

ASX ANNOUNCEMENT

20 September 2012

## **FOCUS MINERALS TO RAISE \$227.5M THROUGH PLACEMENT TO SHANDONG GOLD**

- ***Investment by Shandong Gold to provide Focus with a robust balance sheet and the backing and expertise of one of China's three largest gold producers***
- ***Placement proceeds to support Focus' goal of becoming a +500,000oz gold producer***
- ***Directors of Focus unanimously recommend shareholders support Placement to Shandong Gold in the absence of a superior proposal and subject to an independent expert opinion that the terms of the Placement are reasonable***
- ***Placement price of 5 cents per share represents a premium of:***
  - ***13.6% to the last closing price of 4.4 cents per share***
  - ***28% to the 60 day VWAP of 3.9 cents per share***
- ***Shandong Gold will own 51% of Focus on a fully diluted basis***

### **THE PLACEMENT**

Focus Minerals Limited ("Focus") [ASX: FML], an Australian gold producer and explorer, is pleased to announce that it has entered in to a Share Subscription Deed with Shandong Gold International Mining Corporation Limited ("Shandong Gold"), under which Shandong Gold has agreed to subscribe for new fully paid ordinary Focus shares to raise \$227.5 million.

Shandong Gold, a subsidiary of one of China's three largest gold producers by production, will subscribe for approximately 4.55 billion new fully paid ordinary Focus shares ("New Shares") at 5 cents per New Share, to raise \$227.5 million ("Placement"). The Placement represents a premium of:

- 13.6% to the closing price of Focus shares of 4.4 cents per share on 19 September 2012; and
- 28% to the 60 day VWAP of 3.9 cents per share for the period ending 19 September 2012.

Focus Minerals Chairman Don Taig said: *"The investment by Shandong Gold will make Focus Minerals a vastly stronger company with a robust balance sheet, capable of pursuing organic and non-organic growth opportunities. Importantly, the investment represents the commencement of a long-term, mutually beneficial relationship which will allow Focus to unlock the potential of our large tenement holdings and resource base and lays the foundation for Focus to become a significant gold producer."*

Focus has four producing gold mines located at Coolgardie and Laverton in the eastern goldfields region of Western Australia and has 1,650 square kilometres of tenement holdings and an existing mineral resource of 4.3 million ounces<sup>1</sup> of gold.

<sup>1</sup> Approximately 2 million ounces of this Mineral Resource are owned by Focus Minerals (Laverton) Limited. Focus owns 81.57% of this subsidiary company. Please refer to Annexure B – Mineral Resource Table and competent person's statement.

*“Focus has the operations, the people and the skills to grow significantly and for some time the Board has been seeking a like-minded investor with a unique blend of complementary qualities,”* said Focus Chief Executive Officer Campbell Baird. *“The investment by Shandong Gold will help the senior management of Focus to unlock the Company’s growth potential at an accelerated pace. Only 4% of our landholding has so far been explored.”*

The Placement is subject to a number of conditions, including: Shandong Gold obtaining Chinese regulatory approvals; Foreign Investment Review Board (“FIRB”) approval (under the Australian Government’s foreign investment policy and the Foreign Acquisitions and Takeovers Act 1975 (Cth); Focus shareholder approval for the purpose of section 611 (item 7) of the Corporations Act 2001 (Cth); no material adverse change that has a fundamental and sustained impact occurring in respect of Focus and other customary conditions. A complete list of the conditions to the Placement are summarised at Annexure D.

A notice of meeting (including an Independent Expert’s Report) will be sent to all Focus shareholders in due course advising the date and location of the meeting.

