

ASX Announcement

11 February 2019

FOCUS ENTERS INTO EXCLUSIVITY DEED FOR POTENTIAL SALE OF COOLGARDIE GOLD PROJECT TO INTERMIN RESOURCES

Highlights

- **Exclusivity Deed entered into with Intermin Resources for the potential sale of the Coolgardie Gold Project for A\$40 million (comprising a combination of cash and Intermin shares to be received over 3.5 years)**
- **The sale will include the 1.2Mtpa Three Mile Hill processing plant (currently on care and maintenance)**
- **Focus to receive A\$0.3 million exclusivity deposit within 7 business days**
- **The 5-month exclusivity period allows the parties to finalise formal transaction documentation and secure necessary approvals**

Overview

Focus Minerals Limited ("Focus" or "the Company") (ASX: FML) is pleased to announce that it has signed an Exclusivity Deed with Intermin Resources Limited ("Intermin") (ASX: IRC) for the potential sale of the Coolgardie Gold Project ("Coolgardie") for A\$40 million comprising cash and Intermin shares payable over 3.5 years ("Proposed Transaction").

The 5-month exclusivity period will allow Focus and Intermin to finalise formal documents for the Proposed Transaction and secure all necessary approvals to complete it. The parties have agreed the key commercial terms for the Proposed Transaction and have completed their respective due diligence investigations. However, as the Proposed Transaction remains subject to the negotiation and entry into formal documentation and the receipt of necessary approvals, there is no assurance that the Proposed Transaction will proceed. Focus will continue to update shareholders on the status of the Proposed Transaction in accordance with its continuous disclosure obligations.

Key terms of the Exclusivity Deed

- Within 7 business days of execution of the Exclusivity Deed, Intermin will pay a A\$0.3 million exclusivity deposit to Focus.
- The parties will use their reasonable endeavours to negotiate the formal documents for the Proposed Transaction on terms consistent with those set out in schedule 1 of this announcement.
- Focus has agreed to customary "no shop" and "no talk" restrictions in favour of Intermin, as well as notification and matching rights in respect of any competing proposals Focus may receive for Coolgardie, subject to customary fiduciary carve-outs for Focus' benefit.
- If the parties execute formal documents for the Proposed Transaction within the exclusivity period, the A\$0.3 million exclusivity deposit will be applied towards the cash consideration payable by Interim. Otherwise, depending on the circumstances in which the exclusivity deed is terminated, the deposit will either be retained by Focus, or refundable to Interim.

Commenting on the Exclusivity Deed, Focus' Chief Executive Officer, Mr Zhaoya Wang said:

“The signing of the Exclusivity Deed with Intermin establishes a clear pathway for the parties to negotiate and execute the formal documents for the sale of Coolgardie over the coming months and at the same time allows Focus to continue progressing its separate Laverton gold project.

Focus is excited about the possibility of retaining exposure to Coolgardie through the receipt of Intermin shares as part consideration for the Proposed Transaction, and the prospect of the proposed merger of Intermin and MacPhersons Resources proceeding. The Coolgardie project complements the existing projects of Intermin and, potentially, MacPhersons, all of which are proximal to the Three Mile Hill processing facility proposed to be acquired by Intermin”.

The parties have agreed to use their reasonable endeavours to negotiate the formal documents for the Proposed Transaction consistent with the key commercial terms set out in the schedule below.

Azure Capital and MinterEllison are acting as Focus' financial advisor and legal advisor respectively in relation to the Proposed Transaction.

