks**

The business of mineral exploration, project development and production, by its nature, contains elements of significant risk with no guarantee of success. The tenements of the Company are at various stages of exploration and development.

Ultimate and continuous success of these activities is dependent on, among other things:

- the discovery or acquisition of economically recoverable Ore Reserves;
- access to adequate capital for project development;
- design and construction of efficient development and production infrastructure within capital expenditure budgets;
- securing and maintaining title to mineral interests;
- obtaining consents and approvals necessary for the conduct of mineral exploration, development and production; and
- access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

Whether or not income will result from projects undergoing exploration and development programs depends on successful exploration and the establishment of production facilities. There is no assurance that any exploration on current or future interests will result in the discovery of an economic mineral deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically developed.

**(h) Mining Approvals**

Focus' mining operations are currently on care and maintenance. However, prior to commencement of any future mining operations, the Company will be required to ensure it obtains

all relevant approvals. Where Focus is required to obtain additional approvals, there can be no assurance that those approvals will be received or that the condition on which those approvals are given are not overly onerous. The effect of these factors cannot be accurately predicted and conditions imposed on approvals may impede the operation or development of a project or even render it uneconomic.

**(i) Coolgardie 2020 PFS and Other Studies**

As part of the implementation of the Company's plans to resume mining operations at the Coolgardie Gold Project, the Company is proposing to undertake a number of assessments to update the Coolgardie 2020 PFS. This will involve re-testing and reconsidering the assumptions on which the Coolgardie 2020 PFS was based. There is no guarantee that the further work to be undertaken by the Company will result in an improvement in the economic feasibility of the Coolgardie Gold Project. There is no guarantee that an updated pre-feasibility study in relation to the Coolgardie Gold Project will justify the resumption of mining operations at the Coolgardie gold project in the manner contemplated by the Coolgardie 2020 PFS, or at all.

Similarly, to the extent that the Company undertakes further assessments in relation to its other projects, there is no guarantee that any such further work will demonstrate the economic feasibility of those projects or improve the economic feasibility of those projects.

**(j) Mineral Resource and Ore Reserve Estimates**

Mineral Resource and Ore Reserve estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates that were valid when made may change when new information or techniques become available. In addition, resource and reserve estimates are necessarily imprecise, prone to variability and depend to some extent on interpretations, which may prove to be inaccurate. Even if the Company identifies a resource or reserve, actual Ore Reserves and Mineral Resources (including grade and quantity) may differ from those estimated at an earlier time which may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

**(k) Exploration and Mining Risk**

The business of mineral exploration and mining involves inherent risks and hazards. For example, in an exploration context no assurance can be given that ore bodies will be detected with preferred or desirable tonnages or grades. High risk and substantial expense can be incurred without the requisite or expected degree of reward.

Even if commercial quantities of gold ore are discovered, unforeseen risks can arise in the development and production phase including the development of appropriate metallurgical processes, the receipt of necessary governmental permits, access to permits and the construction of mining and processing facilities, environmental hazards, industrial accidents, labour disruption, the unavailability of materials and equipment, unusual or unexpected geological formation, pit failures, changes in the regulatory environment and weather conditions. Such occurrences could result in damage to, or destruction of, mineral properties or production facilities, personal injury or death, environmental damage, delays in mining, monetary losses and possible legal liability.

**(l) Ability to Exploit Successful Discoveries**

It may not always be possible for the Company to participate in the exploitation of successful discoveries made in areas in which the Company has an interest. Such exploitation will involve the need to obtain the necessary licences or clearances from the relevant authorities, which may require conditions to be satisfied and/or the exercise of discretions by such authorities. It may or

may not be possible for such conditions to be satisfied. The infrastructure requirements around a successful discovery may also impact on the exploitation of a discovery.

Further, the decision to proceed to further exploitation may require the participation of other companies whose interests and objectives may not be the same as those of the Company. As described above, such work may require the Company to meet or commit to financing obligations for which it may not have planned.

**(m) Title and Tenure Risk**

The Company holds an interest in various mining tenements. Title to these tenements is subject to the Company, as tenement holder, complying with the terms and conditions of each tenement, including the minimum annual expenditure commitments and otherwise complying the other laws relating to the Company's right to hold those interests in land. There is a risk that if the Company does not comply with the terms and conditions of each tenement, or other legal requirements, it may lose its interest in the relevant tenement.