The Share Subscription Deed contains customary exclusivity provisions, including no shop, no talk and no due diligence provisions as well as a matching right granted to Shandong Gold. The no talk and no due diligence provisions are subject to a fiduciary out which enables the Focus board to consider unsolicited alternative transactions in circumstances where, on the basis of authoritative expert or objective evidence, failing to do so would be reasonably likely to involve a breach of their fiduciary or statutory duties, or the alternative transaction is more favourable to Focus shareholders. The exclusivity obligations apply during the exclusivity period which expires on the earlier of, the end of the shareholder meeting to approve the Placement and 31 December 2012. The exclusivity provisions of the Share Subscription Deed are extracted at Annexure E. Focus Minerals has also agreed to pay a break fee of \$600,000 to Shandong Gold in certain circumstances, including if Focus shareholders do not approve the Placement or if Focus directors change their recommendation in respect of the Placement.

The timing of the Placement is dependent on the receipt of the necessary approvals. However, it is currently anticipated that payment and allotment will occur in early December 2012. Upon completion of the Placement, Shandong Gold will hold 51% of Focus’ fully diluted share capital.

Following approvals being received in respect of the Placement and the allotment of the New Shares, Focus has agreed to appoint three nominees of Shandong Gold to the Board of Focus. Each nominee will stand for re-election at Focus’ next AGM as required by law and the Focus constitution. Focus already has, and will retain, four non-executive directors on the Board.

## **USE OF PROCEEDS**

The funds raised from the Placement will establish the foundation for Focus to grow to become a +500,000ozpa gold production company through development of existing gold projects, new discoveries from targeted exploration programmes and the potential for value accretive acquisitions.

In addition to funding ongoing working capital needs, the Placement funds are currently intended to be used to pursue the following growth initiatives:

- Accelerate exploration programmes at its majority-owned Laverton operations, to unlock the significant potential in the 1,200 square km landholding, where Focus has over 110 km in strike of mineralised shear systems that have been sparsely drilled.
- Aggressively pursue continued exploration at Focus’ greenfields exploration project at Treasure Island, where surface anomalies and recently announced drilling results indicate potential for significant gold endowment.

- Increased exploration at Coolgardie's existing operations and wider tenements, with the objective of increasing the resource position, especially at depth, and extending the current 10 year mine life at steady production rates for the Three Mile Hill Mill processing plant.
- Potentially pursue value accretive acquisition opportunities, placing the company in a strong position in a sector that rewards increased scale through consolidation.
- In addition, the opportunity to evaluate and develop a nickel strategy at Focus' Nepean nickel mine will be greatly enhanced opening up options with respect to how this asset may be advanced to maximum shareholder returns.

### **SHANDONG GOLD INTERNATIONAL MINING CORPORATION LIMITED**

Shandong Gold International Mining Corporation Limited is a 65%-owned subsidiary of Shandong Gold Group Co., Ltd. The remaining 35% shares in Shandong Gold are held by Shandong State-owned Assets Investment Holdings Co., Ltd, which is 100% held by the Shandong Provincial government. Shandong Gold Group Co., Ltd is 100% owned by the Shandong Provincial government, and is a China-based company principally engaged in the exploration, mining, processing, and smelting of gold and non-ferrous metals. Shandong Gold Group Co., Ltd holds 56.4% of the shares in Shandong Gold Mining Co., Ltd, which is listed on the Shanghai Stock Exchange and has a market capitalisation of approximately RMB 59.1 BN Yuan. During the year ended 31 December 2011, Shandong Gold Mining Co., Ltd produced approximately 22.24 tons (approximately 710,400oz) of gold.

In relation to the Placement, Shandong Gold General Manager, Zhang Dahui said:

*"Shandong Gold is very pleased to be investing in Focus Minerals, and we look forward to sharing our expertise with the Board and senior management to help build Focus into a major Australian gold producer. We have been impressed with the Board, management, assets and operations of Focus, and Focus's plans to become a significant gold mining company. Our investment in Focus will be substantial – this reflects both our confidence in Focus and our resolve to help build and develop Focus, for the benefit of all shareholders. We are a significant gold producer in China and understand the nature of the opportunities that Focus could realise with a serious investment in exploration of its tenements."*

A letter from the Chairmen of Shandong Gold to the Chairman of Focus Minerals is contained in Annexure A.

### **OTHER MATTERS**

Focus' corporate adviser is Hartleys Limited and its legal advisor is King & Wood Mallesons.

