



Market Announcement

3 December 2021

ASX Market Announcements
ASX Limited

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Focus Minerals Limited ACN 005 470 799 (ASX Code: FML)

Notice under section 708AA(2)(f) of the Corporations Act 2001 (Cth)

This notice is given by Focus Minerals Limited ACN 005 470 799 (**Company**) under section 708AA(2)(f) of the *Corporations Act 2001* (Cth) (**Corporations Act**) as modified by the Australian Securities and Investments Commission Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73 (collectively, **ASIC Instrument**). Where applicable, references in this notice to sections of the Corporations Act are to those sections as modified by the ASIC Instrument.

The Company today announced a non-renounceable, pro-rata entitlement offer of 182,748,565 new ordinary shares in the Company (**New Shares**) to raise up to A\$45,687,141.25 (before costs) (**Entitlement Offer**).

Under the Entitlement Offer, eligible shareholders of the Company will be entitled to subscribe for 1 New Share for every 1 ordinary shares they hold in the Company as at 4.00 pm (Perth, Australia time) on the record date, being Wednesday, 8 December 2021 (**Record Date**) (**Entitlement**)¹. Each New Share will be issued at an issue price of A\$0.25.

Subject to the *Corporations Act 2001* (Cth), the requirements of the ASX listing rules (**ASX Listing Rules**) and any other applicable laws, a top up facility (**Top Up Offer**) will be made available to eligible shareholders to subscribe for New Shares in excess of their Entitlement (**Additional New Shares**). The issue of Additional New Shares under the Top Up Offer will be dependent on there being a shortfall in the take up of Entitlements.

Eligible shareholders that take up their Entitlement in full and subscribe for Additional New Shares under the Top Up Offer will be allocated that number of Additional New Shares that the eligible shareholder applies for, provided that if there are over subscriptions for Additional New Shares, the Company will scale back applications for Additional New Shares so that eligible shareholders will receive Additional New Shares on a pro-rata basis according to an eligible shareholder's underlying

¹ Fractional Entitlements will be rounded down to the nearest whole number. However, as the Entitlement Offer is on a 1 for 1 basis, there will be no fractional Entitlements.

shareholding at the Record Date², and provided that no Additional New Shares will be issued to an eligible shareholder to the extent that Directors consider (acting reasonably) that the issue of Additional New Shares would be likely to result in a breach of the Company's constitution, the ASX Listing Rules, the Corporations Act or other laws.

To the extent that there remains any shortfall of New Shares not taken up by Eligible shareholders including after the application of the Top Up Offer (**Residual Shortfall**), the Directors of the Company reserve the right to issue all or any of the New Shares comprising the Residual Shortfall (**Residual Shortfall Shares**) at their discretion.

The Company's largest shareholder, Shandong Gold International Mining Corporation Limited (a company incorporated in Hong Kong) (**Shandong Gold**), has committed to subscribe for its full Entitlement, to the extent it is not prohibited by law from doing so. However, Shandong Gold may not participate in the Top Up Offer and will not be issued any Residual Shortfall Shares.

The New Shares will be offered for issue without disclosure to investors under Part 6D.2 of the Corporations Act. Further details regarding the Entitlement Offer are set out in the announcement accompanying this notice and also in the offer booklet that will be lodged with the ASX today and dispatched to eligible shareholders on or about Friday, 10 December 2021.

For the purposes of section 708AA(7) Corporations Act (as modified by the ASIC Instrument), the Company advises:

- (a) as at the date of this notice, the Company has complied with:
 - (i) the provisions of Chapter 2M of the Corporations Act as they apply to the Company; and
 - (ii) section 674 of the Corporations Act as it applies to the Company;
- (b) as at the date of this notice, there is no excluded information of the type referred to in section 708AA(8) and 708AA(9) of the Corporations Act; and
- (c) the potential effect (and consequences of the potential effect) that the Entitlement Offer and the issue of New Shares will have on the control of the Company will depend on a number of factors, including eligible shareholders' interest in taking up their Entitlements, and is summarised as follows:
 - (i) if all eligible shareholders take up their Entitlement, the issue of New Shares under the Entitlement Offer will have no effect on the control of the Company and all shareholders will hold the same percentage interest in the Company, subject only to changes resulting from non-eligible foreign shareholders being unable to participate in the Entitlement Offer;
 - (ii) in the more likely event that all eligible shareholders do not take up their Entitlement, eligible Shareholders that do not subscribe for their full Entitlement and non-eligible foreign shareholders unable to participate in the Entitlement Offer will be diluted relative to those shareholders that subscribe for some or all of their Entitlement;
 - (iii) if there is any shortfall in eligible shareholders taking up their Entitlements in full, eligible shareholders that have applied for their full Entitlement (other than those that are not permitted by law from doing so, including Shandong Gold) may apply to top-