The Company has implemented appropriate policies and practices to mitigate the risk of not complying with the terms and conditions attaching to each of its tenements.

The Company's tenements, and other tenements in which the Company may acquire an interest, will be subject to renewal, which is usually at the discretion of the relevant authority. If a tenement is not renewed then the Company may lose the opportunity to discover mineralisation and develop that tenement.

The Company cannot guarantee that any tenements in which it has an interest will be renewed beyond their current expiry date.

**(n) Environmental Risk**

The Company's activities are subject to the environmental risks inherent in the mining industry. The Company is subject to environmental laws and regulations in connection with operations it may pursue in the mining industry. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws. However, the Company may be the subject of accidents or unforeseen circumstances that could subject the Company to extensive liability.

Further, the Company may require approval from the relevant authorities before it can undertake activities likely to impact the environment. Failure to obtain such approvals will prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations that may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

**(o) Insurance**

Insurance against all risks associated with mineral exploration is not always available or affordable. The Company will maintain insurance where it is considered appropriate for its needs however it will not be insured against all risks either because appropriate cover is not available or because the Directors consider the required premiums to be excessive having regard to the benefits that would accrue.

The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the operations of the Company.

There is no assurance that the Company will be able to maintain adequate insurance in the future at rates that it considers is reasonable.

**(p) Commodity Price Volatility**

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of gold 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 or other currencies, 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.

**(q) Joint Venture Parties, Agents and Contractors**

There is a risk of financial failure or default by a participant in any joint venture to which the Company is or may become a party, or the insolvency or managerial failure by any of the contractors used by the Company in any of its activities or the insolvency or other managerial failure by any of the other service providers used by the Company for any activity.

**(r) Competition**

The Company competes with other companies, including major mining companies in Australia. Some of these companies have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. There can be no assurance that the Company can compete effectively with these companies.

**(s) General investment risks**

The risks outlined below are some of the general risks that may affect an investment in the Company.

▪ **Securities investments and share market conditions**

There are risks associated with any securities investment. The prices at which the securities trade may fluctuate in response to a number of factors. Furthermore, the stock market, and in particular the market for exploration and mining companies may experience extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of such companies. These factors may materially adversely affect the market price of the securities of the Company regardless of the Company's operational performance. Neither the Company nor the Directors warrant the future performance of the Company, or any return of an investment in the Company.

▪ **Economic risk**

Changes in both Australia and world economic conditions may adversely affect the financial performance of the Company. Factors such as inflation, currency fluctuations, interest rates, industrial disruption and economic growth may impact on future operations and earnings.

▪ **COVID 19**

The on-going COVID-19 pandemic has not had, and is not expected to have, a material adverse effect on the Company's exploration activities and financial performance. However there have been a number of recent events associated with the COVID-19 pandemic, and the containment measures implemented in response, that collectively may affect the Company's ability to be able to undertake its exploration activities in accordance with current plans and timetables. Any increase in containment measures resulting from further waves of infections could potentially have a flow through impact on the Company's ability to be able to undertake its exploration activities, could result in delays to the Company's work program and the announcement of any results and may affect the Company's ability to be able to raise further capital in the future.

## 7. Taxation consequences

### 7.1 Introduction

This Section provides a summary of the Australian income tax, goods and services tax (**GST**) and stamp duty implications for Focus Shareholders on disposing of their Focus Offer Shares (through acceptance of the Offer) in return for scrip consideration.

This Section is relevant for Australian resident and foreign resident Focus Shareholders that hold their Focus Offer Shares on capital account. This information relates only to Focus Offer Shares, and not to other rights held over Focus Offer Shares. This Section does not consider the Australian tax consequences for Focus Shareholders:

- who hold their Focus Offer Shares as trading stock or as revenue assets;
- who hold their Focus Offer Shares as assets used in carrying on a business or as part of a profit-making undertaking or scheme;
- who acquired their Focus Offer Shares through an employee share, option or rights scheme;
- who are taken for capital gains tax purposes to have acquired their Focus Offer Shares before 20 September 1985;
- who are Australian tax residents but who hold their Focus Offer Shares as part of an enterprise carried on, at or through a permanent establishment in a foreign country;
- who are foreign resident shareholders who hold their Focus Offer Shares in carrying on a business through a permanent establishment in Australia;
- that are financial institutions, insurance companies, partnerships, tax exempt organisations, trusts (except where expressly stated), superannuation funds (except where expressly stated) or temporary residents; or
- who are subject to the taxation of financial arrangements rules in Division 230 of the *Income Tax Assessment Act 1997 (Cth)* or the investment manager regime in Division 842 of the *Income Tax Assessment Act 1997 (Cth)* in relation to gains and losses on their Focus Offer Shares.