Shandong Gold's corporate adviser is PCF Capital Group and its legal advisor is Minter Ellison.

## INDICATIVE TIMETABLE

The indicative timetable is set out below.

Date	Milestone
20 September 2012	Announcement of the Placement
30 October 2012	Despatch of Notice of Meeting (including Independent Expert's Report)
30 November 2012	Shareholder meeting
4 December 2012	Placement allotment date

This timetable is indicative only, and the actual timetable will depend on various factors, some of which are outside the control of Focus. Focus may vary the timetable and will advise shareholders of any significant changes to the timetable.

### For further information please contact:

**Don Taig**  
Chairman  
Focus Minerals Ltd  
Phone: +61 (0)8 9215 7888

**Campbell Baird**  
Chief Executive Officer  
Focus Minerals Ltd  
Phone: +61 (0)8 9215 7888

**Neil Le Febvre**  
Investor Relations Manager  
Focus Minerals Ltd  
Phone: +61 (0)8 9215 7888

**Hartleys Limited**  
Grey Egerton-Warburton  
Head of Corporate Finance  
Phone: +61 (0)8 9268 2888

**Michael Mullane / John Hurst**  
Media Relations  
Cannings Corporate  
Phone: +61 (0)2 8284 9990

### Background of Focus:

Focus Minerals is a leading Australian gold producer. In FY12, the Focus Group delivered a 143% increase in gold production to 176,632oz. Focus operates two significant production centres in Western Australia's Eastern Goldfields. The company is the largest landholder in the Coolgardie Gold Belt, 35km west of 'Super Pit' in Kalgoorlie, where it runs The Tindals Mining Centre underground and open pit operations, and The Mount underground, 85km to the south. Gold is processed at Focus' 1.2Mtpa processing plant, Three Mile Hill, which is adjacent to the town of Coolgardie. 250km to the northeast Focus also operates, the Laverton Gold Project which comprises a significant portfolio of large scale open pit mines, with ore being processed under an OPA at the nearby Barrick Granny Smith mill.

## Annexure A – LETTER FROM SHANDONG GOLD



Shandong Gold International Mining Corporation Limited  
3 Shuntai Square  
2000 Shunhua Road  
Jinan  
Shandong  
China, 250100

Mr Don Taig  
Chairman  
Focus Minerals Ltd,  
30<sup>th</sup> Floor, St. Martins Tower,  
St. George's Terrace,  
PERTH WA

19<sup>th</sup> Sept 2012

Dear Mr Taig

### **Shandong Gold International Mining Corporation Limited (Shandong Gold) – strategic investment in Focus Minerals Limited (Focus Minerals)**

It is with great pleasure that I introduce Shandong Gold to the shareholders of Focus Minerals.

Shandong Gold is a subsidiary of the Shandong Gold Group Co Ltd, which is one of the three largest gold producers in the People's Republic of China.

The Shandong Gold team has spent a great amount of time in Australia seeking to establish a relationship with an Australian domiciled gold producer and developer which has strong potential to grow its resource base through continued exploration. Shandong Gold has selected Focus Minerals, because of the quality of its asset portfolio, the prospectivity of its tenements, the quality and potential of its operations and, importantly, the quality of its people, including its Board and Management.

Shandong Gold is pleased to have negotiated with Focus Minerals a transaction under which Shandong Gold will subscribe for 51% (on a diluted basis) of the shares of Focus Minerals. Shandong Gold has been prepared to agree to subscribe at a material premium to Focus Minerals' recent market share price.

Shandong Gold Group Co Ltd has over 15 operating gold mines in China, and has over many years developed a highly skilled technical team across all facets of its operations, from exploration to development and production. Shandong Gold prides itself on the ability to control costs whilst increasing annually its reserve/resource inventory through targeted exploration and developing new deposits.

Shandong Gold will nominate three directors to an expanded Focus Minerals Board of seven directors. If requested by the Board of Focus Minerals, Shandong Gold is prepared, on arm's length terms, to make available to Focus Minerals some of its technical and management expertise, to help add significant value for all shareholders.

