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ASX ANNOUNCEMENT 19 March 2013

FOCUS MINERALS AND FOCUS LAVERTON RELEASE THEIR BIDDER'S AND TARGET'S STATEMENTS

Focus Minerals Ltd ("Focus") [ASX: FML] and Focus Minerals (Laverton) Limited ("Focus Laverton") today released their Bidder's and Target's Statements for the unconditional recommended off-market takeover offer by Focus for all of the remaining Focus Laverton shares it does not currently own ("Offer"). The Offer was announced to market on 15 March 2013.

The transaction follows the previous takeover offer for Focus Laverton (previously known as Crescent Gold Limited) which closed in October 2011 ("Initial Takeover Bid"), with Focus acquiring 81.57% of Focus Laverton shares.

The consideration being offered to Focus Laverton shareholders is 1 Focus share for every 0.725 Focus Laverton shares. At the closing price of Focus shares on 14 March 2013 of 2.0 cents per share, the Offer represents an implied offer price of 2.8 cents per Focus Laverton share.[1]

The independent expert appointed by Focus Laverton, BDO Corporate Finance, has opined that the transaction is fair and reasonable to Focus Laverton shareholders.

Mr Don Taig, Chairman and Acting Chief Executive Officer of Focus Minerals said: "*Full ownership of Focus Laverton will allow Focus to be better placed to invest, grow and expand the Laverton operations. Focus has the financial capacity to extract significant value from the Laverton operations for all shareholders of the merged entity."*

The Independent Director of Focus Laverton, Mr Geoff Stanley, **recommends that all Focus Laverton shareholders accept the Offer**, in the absence of a superior proposal.

Mr Geoff Stanley, the Independent Director of Focus Laverton said: "*The Board of Focus Laverton considers the transaction to be a compelling opportunity for Focus Laverton shareholders to become part of a rapidly growing Australian gold producer. Post-acquisition, Focus Laverton shareholders will be part of an entity with an exciting production and exploration growth profile, strong balance sheet, diversified asset portfolio and an experienced management team*."

The transaction will consolidate the Laverton assets into Focus, creating an Australian gold producer with targeted annual gold production of 200,000oz per annum from 2014, a combined Mineral Resource base of 4.3Moz of gold, and outstanding growth potential across two major Western Australian mining regions.

Mailing of the Bidder's Statement and Focus Laverton's Target's Statement is expected to be completed on Wednesday 20 March 2013. Copies of the Bidder's Statement and Target's Statement (including the independent expert's report) are annexed to this announcement and can also be viewed on www.focusminerals.com,au. The bid will close on 22 April 2013, unless extended.

For further information please contact:

Don Taig	**Neil Le Febvre**	**Michael Mullane**	**Hartleys Limited**
Chairman & Acting CEO	Investor Relations Manager	Media Relations	Grey Egerton-Warburton
Focus Minerals Ltd	Focus Minerals Ltd	Cannings Communications	Head of Corporate Finance
Phone: +61 (0)8 9215 7888	Phone: +61 (0)8 9215 7888	Phone: +61 (0)2 8284 9990	Phone: +61 (0)8 9268 2888

[1] The value of the Offer may change as a consequence of changes in the market price of Focus shares.

Background of Focus Laverton

Focus Minerals (Laverton) Limited is an Australian gold producer and explorer based in Perth, Western Australia. With a primary focus on gold mining and exploration, the Company is actively advancing its flagship asset, the Laverton Gold Project, located 250km northeast of Kalgoorlie in Western Australia. Focus Laverton maintains a dominant land position of more than 1,200km^2 of highly prospective tenements in a world recognised and well-endowed mineralised geological domain.