The information in this Section is based on the Australian taxation law and practice in effect as at the date of this Target's Statement. It is not intended to be an authoritative or complete statement or analysis of the taxation laws applicable to the particular circumstances of every Focus Shareholder. Focus Shareholders should seek independent professional advice regarding the taxation consequences of accepting the Offer and disposing of their Focus Offer Shares. Focus Shareholders who are tax residents of a country other than Australia (whether or not they are also residents or temporary residents of Australia for tax purposes) should also take into account the tax consequences under the laws of their country of residence.

### 7.2 Taxation consequences of disposal of Focus Offer Shares by Australian residents

The below is a summary of the income tax consequences relevant for Australian resident Focus Shareholders who dispose of their Focus Offer Shares through acceptance of the Offer

#### (a) Focus Shareholders who accept the Offer

Focus Shareholders who accept the Offer will dispose of their Focus Offer Shares by way of transfer to TGM in exchange for TGM Shares. The disposal of Focus Offer Shares to TGM under the Offer will constitute a capital gains tax (**CGT**) event for Focus Shareholders. The CGT event will happen at the time Focus Shareholders accept the Offer.

## **(b) Calculation of capital gain or capital loss**

Subject to the availability of roll over relief discussed below, Focus Shareholders will:

- make a capital gain if the capital proceeds received on the disposal of their Focus Offer Shares are more than the cost base of those Focus Offer Shares; or
- make a capital loss if the capital proceeds received on the disposal of their Focus Offer Shares are less than the reduced cost base of those Focus Offer Shares.

The capital proceeds received by a Focus Shareholder that accepts the Offer will be equal to the market value of the TGM Shares issued in exchange for the Focus Offer Shares acquired, which should be equal to the Implied Offer Value.

Where a capital gain is made, the cost base of Focus Offer Shares in the hands of the Focus Shareholders will be broadly the sum of the original amount paid to acquire their Focus Offer Shares, any non-deductible incidental costs associated with the acquisition of the Focus Offer Shares and any non-deductible incidental costs associated with the disposal of the Focus Offer Shares to TGM, minus any return of capital received in connection with the Focus Offer Shares during the ownership of the Focus Offer Shares (if any).

Where a capital loss is made, the reduced cost base of the Focus Offer Shares is determined in a similar manner.

Focus Shareholders may be entitled to reduce any capital gain on the disposal of their Focus Offer Shares by applying the CGT discount (discussed below).

## **(c) CGT Discount**

The CGT discount should be available to Focus Shareholders who are individuals, trusts or complying superannuation funds and have held their Focus Offer Shares for at least 12 months before the time of the CGT event resulting in the disposal of the Focus Offer Shares by accepting the Offer.

Broadly, the CGT discount rules enable the Focus Shareholders to reduce their capital gain (after the application of any current year or prior year capital losses) by 50% for individuals and trusts and 33 1/3% for complying superannuation funds.

The CGT discount is not available to Focus Shareholders that are companies.

The application of the CGT discount rules to a Focus Shareholder that is a trustee of a trust is complex, particularly where distributions to beneficiaries of the trust are attributable to discounted capital gains. Focus Shareholders that are trustees of trusts should obtain specific tax advice.

## **(d) Net capital gains or losses**

If a Focus Shareholder makes a capital gain from the disposal of their Focus Offer Shares, that capital gain will be combined with any other capital gains that the Focus Shareholder has made for the income year. Any available capital losses will then be applied against the total capital gains made for the income year, following which the CGT discount (if available) is applied to any remaining discount capital gains. A resulting net capital gain will be included in the Focus Shareholder's assessable income for the income year.