The investment of approximately \$227.5 million is a significant and important investment for Shandong Gold. We believe that Focus Minerals will grow into a substantial gold producer, and we look forward to working with our Australian friends to achieve this aim.

I would like to emphasise that within our business our top priorities are always the health and safety of our staff, and protecting the environment. These two issues will never diminish in importance, and our management will continue to strive for best in class to achieve a very high standard.

Lastly I would like to extend my thanks to Shandong Gold's advisory team in Australia, namely our financial advisor The PCF Capital Group Pty Ltd and our legal advisor Minter Ellison.

Yours sincerely



Mr. Li Zhongyi  
Board Chairman  
Shandong Gold International  
Mining Corporation Limited



Mr. Wang Jianhua  
Board Chairman  
Shandong Gold Group Co. Ltd

## Annexure B - ASX LISTING RULE 3.10.3 INFORMATION

For the purposes of ASX Listing Rule 3.10, Focus provides the following information in relation to the Placement to Shandong Gold:

Information required by ASX Listing Rule 3.10.3	Information from Focus
Class of securities to be issued	Ordinary shares in Focus.
Number of securities to be issued (if known) or maximum number which may be issued	4,550,977,243 New Shares.
Principal terms of the securities to be issued	The New Shares will rank equally with existing ordinary shares in Focus.
Issue price or consideration	The consideration for the New Shares is A\$0.05 per New Share.
Purpose of the issue	As set out in the attached announcement - see section titled "Use Of Proceeds".
Whether the entity will seek security holder approval in relation to the proposed issue of securities	Focus will seek shareholder approval for the issue of New Shares under the Placement. A separate notice of meeting (including an Independent Expert Report) will be sent to shareholders in due course.
Whether the issue will be to a class of security holders	The issue of New Shares is limited to Shandong Gold.

## Annexure C – Mineral Resource and Ore Reserve Tables

	Measured Resources			Indicated Resources			Inferred Resources			Total Resources		
	Tonnes '000t	Grade Au g/t	Ounces	Tonnes '000t	Grade Au g/t	Ounces	Tonnes '000t	Grade Au g/t	Ounces	Tonnes '000t	Grade Au g/t	Ounces
<b>COOLGARDIE GOLD PROJECT</b>												
Tindals Project Total	739	4.7	112,000	9,143	2.6	766,000	3,354	2.8	298,000	13,236	2.8	1,176,000
Mount Project							2,090	5.5	370,000	2,090	5.5	370,000
Lindsays Project				4,350	1.7	238,000	3,562	2.0	233,000	7,912	1.8	471,000
Three Mile Hill Project				1,386	1.9	86,000	138	3.0	13,000	1,524	2.0	99,000
Norris Project							1,870	2.1	124,000	1,870	2.1	124,000
<b>Total Coolgardie</b>	<b>739</b>	<b>4.7</b>	<b>112,000</b>	<b>14,879</b>	<b>2.3</b>	<b>1,090,000</b>	<b>11,014</b>	<b>2.9</b>	<b>1,038,000</b>	<b>26,632</b>	<b>2.6</b>	<b>2,240,000</b>
<b>LAVERTON GOLD PROJECT</b>												
Laverton - UG				2,037	6.5	426,000	619	7.1	141,000	2,656	6.6	567,000
Laverton - Surface	1,619	2.2	113,000	12,093	2.0	759,000	10,171	1.8	589,000	23,883	1.9	1,461,000
<b>Total Laverton</b>	<b>1,619</b>	<b>2.2</b>	<b>113,000</b>	<b>14,130</b>	<b>2.6</b>	<b>1,185,000</b>	<b>10,790</b>	<b>2.1</b>	<b>730,000</b>	<b>26,539</b>	<b>2.4</b>	<b>2,028,000</b>
<b>TOTAL COMBINED RESOURCES</b>	<b>2,358</b>	<b>3.0</b>	<b>225,000</b>	<b>29,009</b>	<b>2.4</b>	<b>2,275,000</b>	<b>21,804</b>	<b>2.5</b>	<b>1,768,000</b>	<b>53,171</b>	<b>2.5</b>	<b>4,268,000</b>
<i>Coolgardie Mineral Resource (as at 30 September 2011)</i>												
<i>Laverton Mineral Resource (as at 30 June 2011)</i>												