Background of Focus

Focus Minerals Ltd (ASX: FML) is a top Australian gold producer operating in West Australia's Eastern Goldfields. Focus now operates three mines within close proximity to the 1.2Mtpa Three Mile Hill processing plant in Coolgardie, 35km to the west of Kalgoorlie. The three Coolgardie mines (one underground and two open pit) are all in close proximity to Focus' Three Mile Hill processing plant. Through its 81.57% shareholding in Focus Laverton, Focus also operates a fourth mine in Laverton, in Western Australia. In addition, Focus has three significant gold exploration projects. These are 223km2 in Coolgardie, a further 226km^2 at the world-class Treasure Island Gold Exploration Project at Lake Cowan on the Boulder-Lefroy fault system, and approximately 1,200 km^2 in Laverton (held through its 81.57% interest in Focus Laverton). Focus has a combined attributable Mineral Resource base of 3.9Moz and Ore Reserves of 453,000oz.

ANNEXURE A – MINERAL RESOURCE/RESERVE TABLES

	Measured Resources			Indicated Resources			Inferred Resources			Total Resources		
	Tonnes '000t	Grade Au g/t	Ounces	Tonnes '000	Grade Au g/t	Ounces	Tonnes '000t	Grade Au g/t	Ounces	Tonnes '000t	Grade Au g/t	Ounces
Coolgardie Operations (100%)												
Tindals Project Total	416	4.6	62,000	10,777	2.4	837,000	3,409	2.3	251,000	14,602	2.4	1,150,000
Mount Project	131	7.8	33,000	588	5.2	98,000	576	5.5	97,000	1,295	5.5	228,000
Lindsays Project				4,350	1.7	238,000	3,562	2.0	233,000	7,912	1.8	471,000
Three Mile Hill Project				2,446	1.6	123,000	1,174	1.5	57,000	3,620	1.5	180,000
Norris Project							2,440	2.2	169,000	2,440	2.2	169,000
Total Coolgardie	**547**	**5.4**	**95,000**	**18,161**	**2.2**	**1,296,000**	**11,161**	**2.2**	**807,000**	**29,869**	**2.3**	**2,198,000**
Laverton Operations* (100%)												
Barnicoat Project	390	1.7	21,000	2,486	1.7	135,000	3,378	1.3	137,000	6,254	1.5	293,000
Burtville Project				1,573	1.3	65,000	4,146	1.3	170,000	5,719	1.3	235,000
Central Laverton Project	41	1.5	2,000	2,768	1.8	164,000	825	1.8	48,000	3,634	1.8	214,000
Chatterbox Project	948	2.4	72,000	3,967	2.1	273,000	3,186	2.2	227,000	8,101	2.2	572,000
Jasper Hills Project	370	1.8	22,000	1,455	1.8	82,000	843	2.1	58,000	2,668	1.9	162,000
Lancefield Project				2,109	6.4	436,000	713	7.0	160,000	2,822	6.6	596,000
Total Laverton	**1,749**	**2.1**	**117,000**	**14,358**	**2.5**	**1,155,000**	**13,091**	**1.9**	**800,000**	**29,198**	**2.2**	**2,072,000**
81.57% share of Laverton	**1,427**	**2.1**	**95,000**	**11,712**	**2.5**	**942,000**	**10,678**	**1.9**	**653,000**	**23,817**	**2.2**	**1,690,000**
Total Attributable Mineral Resource (based on 100% of Coolgardie and 81.57% of Laverton)												
Total Combined Resources	**1,974**	**2.9**	**190,000**	**29,873**	**2.3**	**2,238,000**	**21,839**	**2.1**	**1,460,000**	**53,686**	**2.2**	**3,888,000**
Total Combined Mineral Resource (based on 100% of both operations)												
Total Combined Resources	**2,296**	**2.9**	**212,000**	**32,519**	**2.3**	**2,451,000**	**24,252**	**2.1**	**1,607,000**	**59,067**	**2.2**	**4,270,000**

Some differences may result due to rounding.
* Mineral Resources for the Laverton Gold Project are owned by Focus Laverton. Focus owns 81.57% of this subsidiary company.