A resulting net capital loss cannot be deducted against other income for income tax purposes, but may be carried forward to offset capital gains made in future income years (before taking into account the CGT discount, if available). Specific loss recoupment rules apply to companies to restrict

their ability to utilise capital losses in future years in some circumstances. Focus Shareholders should seek their own tax advice in relation to the operation of these rules.

**(e) CGT roll over relief**

Focus Shareholders who accept the Offer will receive TGM Shares. If a number of conditions are satisfied, those Focus Shareholders that make a capital gain are eligible to elect that CGT 'scrip for scrip' roll over relief applies to the extent that their Focus Offer Shares are exchanged for TGM Shares. Your Directors expect that all of the conditions to obtain roll over relief should be satisfied by the arrangement **other than** a key condition which requires that TGM becomes the owner of 80% or more of the voting shares in Focus (**80% Rule**). The reason why your Directors do not expect the 80% Rule to be satisfied is that:

- the TGM Offer only extends to the Focus Offer Shares (being those in existence before the issue of Focus Shares under the Entitlement Offer), representing 64% of the issued Focus Shares. Therefore, there is no potential for Focus to be fully acquired by TGM through the Offer in its current form;
- Shandong Gold (which holds approximately 63.18% of the Focus Shares) has publicly stated that it intends to reject TGM's unsolicited Offer in its current form; and
- as the Offer does not extend to the Focus Shares issued under the Entitlement Offer, TGM can only acquire a maximum holding of 64% in Focus (even assuming that Shandong Gold accepts the Offer, contrary to its publicly stated intention that it does not intend to accept the Offer in its current form).

As the 80% Rule cannot be satisfied (i.e. as TGM cannot acquire at least 80% of the voting shares in Focus), the roll over relief will not be available to any of the Focus Shareholders who accept the Offer. In those circumstances, accepting Focus Shareholders will be assessed to tax on any capital gain that arises, including in relation to the value of the replacement TGM Shares.

If roll over relief were available, the consequences of choosing roll over relief for the Focus Shareholders are as follows:

- any capital gain in respect of the disposal of the Focus Offer Shares will be disregarded to the extent their Focus Offer Shares are exchanged for TGM Shares; and
- the realisation of any capital gain in relation to the portion of the consideration eligible for roll over relief will be deferred until a subsequent CGT event takes place in respect of the replacement TGM Shares.

Where roll over relief is successfully claimed, the cost base of the TGM Shares acquired will be based on the relative proportion of the original cost base of the Focus Offer Shares. The cost base of the TGM Shares is increased by any non-deductible incidental costs incurred by the Focus Shareholders in respect of the transaction. The new TGM Shares that are subject to roll over relief will be taken to have been acquired on the date the Focus Shareholder acquired their original Focus Offer Shares. This is relevant to determine if the CGT discount rules apply on a future disposal of the replacement TGM Shares.

As noted above, an Focus Shareholder who chooses roll over relief will be taken to have acquired their replacement TGM Shares at the time they acquired their original Focus Offer Shares. This is relevant to determine if the CGT discount rules apply on a future disposal of the replacement TGM Shares.

A formal written choice that roll over relief applies is not required, but the choice will be evidenced by the way in which the Focus Shareholder prepares and lodges their income tax return for the relevant income year.

### 7.3 Taxation consequences of disposal of Focus Offer Shares by foreign residents

Generally, a Focus Shareholder who is a foreign resident for Australian income tax purposes and who does not carry on business in Australia at or through a permanent establishment should be exempt from CGT on the disposal of their Focus Offer Shares, unless, broadly:

- the foreign resident Focus Shareholder (together with its associates) holds 10% or more of the issued shares in Focus at the time of the CGT event resulting from the disposal of the Focus Offer Shares or for any continuous 12 month period within two years preceding the time of the CGT event (**non-portfolio interest**); and
- more than 50% of the market value of Focus is represented by direct or indirect interests in Australian real property (broadly, land situated in Australia and mining rights in respect of certain resources located in Australia) (**principal asset test**),  
(collectively, the **TAP Test**).

The Focus Board is currently of the view that the Focus Offer Shares do satisfy the TAP Test, as more than 50% of the market value of Focus is represented by direct or indirect interests in Australian real property (that is, the principal asset test limb of the TAP Test is satisfied).

Importantly, refer to detail on the Foreign resident CGT payment rules below.