² Any fractions of Additional New Shares arising from the application of this scale back being rounded down to the nearest whole Additional New Share.

up their Shareholding, by subscribing for Additional New Shares to be issued in accordance with the allocation policy above;

- (iv) shareholders should note that if they do not participate in the Entitlement Offer their holdings are likely to be diluted by at least approximately 33% (assuming that Shandong Gold fully participates in the Entitlement Offer as it has committed to do) and up to approximately 50%, in both cases, as compared to their holdings and number of Shares on issue as at the Record Date. The amount of dilution will depend on the number of New Shares that are issued under the Entitlement Offer, the Top Up Offer or subsequently issues by the Company;
- (v) examples of how the dilution may impact shareholders are set out in the table below on the assumptions set out in notes 1 and 2 below (as applicable).

Theoretical Shareholder	Holding at Record Date	Voting Power at Record Date	Entitlement	Holding if Entitlement Offer not taken up	Voting Power post Entitlement Offer ¹	Voting Power post Entitlement Offer ²
Shareholder 1	10,000,000	5.47%	10,000,000	10,000,000	3.66%	2.74%
Shareholder 2	5,000,000	2.74%	5,000,000	5,000,000	1.83%	1.37%
Shareholder 3	1,000,000	0.55%	1,000,000	1,000,000	0.37%	0.27%
Shareholder 4	100,000	0.05%	100,000	100,000	0.04%	0.03%

- The dilutionary effect shown in this column of the table assumes that the only New Shares issued are those that Shandong Gold has committed to subscribe for, being 90,519,954 New Shares, and no other Entitlements are taken up by other shareholders pursuant to the Entitlement Offer, the Top Up Offer, or placed by the Company as Residual Shortfall Shares.*
- The dilutionary effect shown in this column of the table is the maximum percentage on the assumption that all Entitlements (including those not taken up by the shareholder) are taken up by other shareholders pursuant to the Entitlement Offer, the Top Up Offer, or placed by the Company as Residual Shortfall Shares.*

- (i) as Shandong Gold has committed to subscribe for its full Entitlement, and is not entitled to participate in the Top Up Offer or be issued any Residual Shortfall Shares, the maximum increase in voting power of Shandong Gold through subscribing for its full Entitlement is from its current voting power of 49.53% to 66.25%.

The Company provides the following comparison of the voting power of Shandong Gold under following scenarios:

- Scenario 1** – Shandong Gold fully subscribes for its Entitlement and there is no Residual Shortfall;
- Scenario 2** – Shandong Gold fully subscribes for its Entitlement, there is a Residual Shortfall of 25% (representing approximately 50% of those

Entitlements not held by Shandong Gold), and none of that Residual Shortfall is placed with third parties;

- (C) **Scenario 3** – Shandong Gold fully subscribes for its Entitlement, the Entitlement Offer is otherwise nil subscribed, and none of that Residual Shortfall is placed with third parties.

Substantial Holder	Voting Power Record Date (%)	Voting Power Scenario 1 (%)	Voting Power Scenario 2 (%)	Voting Power Scenario 3 (%)
Shandong Gold and its associates	49.53%	49.53%	56.61%	66.25%

- (ii) by virtue of its current 49.53% shareholding, Shandong Gold has effective control over ordinary shareholder resolutions of the Company (and potentially special shareholder resolutions) that it is permitted to vote on. This includes effective control over (amongst other things), the appointment and removal of directors of the Company, and consequently the financial and operating policies and strategic direction of the Company. The Entitlement Offer may further consolidate this control by increasing Shandong Gold's voting power in the Company. If Shandong Gold's voting power were to increase above 50%, it would be able to solely determine the outcome of ordinary shareholder resolutions that it is permitted to vote on, including the issue of new shares beyond the limit set under the ASX Listing Rules, and would have greater influence over the outcome of any special shareholder resolutions, including amendments to the constitution of the Company.

Yours sincerely

Mr Nicholas Ong
Company Secretary
Focus Minerals Limited

Authorised by the Board of Focus Minerals Limited

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Not for release in United States

This notice may not be released or distributed in the United States. This announcement does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. Neither the Entitlements nor the New Shares have been or will be registered under the U.S. Securities Act of 1933 (the **US Securities Act**) and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws. Accordingly, the Entitlements may

only be taken up by, and the New Shares may only be offered or sold to, persons that are not in the United States and are not acting for the account or benefit of a person in the United States.

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 138km² 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_{7.5%} 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 362km² 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_{5.0%} 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.