	Proven Reserves			Probable Reserves			Total Reserves		
	Tonnes '000t	Grade Au g/t	Ounces	Tonnes '000t	Grade Au g/t	Ounces	Tonnes '000t	Grade Au g/t	Ounces
<b>Coolgardie</b>									
Tindals Project - Underground:	230	4.0	29,300	773	3.4	85,700	1,003	3.6	115,000
Tindals Project - Open Pits:				620	2.0	39,600	620	2.0	39,600
Three Mile Hill Project - Open Pits:				1,101	1.7	59,900	1,101	1.7	59,900
The Mount Project - Underground:				21	5.0	3,300	21	5.0	3,300
Stocks: Total							456	1.7	24,600
<b>Reserves and Stocks Total:</b>	<b>230</b>	<b>4.0</b>	<b>29,300</b>	<b>2,515</b>	<b>2.3</b>	<b>188,500</b>	<b>3,201</b>	<b>2.4</b>	<b>242,400</b>
<b>Laverton</b>									
Laverton Gold Project - Open Pits	928	2.0	58,000	2,184	1.9	136,000	3,112	1.9	194,000
Summit Underground				860	5.3	146,000	860	5.3	146,000
Stocks: Total							1,801	0.7	41,000
<b>Reserves Total</b>	<b>928</b>	<b>2.0</b>	<b>58,000</b>	<b>3,044</b>	<b>2.9</b>	<b>282,000</b>	<b>5,773</b>	<b>2.1</b>	<b>381,000</b>
<b>TOTAL COMBINED RESERVES</b>	<b>1,158</b>	<b>2.3</b>	<b>87,300</b>	<b>5,559</b>	<b>2.6</b>	<b>470,500</b>	<b>8,974</b>	<b>2.2</b>	<b>623,400</b>
<i>Coolgardie Ore Reserve (as at 30 September 2011)</i>									
<i>Laverton Ore Reserve (as at 30 June 2011)</i>									

Mineral Resources and Ore Reserves identified above for the Laverton Gold Project are owned by Focus Minerals (Laverton) Limited. Focus owns 81.57% of this subsidiary company.

### Competent Person's Statement

The information in this announcement that relates to Exploration Results and Minerals Resources is based on information compiled by Dr Garry Adams who is a member of the Australian Institute of Geoscientists. Dr Adams is employed by Focus Minerals and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Adams consents to the inclusion in this announcement of the matters based on the information compiled by him in the form and context in which it appears.

The information in this announcement that relates to Ore Reserves is based on information compiled by Mr Peter Ganza, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Ganza is a full time employee of Focus Minerals and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Ganza consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.



## Annexure D – SHARE SUBSCRIPTION DEED (CONDITIONS PRECEDENT)

The following is a summary of the conditions precedent in the Share Subscription Deed.