Nevertheless, Focus recommends that foreign resident Focus Shareholders seek their own advice on the Australian CGT implications of a disposal of their Focus Offer Shares, particularly if they (together with their associates) hold a non-portfolio interest.

Foreign resident Focus Shareholders who are subject to CGT on the disposal of their Focus Offer Shares will not be entitled to the CGT discount in relation to that portion of the capital gain which relates to the period after 8 May 2012.

Foreign resident Focus Shareholders should note that the Australian tax consequences from the disposal of Focus Offer Shares may be affected by any double tax agreement between Australia and their country of residence. Foreign resident Focus Shareholders should obtain specific tax advice, including in their country of residence.

#### (a) CGT roll over relief

CGT roll over relief will only be relevant and available to foreign resident Focus Shareholders where both the Focus Offer Shares and the TGM Shares satisfy the TAP Test. The 80% Rule discussed above, as well as the other conditions to obtain roll over relief, will also apply to foreign resident Focus Shareholders.

### 7.4 Foreign resident CGT payment rules

In respect of certain types of transactions entered into on or after 1 July 2016, and subject to certain exceptions, bidders in an off-market takeover are required to pay an amount equal to 12.5% of the offer consideration to the ATO (broadly referred to as the foreign resident CGT payment rules).

TGM has this obligation if the Focus Offer Shares acquired from a Focus Shareholder satisfy the TAP Test and other conditions exist.

Focus currently believes that the Focus Offer Shares do satisfy the TAP Test. As such, Focus currently expects that TGM will withhold an amount from consideration payable to foreign resident Focus Shareholders. This expectation is consistent with TGM's indication at page 69 of the Bidder's

Statement, although the Bidder's Statement assumes that an appropriate declaration to this effect will be made by each of the Focus Shareholders.

Foreign resident Focus Shareholders should properly review and consider the declaration and ensure that, if possible, they make the declaration, otherwise TGM may inappropriately withhold from the consideration provided (by reducing the number of shares issued).

Foreign resident Focus Shareholders should obtain independent tax advice as to the potential implications to them of the foreign resident CGT payment rules.

#### **7.5 Stamp duty**

No Australian stamp duty will be payable by a Focus Shareholder on the transfer of their Focus Offer Shares or the acquisition of TGM Shares under the Offer.

#### **7.6 GST**

The disposal of Focus Offer Shares or acquisition of TGM Shares by a Focus Shareholder under the Offer should not be subject to GST, on the basis the respective disposal or acquisition should constitute as an input taxed financial supply, a GST-free supply or an out-of-scope supply (depending on the circumstances of the Focus Shareholder). However, Focus Shareholders may be charged GST on costs (such as brokerage and advisor fees) that relate to their participation in the Offer. Focus Shareholders may not be entitled to claim full input tax credits or reduced input tax credits for the GST included in such costs that relate to the disposal of their Focus Offer Shares or acquisition of TGM Shares. Focus Shareholders should seek independent advice in relation to the impact of GST (including the recovery of input tax credits or reduced input tax credits for GST incurred on costs) in their individual circumstances.

## 8. Additional information

### 8.1 Your Directors' interests and dealings in Focus Shares

#### (a) Interests in Focus securities

As at the date of this Target's Statement, the Focus Directors and their respective interests in Focus Shares are as shown in Section 1.1 of this Target's Statement.

#### (b) Dealings in Focus Shares

No Focus Director has disposed of a relevant interest in any Focus Shares in the four months ending on the date immediately before the date of this Target's Statement.

Other than Mr Fahey acquiring an interest in 12,820 Focus Shares under the Entitlement Offer, no Focus Director has acquired a relevant interest in Focus Shares in the four months ending on the date immediately before the date of this Target's Statement.

#### (c) Intentions in relation to the Offer

Your Directors recommend that Shareholders **REJECT** the Offer. Each of your Directors who holds Focus Offer Shares intends, for all Focus Shares held by or on behalf of them or in which they otherwise have a relevant interest, to act in accordance with their recommendation from time to time to Focus Shareholders.

### 8.2 Your Directors' interests and dealings in TGM Shares

#### (a) Interests in TGM Shares

As at the date of this Target's Statement, no Director has a relevant interest in any securities of TGM.

#### (b) Dealings in TGM Shares

No Focus Director has acquired or disposed of a relevant interest in any securities of TGM in the four months ending on the date immediately before the date of this Target's Statement.