Ore Reserves	Proved Reserves:			Probable Reserves:			Total Reserves		
	Tonnes '000t:	Grade (g/t):	Ounces:	Tonnes:	Grade (g/t):	Ounces:	Tonnes:	Grade (g/t):	Ounces:
Coolgardie Operations (100%)									
Tindals Project	43	4.9	7,000	1,111	2.4	86,000	1,154	2.5	93,000
Three Mile Hill Project (O/P):				999	1.9	60,000	999	1.9	60,000
The Mount Project (U/G):				126	4.2	17,000	126	4.2	17,000
Stocks							551	0.7	13,000
Total Coolgardie	**43**	**4.9**	**7,000**	**2,236**	**2.3**	**163,000**	**2,830**	**2.0**	**183,000**
Laverton operations* (100%)									
Barnicoat Project				589	2.2	41,000	589	2.2	41,000
Burtville Project				1,044	1.4	46,000	1,044	1.4	46,000
Central Laverton Project				825	1.3	34,000	825	1.3	34,000
Chatterbox Project	547	2.1	37,000	167	2.6	14,000	714	2.2	51,000
Jasper Hills Project				331	2.4	26,000	331	2.4	26,000
Lancefield				680	4.9	108,000	680	4.9	108,000
Stocks							628	1.3	25,000
Total Laverton	**547**	**2.1**	**37,000**	**3,636**	**2.3**	**269,000**	**4,811**	**2.1**	**331,000**
81.57% share of Laverton	**446**	**2.1**	**30,000**	**2,966**	**2.3**	**219,000**	**3,924**	**2.1**	**270,000**
Total Attributable Reserves & Stocks (based on 100% of Coolgardie and 81.57% of Laverton)									
Reserve & Stock Totals:	**489**	**2.4**	**37,000**	**5,202**	**2.3**	**382,000**	**6,754**	**2.1**	**453,000**
Total Combined Ore Reserves (based on 100% of both operations)									
Reserve & Stock Totals:	**590**	**4.9**	**44,000**	**5,872**	**2.3**	**432,000**	**7,641**	**2.1**	**514,000**

Some differences may result due to rounding.
* Ore Reserves for the Laverton Gold Project are owned by Focus Laverton. Focus owns 81.57% of this subsidiary company.

Competent Person's Statement

The information in this report that relates to exploration results and Mineral Resources is based on information compiled by Dr Garry Adams who is a member of the Australian Institute of Geoscientists. Dr Adams is a full time employee of Focus 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 the report of the matters based on the information in the form and content in which it appears.

The information in this report that relates to Ore Reserves is based on information compiled by Mr Peter Ganza who is a Member of the Australian Institute of Mining and Metallurgy. Mr Ganza is a full time employee of Focus 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 report of the matters based on the information in the form and context in which it appears.

Annexure B

Bidder's Statement

BIDDER'S STATEMENT

Unconditional Offer by

Focus Minerals Ltd
ABN 56 005 470 799

to purchase all of your shares in

Focus Minerals (Laverton) Ltd
ABN 49 087 360 996

You will receive 1 New Focus Share for every 0.725 Focus Minerals (Laverton) Ltd Shares

The Independent Director of Focus Minerals (Laverton) Ltd recommends you ACCEPT the Offer in the absence of a Superior Proposal

This document is important and requires your immediate attention. If you are in any doubt as to how to deal with it, you should consult your legal, financial or other professional adviser as soon as possible.