Schedule 1 - Key Commercial Terms

1. **Structure:** The Proposed Transaction will be structured as an asset sale under which all of the Coolgardie assets ("Assets") will be transferred from Focus and its wholly owned subsidiary, Focus Operations Pty Ltd ABN 95 115 821 255 ("FOPS") to CGP Assets Pty Ltd ABN 79 630 361 992 ("CGP"), a wholly owned subsidiary of Intermin (or another wholly owned subsidiary of Intermin), free from encumbrances save for certain permitted encumbrances ("Asset Sale Agreement").
2. **Parties:** The parties to the Asset Sale Agreement will comprise Focus (as vendor), CGP or another wholly owned subsidiary of Intermin (as "Purchaser") and Intermin (as guarantor of the Purchaser's obligations).
3. **Conditions Precedent:** Completion of the Proposed Transaction will be subject to agreed conditions precedent including:
 - a. necessary regulatory approvals and consents, including FIRB approval and ministerial consent to the transfer of the Coolgardie tenements ("Tenements");
 - b. necessary third-party consents and waivers of pre-emptive rights in respect of the Tenements or any other material Asset; and
 - c. other customary conditions precedent for transactions similar to the Proposed Transaction.
4. **Purchase Price:** The purchase price will be A\$40 million in aggregate, comprising a combination of A\$31.0 million cash and A\$9.0 million worth of newly issued fully paid ordinary shares in Intermin ("Intermin Shares"), payable to Focus as set out in the table below.

Date of Payment / Issue	Cash Consideration	Share Consideration
Completion Date: The date completion of the sale and purchase of the Assets under the Asset Sale Agreement occurs.	A\$1.5 million.	A\$2 million worth of new Intermin Shares at a deemed issue price equal to the 20-day VWAP of Intermin Shares ending on (and including) the trading day immediately prior to the date of execution of the Asset Sale Agreement.
Tranche 1 Deferred Consideration Payment Date: The date that is 9 calendar months after the Completion Date (or the next business day).	A\$3.5 million.	A\$3 million worth of new Intermin Shares at a deemed issue price equal to the 20 day VWAP of Intermin Shares ending on (and including) the trading day immediately prior to the Tranche 1 Deferred Consideration Payment Date.
Tranche 2 Deferred Consideration Payment Date: The date that is 18 calendar months after the Completion Date (or the next business day).	A\$6 million.	Subject to the approval of Intermin shareholders, A\$4 million worth of new Intermin Shares at a deemed issue price equal to the 20 day VWAP of Intermin Shares ending on (and including) the trading day immediately prior to the Tranche 2 Deferred Consideration Payment Date.

Date of Payment / Issue	Cash Consideration	Share Consideration
<p>Tranche 3 Deferred Consideration Payment Date:</p> <p>The date that is the earlier of:</p> <ul style="list-style-type: none"> the date that the first 50,000 ounces of gold dore is produced by the Three Mile Hill processing facility following the Completion Date; and 30 calendar months after the Completion Date (or the next business day). 	A\$10 million.	n/a
<p>Tranche 4 Deferred Consideration Payment Date:</p> <p>The date that is 42 calendar months after the Completion Date (or the next business day).</p>	A\$10 million.	n/a

5. **Scale-back of Share Consideration:** To the extent that:
 - a. any necessary Intermin shareholder approval is not obtained for the issue of any consideration comprising Intermin Shares; or
 - b. the issue of the Intermin Shares would result in Focus acquiring a relevant interest or voting power (each as defined in the Corporations Act) in Intermin of more than 15% or in a breach of section 606 of the Corporations Act,

the relevant share consideration will be scaled-back and the balance paid in cash.
6. **Acceleration of Deferred Consideration:** Deferred consideration payable by the Purchaser will be accelerated to the extent that certain events occur, including certain disposals of Tenements in accordance with the Transaction Documents.
7. **Escrow:** Intermin Shares issued to Focus under the Proposed Transaction will be subject to a voluntary escrow period ending 12 months after the date of completion of the sale and purchase of the Assets.
8. **Security:** The obligations of the Purchaser (and Intermin, as guarantor) to pay the Purchase Price in full will be secured in favour of Focus by first ranking security over the Assets and all of the issued shares in the Purchaser.
9. **Environmental Obligations:** From Completion the Purchaser will assume responsibility for all environmental obligations in respect of Coolgardie arising before, on or after Completion.
10. **Warranty regime:** The Assets will be sold on an 'as is where is' basis and subject to only limited warranties by Focus in favour of the Purchaser and Intermin.

For further information please contact:

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END OF THE ANNOUNCEMENT