### 8.3 Benefits and agreements

#### (a) Directorships

As at the date of this Target's Statement, no Director of Focus is a director of TGM.

#### (b) Benefits in connection with retirement from office

As a result of the Offer, no person has been or will be given any benefit (other than a benefit which can be given without member approval under the Corporations Act) in connection with the retirement of that person, or someone else, from a board or managerial office of Focus.

#### (c) Agreements connected with or conditional on the Offer

There are no agreements made between any Director and any other person in connection with, or conditional on, the outcome of the Offer other than in their capacity as a holder of Focus Shares.

**(d) Benefits from TGM**

No Director has agreed to receive, or is entitled to receive, any benefit from TGM which is conditional on, or is related to, the Offer, other than in their capacity as a holder of Focus securities as outlined in Section 8.1(a) of this Target's Statement.

**(e) Material interests of Directors in contracts with TGM**

No Director has any interest in any contract entered into by TGM.

**8.4 Material litigation**

Your Directors do not believe that Focus is currently involved in any litigation or dispute that is material in the context of Focus and the Focus Group taken as a whole.

**8.5 Issued capital**

As at the date of this Target's Statement, Focus' issued capital comprises 286,558,645 Focus Shares.

**8.6 Substantial holders**

As at the date of this Target's Statement, the following persons held an interest in Focus Shares of more than 5% as disclosed in substantial holding notices provided to the ASX:

Name	Number of Focus Shares	Percentage of Focus Shares
Shandong Gold	181,39,908	63.18%
Neil S. Subin, Estate of Lloyd I. Miller and related entities	15,451,009	8.45% (diluting to 5.39% following the Entitlement Offer)

**8.7 ASX announcements**

Focus is a *disclosing entity* under the Corporations Act and therefore has continuous disclosure obligations under that legislation and also under the ASX Listing Rules. Focus is required to immediately disclose to the market through ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of Focus Shares.

Focus is in compliance with its continuous disclosure obligations under the Corporations Act and the ASX Listing Rules. Focus' announcements are available free of charge from the ASX website at [www.asx.com.au](http://www.asx.com.au) (ASX code: FML).

The most recent audited financial information regarding Focus is set out in the financial statements of Focus for the year ended 31 December 2020 announced to the ASX on 31 March 2021.

Copies of these documents are also available free of charge from Focus on request and on Focus' website at [www.focusminerals.com.au](http://www.focusminerals.com.au).

**8.8 Takeover response costs**

The Offer will result in Focus incurring expenses that would not otherwise have arisen in 2021 and 2022. These include legal, financial and other expenses from advisers engaged by Focus to assist in responding to the Offer. The total cost of the takeover response depends on the outcome of the Offer, the duration of the Offer and required response activities, as well as the complexity of the

issues addressed in the response. Therefore, it is difficult to estimate the likely total cost to Focus. The total defence costs may also incorporate amounts Focus reimburses any Director for his or her own advisory costs that the Director may reasonably incur during the Offer Period in relation to the Offer. The Directors have a statutory right to recover such expenses from Focus<sup>46</sup>. These total defence costs will be reflected in Focus' future cash flow statements, and the financial results for the financial year ending 31 December 2022.

## **8.9 Consents**

Azure Capital Pty Ltd has consented to being named in this Target's Statement as the financial adviser to Focus and has not withdrawn that consent at the date of this Target's Statement.

MinterEllison has consented to being named in this Target's Statement as the legal adviser to Focus and has not withdrawn that consent at the date of this Target's Statement.

Computershare Investor Services Pty Ltd has consented to being named in this Target's Statement as Focus' share registry and has not withdrawn that consent at the date of this Target's Statement.

Shandong Gold has consented to the inclusion in this Target's Statement in the form and context in which they are included, statements to the effect that Shandong Gold does not intend to accept the Offer in its current form in respect of the Focus Shares that it owns or controls.

Each person named or referred to in this Section 8.9 of this Target's Statement as having given its consent to the inclusion of a statement or to being named in this Target's Statement:

- has not authorised or caused the issue of this Target's Statement;
- does not make, or purport to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based other than a statement included in this Target's Statement with the consent of that person; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Target's Statement, other than a reference to its name and, in the case of a person referred to above as having given their consent to the inclusion of a statement, any statement or report which has been included in this Target's Statement with the consent of that party.