CORPORATE DIRECTORY

ACN	005 470 799
DIRECTORS	Donald Taig (Chairman) Phillip Lockyer (Non -Executive Director) Gerry Fahey (Non -Executive Director) Bruce McComish (Non -Executive Director) Li Zhongyi (Non-Executive Director) Zhang Dahui (Non-Executive Director) Michael Guo (Non-Executive Director)
CHIEF EXECUTIVE OFFICER	Donald Taig (Acting CEO)
COMPANY SECRETARY	Paul Fromson
REGISTERED AND PRINCIPAL OFFICE	Level 30, St Martins Tower 44 St Georges Terrace Perth WA 6000 PO Box Z5422 Perth WA 6831 Tel: +61 (0)8 9215 7888 Fax: +61 (0)8 9215 7889 www.focusminerals.com.au
CORPORATE ADVISERS	Hartleys Limited Level 6, 141 St Georges Terrace Perth WA 6000 Tel:+61 (0)8 9268 2888 www.hartleys.com.au
LEGAL ADVISERS	King & Wood Mallesons Level 50, 600 Bourke Street Melbourne VIC 3000 Tel:+61 (0) 3 9643 4000 http://www.kwm.com
AUDITORS*	Grant Thornton Audit Pty Ltd Level 2, 10 Kings Park Rd West Perth WA 6005
SHARE REGISTRY	Computershare Investor Services Pty Ltd GPO Box 52 Melbourne VIC 3001
ASX CODE	FML

** For information purposes only. This party has not been involved in the preparation of this Bidder's Statement*

Offer Information Line

Should you have any questions about the Offer or how to accept it, please read this Bidder's Statement. If you still need assistance, please contact Focus between 9:00 am and 4:00 pm (Perth time) Monday to Friday on +61 8 9215 7888.

Important Dates

Announcement of Offer	15 March 2013
Bidder's Statement lodged with ASIC	19 March 2013
Date of the Offer	19 March 2013
Offer scheduled to close (unless extended):	7:00 pm (Melbourne time) on 22 April 2013

Important Information

This Bidder's Statement is given by Focus Minerals Limited (ABN 56 005 470 799) (**Focus**) to Focus Minerals (Laverton) Limited (ABN 49 087 360 996) (**Focus Laverton**) under Part 6.5 of the Corporations Act and sets out certain disclosures required by the Corporations Act together with the terms of the Offer to acquire your Focus Laverton Shares.

This Bidder's Statement is dated 19 March 2013 and includes an Offer dated 19 March 2013 in section 10 of this Bidder's Statement.

Australian Securities and Investments Commission

A copy of this Bidder's Statement was lodged with ASIC on 19 March 2013. ASIC takes no responsibility for the content of this Bidder's Statement.

Defined Terms

Terms used in this Bidder's Statement are defined in the Glossary in section 11 of this Bidder's Statement.

Investment Decisions

This Bidder's Statement does not take into account the individual investment objectives, financial situation or particular needs of each Focus Laverton Shareholder. You should consider seeking independent financial and taxation advice before deciding whether or not to accept the Offer.

Notice to Ineligible Foreign Shareholders

This Bidder's Statement does not constitute an offer to sell, nor the solicitation of an offer to buy, any Focus Shares in any jurisdiction other than Australia or Hong Kong, unless Focus determines to the contrary.

No action has been taken to register this Bidder's Statement or qualify Focus or to otherwise permit a public offering of Focus Shares outside Australia.

WARNING: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice. This document is not a prospectus within the meaning of Hong Kong's Companies Ordinance (Cap 32) (**CO**) nor is it an advertisement, invitation, or document subject to section 103(1) of Hong Kong's Securities and Futures Ordinance (Cap 571) (**SFO**). This document and the contents within have not been authorised by the Hong Kong Securities and Futures Commission and no invitation, advertisement or other document, whether in Hong Kong or elsewhere, has been or will be issued, which is directed at, or the contents of which are likely to be accessed or read by the public in Hong Kong within the meaning of the SFO. This document will be given to designated recipients only and may not be provided, assigned or transferred, to any person. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice. At any time during the period of six months from the date of allotment of the New Focus Shares, you must not make an offer of such shares in respect of which you are the beneficial owner to the public. Further, you must not do any act which will make the allotment of those shares be deemed to be an allotment with a view to such shares being offered for sale to the public under section 41 of the CO.