- 
- (a) Under the *Foreign Acquisitions and Takeovers Act 1975* (Cth) (**FATA**) and Australia's Foreign Investment Policy the Treasurer of the Commonwealth of Australia consents to the entry into the Share Subscription Deed by Focus Minerals and Shandong Gold and the parties completing the Placement in accordance with the Share Subscription Deed on conditions reasonably satisfactory to Shandong Gold.
- 
- (b) Shandong Gold obtaining required Chinese regulatory approvals in relation to the Placement, either without conditions or on conditions reasonably satisfactory to Shandong Gold.
- 
- (c) The Directors unanimously recommending that Focus Minerals shareholders vote in favour of the resolution to approve the Placement at a general meeting (**General Meeting**) up to and including the date of the General Meeting in the absence of a superior proposal and subject to the independent expert opining that the terms of the Placement are reasonable (even if not fair).
- 
- (d) Focus Minerals has obtained the approval of the Focus Minerals shareholders at the General Meeting to the Placement in accordance with the Corporations Act (including under section 611 (item 7)) and the ASX Listing Rules.
- 
- (e) Focus Minerals obtaining agreed third party waivers or consents in relation to the Placement.
- 
- (f) Focus Minerals not having issued any securities from the date of the Share Subscription Deed up to and including the date of the General Meeting.
- 
- (g) Focus Minerals or any of its material subsidiaries not having made any material acquisitions or disposals of assets from the date of the Share Subscription Deed up to and including the date of the General Meeting.
- 
- (h) As at 9.00am on the day which is one business day before the General Meeting, there having not occurred any material adverse change in respect of Focus Minerals. This includes if Focus Minerals makes an announcement after the date of the Share Subscription Deed in which its mineral resources are reported to be at least 10% less than last reported, but does not include any downgrade of those mineral resources resulting from a change in gold price or any change as a result of production after the date of the Share Subscription Deed.
-

## **Annexure E – SHARE SUBSCRIPTION DEED (EXCLUSIVITY PROVISIONS)**

The following is an extract of clause 2 of the Share Subscription Deed.

### **2.1 Termination of existing discussions**

During the Exclusivity Period, Focus Minerals must, and must procure that all of its Authorised Persons:

- (a) terminate all negotiations or discussions in respect of any Competing Transaction or potential Competing Transaction with any other person; and
- (b) promptly diligently request the return or destruction of all information (in any form, including copies) that was provided to other parties in connection with any Competing Transaction or potential Competing Transaction.

### **2.2 No-shop restriction**

During the Exclusivity Period, Focus Minerals must not, and must procure that none of its Authorised Persons directly or indirectly solicit, invite, encourage or initiate any enquiries, negotiations or discussions, or communicate any intention to do any of these things, with a view to obtaining any expression of interest, offer or proposal from any other person in relation to a Competing Transaction or potential Competing Transaction.

### **2.3 No-talk restriction**

Subject to clause 2.6, during the Exclusivity Period, Focus Minerals must not, and must procure that none of its Authorised Persons:

- (a) directly or indirectly enter into, continue or participate in any communication, negotiations or discussions with any other person regarding a Competing Transaction or potential Competing Transaction; or
- (b) grant access:
  - (i) to any non-public information related to Focus Minerals; or
  - (ii) to any employees or officers of Focus Minerals or any of its Subsidiaries, to any person who intends to make, is assessing whether to make or may reasonably be expected to make, an offer, proposal or expression of interest with respect to a Competing Transaction (other than Shandong Gold and its Associates);

even if, in any case:

- (c) the Competing Transaction was not directly or indirectly solicited, invited or initiated; or
- (d) the other person has publicly announced the Competing Transaction.

### **2.4 Notification**

During the Exclusivity Period, Focus Minerals must immediately notify Shandong Gold in writing of all material terms of which Focus Minerals is aware in respect of any Competing Transaction.

### **2.5 Shandong Gold's right to respond**

Without prejudice to Shandong Gold's rights under this clause 2, if at any time during the Exclusivity Period any Director wishes to approve or recommend the entry into any agreement, commitment, arrangement or understanding relating to a Competing Transaction, Focus Minerals must ensure that the Director does not do so:

- (i) unless the Competing Transaction is bona fide; and

- (ii) until each of the following has occurred:
  - (A) the Focus Minerals Board have made the determination contemplated by clause 2.6 in respect of the Competing Transaction;
  - (B) Focus Minerals has given Shandong Gold notice in writing of its intention to enter into an agreement, commitment, arrangement or understanding relating to a Competing Transaction, subject to Shandong Gold's rights under 2.5(b);
  - (C) Focus Minerals has given Shandong Gold all information that would be required by clause 2.4;
  - (D) Shandong Gold's rights under clause 2.5(b) have been exhausted; and
  - (E) the Focus Minerals Board have made the determination contemplated by clause 2.6 in respect of that Competing Transaction after Shandong Gold's rights under clause 2.5(b) have been exhausted and after evaluation of any Counterproposal.