## **8.10 Reliance on ASIC class orders**

As permitted by ASIC Class Order 13/521, this Target's Statement contains statements which are made, or based on statements made, in documents lodged with ASIC or given to the ASX. In accordance with this class order, the consent of TGM or the ASX (respectively) is not required for the inclusion of such statements in this Target's Statement. Any Focus Shareholder who would like to receive a copy of any of those documents may obtain a copy (free of charge) during the Offer Period by contacting Focus.

As permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this Target's Statement may include or be accompanied by certain statements:

- which fairly represent what purports to be a statement by an official person;
- which are a correct and fair copy of, or an extract from, a public official document; or
- which are a correct and fair copy of, or an extract from, a statement which has already been published in a book, journal or comparable publication.

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<sup>46</sup>Corporations Act, Section 642(1)

In addition, as permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this Target's Statement contains share price trading and financial data sourced from S&P Capital IQ, without their consent.

#### **8.11 ASIC declaration and ASX waivers**

As announced to the ASX on 20 January 2022, ASIC granted Focus relief from the requirements of Section 648C of the Corporations Act to allow Focus to:

- deliver this Target's Statement by electronic mail to those Focus Shareholders who have nominated to receive notices by electronic mail; and
- send a letter or postcard, instead of the full Target's Statement, to other Focus Shareholders notifying them that they can access the Target's Statement on Focus' website and the ASX.

Focus has not obtained any ASX waivers.

#### **8.12 No other material information**

This Target's Statement is required to include all the information that Focus Shareholders and their professional advisers would reasonably require to make an informed assessment whether or not to accept the Offer but:

- only to the extent to which it is reasonable for investors and their professional advisers to expect to find this information in the Target's Statement; and
- only if the information is known to any of your Directors.

Your Directors are of the opinion that the only information that Focus Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer is:

- the information contained in the Bidder's Statement (to the extent that the information is not inconsistent or superseded by information in this Target's Statement);
- the information contained in releases by Focus to the ASX before the date of this Target's Statement; and
- the information contained in this Target's Statement.

Your Directors have assumed, for the purposes of preparing this Target's Statement, that the information in the Bidder's Statement is accurate (unless expressly indicated otherwise in this Target's Statement). However, your Directors do not take any responsibility for the content of the Bidder's Statement and is not to be taken as endorsing, in any way, any or all statements contained therein.

In deciding what information should be included in this Target's Statement, your Directors have had regard to:

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

### 8.13 Approval of Target's Statement

This Target's Statement has been approved by a resolution passed unanimously by your Directors.

Signed for and on behalf of Focus Minerals Limited by:

A handwritten signature in black ink, consisting of a horizontal line with a vertical stroke intersecting it near the center, and a small loop at the end of the horizontal line.

Wanghong Yang  
Executive Chairman  
Date: 28 January 2022

## 9. Glossary & interpretation

### 9.1 Glossary

Term	Meaning
<b>Announcement Date</b>	9 December 2021
<b>ASIC</b>	the Australian Securities and Investments Commission
<b>associate</b>	has the same meaning as given to that term for the purposes of Chapter 6 of the Corporations Act (as modified by ASIC from time to time) as if Section 12(1) of that Act included a reference to this Target's Statement and Focus was the designated body
<b>ASX</b>	ASX Limited ABN 98 008 624 691 or, where the context otherwise requires, the financial market operated by it known as the Australian Securities Exchange
<b>ASX Listing Rules</b>	the listing rules of ASX, as amended or replaced
<b>AUD or A\$</b>	Australian dollars
<b>Bidder's Statement</b>	TGM's replacement bidder's statement dated 4 January 2022, setting out the terms, conditions and other information in relation to the Offer (as supplemented by TGM's second supplementary Bidder's Statement dated 18 January 2022 and as further supplemented from time to time)
<b>CGT</b>	capital gains tax
<b>Conditions</b>	each defeating condition to which the Offer is subject, as set out in Appendix 2 of the Bidder's Statement
<b>Coolgardie 2020 PFS</b>	the pre-feasibility study in relation to Focus' Coolgardie gold project released to the ASX on 22 September 2020
<b>Corporations Act</b>	the Corporations Act 2001 (Cth)
<b>Director</b>	a director of Focus
<b>FY</b>	financial year, which for Focus is the year ending 31 December
<b>GST</b>	goods and services tax
<b>Focus</b>	Focus Minerals Limited ACN 005 470 799
<b>Focus Board or Board</b>	the board of directors of Focus
<b>Focus Group or Group</b>	Focus and each of its subsidiaries
<b>Focus Offer Shares</b>	the Focus Shares on issue as at 21 December 2021, being the 182,748,565 Focus Shares on issue prior to the issue of new Focus Shares under the Entitlement Offer
<b>Focus Share or Share</b>	a fully paid ordinary share in the capital of Focus
<b>Focus Shareholder or Shareholder</b>	a holder of Focus Shares