Investors resident in places other than Australia should note that the Offer is being proposed and will be conducted in accordance with the laws in force in Australia. The disclosure requirements in relation to the Offer in Australia will differ from those applying in other jurisdictions (including the United States). The financial statements included in this Bidder's Statement have been prepared in accordance with generally accepted accounting principles in Australia that will differ from those in other jurisdictions (including the United States). Because substantially all of the directors and assets of Focus are located in Australia, investors resident in places other than Australia may have difficulties in enforcing their rights and any claims they may have arising under the laws of the jurisdiction in which they are resident (including, for United States investors, the United States federal securities laws) against Focus and its officers and directors. It may be difficult to compel Focus and its affiliates to subject themselves to a judgment of a court outside Australia.

The New Focus Shares to be issued pursuant to the Offer have not been, and will not be, registered under the Securities Act of 1933 of the United States of America (the **Securities Act**) and may not be offered or sold in the United States or to, or for the account or benefit of, a US person (as defined in Regulation S under the Securities Act), except in a transaction exempt from the registration requirements of the Securities Act, and applicable United States securities law.

This Bidder's Statement has not been filed with or reviewed by any other state securities commission or United States regulatory authority and none of the foregoing authorities have passed upon or endorsed the merits of the Offer or the accuracy, adequacy or completeness of this Bidder's Statement. Any representation to the contrary is a criminal offence.

This Bidder's Statement is not a New Zealand prospectus or an investment statement and has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the Securities Act 1978 (or any other relevant New Zealand law). This Bidder's Statement may not contain all the information that a prospectus or an investment statement under New Zealand law is required to contain.

The distribution of this Bidder's Statement may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this Bidder's Statement should inform themselves of, and observe, those restrictions.

Disclosure regarding Forward Looking Statements

This Bidder's Statement contains certain forward looking statements which have not been based solely on historical facts, but are rather based on Focus' current expectations about future events and results. These forward looking statements are, however, subject to risks, uncertainties and assumptions which could cause actual events or results to differ materially from the expectations described in such forward looking statements. These factors include, amongst other things, the risks identified in section 8, as well as other matters not yet known to Focus or not currently considered material by Focus. None of Focus, Focus' officers, any person named in this Bidder's

Statement with their consent or any person involved in the preparation of this Bidder's Statement, makes any representation or warranty (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.

Privacy

Focus has collected your information from the register of Focus Laverton Shareholders for the purposes of making this Offer and, if accepted, administering acceptances over your holding of Focus Laverton Shares and accounting to you for the consideration for the Offer. The Corporations Act requires the names and addresses of Focus Laverton Shareholders to be held in a public register. Your information may be disclosed on a confidential basis to Focus' Related Bodies Corporate, and holders of securities in Focus or its Related Bodies Corporate and external service providers, and may be required to be disclosed to regulators, such as ASIC. The registered office of Focus is Level 30, St Martins Tower, 44 St Georges Terrace, Perth, WA, Australia, 6000.

Internet sites

Focus maintains an internet site. The Focus internet site is at *www.focusminerals.com.au*.

Information contained in, or otherwise accessible through this internet sites is not a part of this Bidder's Statement. All references in this Bidder's Statement to this internet site is an inactive textual references for your information only.

Enquiries

If you are in any doubt as to how to deal with this document, you should consult your broker or legal, financial or other professional adviser.

Contents

Focus Minerals Ltd.

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PO Box Z5422, St Georges Terrace
Perth WA 6831, Australia
T : +61 8 9215 7888
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E : info@focusminerals.com.au

19 March 2013

Dear Focus Laverton Shareholder

On 15 March 2013 Focus Laverton and Focus announced a **recommended** unconditional off-market takeover offer by Focus for all of the remaining Focus Laverton Shares which Focus does not currently own. Both companies believe this presents an attractive opportunity for the shareholders of each company.

On behalf of the Focus Board, I am pleased to provide you with this Bidder's Statement detailing Focus' unconditional Offer to acquire your Focus Laverton Shares. Under the Offer you will receive one (1) New Focus Share for every 0.725 Focus Laverton Shares. This Offer follows Focus' Initial Takeover Bid for Focus Laverton (then known as Crescent Gold Limited) which closed in October 2011, with Focus owning 81.57% of Focus Laverton Shares.

