

## **FOCUS MINERALS AGM: CHAIRMAN'S ADDRESS**

**30 NOVEMBER 2012. 10AM WST, PERTH, WA**

**Mr Don Taig, Chairman, Focus Minerals Ltd**

Before we consider the business of this meeting I would like to present to you a short address.

As I stated earlier we are very pleased to have received such a good response from shareholders.

Historically, I believe FML shareholders have been more engaged than most at AGMs.

This year, due to the significance of the proposition being put before shareholders, we have received an overwhelming response. Over 40% of shares have been voted on the resolutions, more than a 100% increase on last year.

82.4% of the votes have been in favour of, or usable for, resolution 1. I might add that this overwhelming percentage in favour does not in any way only reflect the votes of our major institutional shareholders, who have been supportive. As you know, we have a very wide and considerable retail shareholder base here in Australia and indeed overseas. Of the individual holders voting, 82.3% were in favour by voting for the transaction or making their votes open and usable.

That is a resounding level of support for this transaction and a clear mandate to move forward.

As you know, Focus has significantly transformed its operational base over the last 12-18 months.

We have an enviable portfolio of assets in Australia's two key gold producing regions.

Coolgardie has transitioned from a single underground operation to now have multiple operating mines. Laverton has been integrated into the Focus group and has been turned from a \$51M loss-making operation to profit.

A key feature of Focus since it moved into production in 2008 has been that all our profits have been reinvested into the ground.

We've grown resources, reserves and production. This year alone we invested \$17M of our working capital into the development work required to get Laverton back on the right footing. As you can see in our recent results, this approach has certainly stretched the business of late and has seen us undercapitalised in terms of the opportunities before us.

When the Board sat down with management at the start of the year in our strategic review we could see that the best way forward for the Company to leverage its assets and to move ahead would be to secure a supportive, cornerstone investor who could underpin our plans for growth.

In Shandong Gold we have this.

Campbell will talk shortly to our strategic plans and how we will look to extend reserves and discover new resources. Significant investment is required to increase gold output and grade, to enable us to increase our margins in the business.

In the medium term this can only be achieved through our own processing facility at Laverton so clearly the optionality we have around expanding our mills is front and centre in much of our plans.

Before I hand over to Campbell, I'd like to ensure there is clarity for all shareholders on the Placement process moving forward.

Today is an important milestone in the timetable, receiving the mandate from Focus' shareholders. As you would be aware, Shandong has already received Foreign Investment Review Board approval.

There are a number of conditions precedent that are still in progress and we expect them to be completed before 31 December as contemplated in the Explanatory Memorandum.

These include the following Chinese regulatory authority approvals:

- the Shandong SASAC;
- the Provincial Development and Reform Commission for the Shandong Province;
- the Ministry of Commerce the People's Republic of China; and
- the State Administration of Foreign Exchange of the People's Republic of China.

Shandong Gold has submitted the relevant applications to each of the relevant regulatory authorities and together we are working through the process of providing answers to the methodical review process. Both Shandong Gold and Focus are very comfortable with the process.

In my 34 years in business, a lot of which has been in working with Chinese based companies, I have noted an increasing appreciation from both countries of one another's cultures and regulatory processes. This transparency and understanding has been important for both sides in achieving the planned outcomes.

I look forward to updating you on the completion of these approvals in due course.

So before I pass to the Ordinary Business of the meeting and then to our CEO, I would like to thank our shareholders, board and staff for their strong support.

I see an incredibly bright future for this Company, and one that will enable us to deliver on capital growth to the benefit of all.

Thank you.