<b>Implied Offer Value or the implied value of the Offer</b>	the implied value of the Offer. As at the last practicable date for finalising this Target's Statement, the Implied Offer Value is \$0.33 for each Focus Offer Share, based on the closing price of TGM Shares of \$0.1650 on 27 January 2022
<b>Ineligible Foreign Shareholder</b>	has the meaning given in the third row of the table in Section 5.1
<b>JORC Code</b>	means the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 edition
<b>Mineral Resource</b>	has the meaning given in the JORC Code
<b>Offer</b>	the off-market takeover bid by TGM for all Focus Offer Shares as described in the Bidder's Statement
<b>Offer Consideration</b>	2 TGM Shares for every Focus Offer Share you hold
<b>Offer Period</b>	the period during which the Offer will remain open for acceptance in accordance with clause 3 of Appendix 1 of the Bidder's Statement
<b>Ore Reserve</b>	has the meaning given in the JORC Code
<b>Public Authority</b>	has the meaning given to that term in the Bidder's Statement
<b>Register Date</b>	the date set by TGM under section 633(2) of the Corporations Act, being 21 December 2021
<b>relevant interest</b>	has the meaning given in sections 608 and 609 of the Corporations Act
<b>Rights</b>	all accreditations, rights or benefits of whatever kind attaching to or arising from Focus Offer Shares directly or indirectly at or after the Announcement Date (including, but not limited to, all dividends, distributions and all rights to receive them or rights to receive or subscribe for shares, notes, bonds, options or other securities declared, paid or issued by the Focus Group after that date) but excluding any franking credits attached to a dividend or other distribution
<b>Target's Statement</b>	this document, being the statement of Focus under Part 6.5 of the Corporations Act in response to the Offer
<b>TAP Test</b>	as defined in Section 7.3 of this Target's Statement
<b>TGM (or the Bidder)</b>	Theta Gold Mines Limited ACN 131 758 177
<b>TGM Shares</b>	ordinary shares in the capital of TGM
<b>voting power</b>	has the meaning given in section 610 of the Corporations Act
<b>VWAP</b>	volume weighted average price

## 9.2 Interpretation

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

- the singular includes the plural and vice versa and words importing one gender include other genders;
- terms defined in the Corporations Act as at the date of this Target's Statement have the meanings given to them in the Corporations Act at that date;
- a reference to dollars, A\$, AUD, \$ and cents is a reference to Australian currency;
- a reference to US\$ is a reference to United States currency;
- a reference to a statute of any parliament or any section, provision or schedule of a statute of any parliament includes a reference to any statutory amendment, variation or consolidation of the

statute, section, provision or schedule and includes all statutory instruments issued under the statute, section, provision or schedule;

- a reference to a person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;
- a reference to a Section is a reference to a section of this Target's Statement;
- a reference to time is a reference to Sydney time; and
- headings and bold type are used for reference only and you should read the surrounding disclosures in full.

# Corporate Directory

## **Directors**

Mr Wanghong Yang (Executive Chairman)  
Mr Zhaoya Wang  
Mr Lingquan Kong  
Mr Gerry Fahey  
Mr Richard O'Shannassy

## **Financial Adviser**

Azure Capital  
Level 46, 108 St Georges Terrace  
Perth WA 6000, Australia

## **Registered office**

Level 2, 159 Adelaide Terrace  
East Perth WA 6004

## **Legal adviser**

MinterEllison  
Level 4, 77 St Georges Terrace  
Perth WA 6000

## **Share registry**

Computershare Investor Services Pty Limited  
Level 11, 172 St Georges Terrace  
Perth WA 6000