The rationale for the transaction is to create wealth for shareholders of both Focus Laverton and Focus by establishing a significant Western Australia focused gold producer, developer and explorer with operational diversification and enhanced growth potential.

The Offer provides Focus Laverton Shareholders with the opportunity:

- to benefit from liquidity for your investment due to receiving shares in an ASX listed entity that are freely tradable; and

- to move from holding an interest in an unlisted company with limited cash resources to a holding in Focus, a company with the financial capacity to rapidly grow its large gold asset base to create wealth for all shareholders.

If Focus Laverton becomes a wholly owned subsidiary of Focus, the management of Focus will be better placed to drive growth and value from Focus Laverton's assets for the benefit of Focus Laverton Shareholders and Focus Shareholders. In addition, a reduction in corporate and administrative costs will also be achieved through the further sharing of administrative, technical and commercial functions.

The Independent Director of Focus Laverton Recommends the Offer

The Independent Director of Focus Laverton, Mr Geoff Stanley, **recommends** that all Focus Laverton Shareholders accept the Offer, in the absence of a Superior Proposal. Mr Stanley, stated that:

*"I consider the Offer to be a compelling opportunity for Focus Laverton shareholders to become part of a rapidly growing Australian gold producer. Post-acquisition, Focus Laverton shareholders will be part of an entity with an exciting production and exploration growth profile, strong balance sheet, diversified asset portfolio and an experienced management team. I urge all remaining Focus Laverton shareholders to **ACCEPT** the Offer."*

Participation in Promising Future of Focus

By accepting the Offer, through your new holding in Focus Shares, you will have the opportunity to participate in the anticipated growth of the Focus business. This growth will be driven largely by:

- Focus being financially well positioned with a strong cash balance of $208.2 million as at 31 December 2012;
- a significant, growing production profile, targeting production of 200,000oz per annum of gold from 2014; and
- increased market presence of the Merged Entity, as a result of increased scale and intended aggressive growth initiatives.

Risks

The financial performance and operations of Focus' business and the price of Focus Shares will be influenced by a range of factors. Many of these factors are beyond the control of Focus and the Focus Board, and also affect the businesses of other companies operating in the same industry. Focus Laverton Shareholders should consider carefully the risk factors set out in section 8 of this Bidder's Statement and their personal circumstances. If necessary, Focus Laverton Shareholders should consult their legal, financial or other professional adviser before deciding whether to accept the Offer.

Accept the Offer

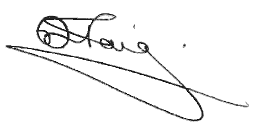
This Offer is unconditional and currently scheduled to close at 7:00 pm (Melbourne time) on 22 April 2013 unless extended or withdrawn. I urge you to read this Bidder's Statement carefully and **ACCEPT** the Offer.

To **ACCEPT** the Offer, you should follow the instructions on the enclosed Acceptance Form.

If you have any questions in relation to the Offer, please contact Focus between 9:00 am and 4:00 pm (Perth time) Monday to Friday on +61 8 9215 7888.

I look forward to welcoming you as a shareholder in Focus.

Yours sincerely



Don Taig
Chairman & Acting CEO, Focus Minerals Ltd

Investment Overview

This summary provides an overview of the Offer and is qualified by the detailed information contained in this Bidder's Statement. You should read this Bidder's Statement, prepared by Focus, and the Target's Statement, prepared by Focus Laverton, in full before deciding whether or not to accept the Offer.