If Focus Minerals gives notice to Shandong Gold under clause 2.5(a)(ii)(B), Shandong Gold will have the right, but not the obligation, at any time during the period of three Business Days following receipt of the notice, to propose any other form of transaction (**Counterproposal**), and if it does so then Focus Minerals and the Focus Minerals Directors must review the Counterproposal in good faith. If the Counterproposal is a more favourable to Focus Minerals Shareholders (other than Shandong Gold and its Associates) than the Competing Transaction, after taking into account all terms and conditions of both proposals, then the parties must negotiate in good faith to enter into an amended agreement reflecting the Counterproposal, or otherwise pursue implementation of the Counterproposal in good faith.

- (e) For the purposes of this clause 2.5, each successive modification of any third party expression of interest, offer or proposal in relation to a Competing Transaction will constitute a new Competing Transaction.

## 2.6 Exception to no-talk

Despite anything else in this deed, the restrictions in clause 2.3 do not apply to the extent that they restrict the Directors from taking or refusing to take any action with respect to a bona fide Competing Transaction (which was not solicited, invited, encouraged or initiated in contravention of clause 2.2) in circumstances where the Directors have determined, acting in good faith:

- (a) that failing to take or refusing to take action with respect to the Competing Transaction would, or would be reasonably likely to, involve a breach of the fiduciary or statutory duties or legal obligations of a Director; or
- (b) that the Competing Transaction is more favourable to Focus Minerals Shareholders than the Placement after taking into account all terms and conditions of both proposals.

The onus of proving the outcome described in paragraphs (a) or (b) will lie on the Directors, who must be able to adduce authoritative expert or objective evidence to this effect.

In the above extract of clause 2 of the Share Subscription Deed:

**Associate** has the same meaning as in section 12 of the Corporations Act.

- (a) **Authorised Person** of a party means: an officer or employee of the party;

- (b) an adviser of the party;
- (c) an officer or employee of an adviser of the party; and
- (d) in the case of Shandong Gold, also means the Nominee and an officer or employee of the Nominee.

**Competing Transaction** means any expression of interest, offer or proposal by any person and/or its Associates (other than Shandong Gold or its Associates) in relation to a transaction which, if completed, would mean a person would:

- (a) directly or indirectly:
  - (i) acquire, or have a right (including a contingent right) to acquire
    - (A) an interest in;
    - (B) a relevant interest in;
    - (C) an economic, synthetic or derivative interest in; or
  - (ii) become the holder of or have a right (including a contingent right) to become the holder of, or obtain or have a right (including a contingent right) to obtain, Voting Power of,  
10% or more of the Focus Minerals Shares;
- (b) directly or indirectly, acquire, or have a right (including a contingent right) to acquire, an interest, a relevant interest in, an economic, synthetic or derivative interest in or become the holder of 10% or more of the shares in any of Focus Minerals' material Subsidiaries;
- (c) directly or indirectly, acquire an interest, a relevant interest in, an economic, synthetic or derivative interest in or become the holder of the whole or material part of the business or property of Focus Minerals or any of its material Subsidiaries;
- (d) acquire control of Focus Minerals, within the meaning of section 50AA of the Corporations Act; or
- (e) otherwise acquire or merge (including by way of a reverse takeover bid or dual listed companies structure, stapled security structure or other form of synthetic merger having the same or substantially the same effect as a takeover bid for, or scheme of arrangement or merger) with Focus Minerals or any of its material Subsidiaries.

**Exclusivity Period** means the period commencing on the date of this deed and expiring on the earlier to occur of:

- (a) the end of the General Meeting; and
- (b) the Sunset Date.

**Subsidiary** has the same meaning as in the Corporations Act and includes a controlled entity of the relevant person.

**Sunset Date** means 31 December 2012.

**Voting Power** has the meaning given by section 610 of the Corporations Act.