This section is split into the following parts:

A – Overview of the Offer and the bidder
B – Benefits of the Offer
C – Overview of risks associated with the bidder, the securities and the Offer

A – Overview of the Offer and the bidder

Feature	Description	Further information
The bidder and its business model	Focus Minerals Ltd is making the Offer. Focus (ASX Code: FML) is a growing gold producer with operations in two of the largest gold producing regions in the Eastern Goldfields of Western Australia: the Kalgoorlie / Coolgardie region and the Laverton region. In FY12, the Focus group delivered a 143% increase in gold production to 176,632oz. With a Mineral Resource base of 3.9 million oz of gold, 1,650 square kilometres of tenements and four mines, the Focus group has a strong production plan and a pipeline of exploration targets that will enable a continued expansion of Mineral Resources.	Section 1
Financial information summary	Focus has cash and equivalents as at 31 December 2012 of $208.2 million. Gold production for the first half of FY2013 was 90,056oz (80,572oz attributable[6]), an increase from 80,921oz (69,858oz attributable[7]) in the first half of FY2012. Revenue for the first half of FY2013 was $146.2 million, up from $104 million in the first half of FY2012. With the company currently transitioning between primary ore sources at both Laverton and Coolgardie, production for the second half of 2013 is expected to be between 60,000oz and 70,000oz. Focus has announced that its unaudited net loss after tax for the six months ended 31 December 2012 is expected to be approximately $28.7 million. This figure includes losses for minority interests in its Laverton operations of $4.1 million. The expected consolidated loss for Focus for the period is therefore $24.6 million. The half-year expected loss of $28.7 million is primarily impacted by the following large expense items: • $27.2 million in amortisation costs, including $21.7 million for the pre-strip of the Apollo pit complex in Laverton; and	Section 1

6 *Attributable production accounts for the Focus shareholding interest in Focus Laverton which owns the Laverton Operations.*

7 *Attributable production accounts for the Focus shareholding interest in Focus Laverton which owns the Laverton Operations.*

Feature	Description	Further information
	• $15.3 million in royalty payments, including $9.6 million for an inherited royalty obligation with respect to a long-standing agreement on selected tenements in the Laverton region.	
The Bidder's Statement	This Bidder's Statement was prepared by Focus for distribution to Focus Laverton Shareholders. It sets out the terms of the Offer for your Focus Laverton Shares and information relevant to your decision whether or not to accept the Offer. This Bidder's Statement is an important document. If you are in any doubt as to how to deal with this document, you should consult your broker or your legal, financial or other professional adviser as soon as possible.	
Offer	Focus offers to acquire all of your Focus Laverton Shares. You may only accept the Offer for all of your Focus Laverton Shares.	Section 10.1
Offer Consideration	1 Focus Share for every 0.725 Focus Laverton Shares you hold.	Section 10.2(a)
The value of the Offer	The implied value of the Offer is 2.8 cents per Focus Laverton Share[3]. The value of the Offer may change as a consequence of changes in the market price of Focus Shares.	Section 2.3
The Independent Director of Focus Laverton recommends the Offer	The Independent Director of Focus Laverton, Mr Geoff Stanley, recommends that all Focus Laverton Shareholders accept the Offer, in the absence of a Superior Proposal.	Section 9.1
Closing date	The Offer closes at 7:00 pm (Melbourne time) on 22 April 2013, unless it is extended or withdrawn by Focus. The Offer Period can be extended at Focus' election or otherwise in accordance with the Corporations Act. Focus will give written notice of any extension of the Offer Period in accordance with the Corporations Act.	Section 10.3
Payment date	If you validly accept the Offer, and provide all documentation (including any share certificate(s) in respect of your Focus Laverton Shares), your Offer Consideration will be provided to you by the earlier of: • one month after the date the Offer is validly accepted by you; and • 21 days after the end of the Offer Period. The New Focus Shares to which Ineligible Foreign Shareholders would otherwise be entitled will instead be sold by a nominee and you will receive a cash amount in	Section 10.8(b)

[3] Based on the Focus closing share price of 2.0 cents per share on the last trading day before the Announcement Date.

	Australian dollars for your Focus Laverton Shares at a later time.	
Conditions and listing of New Focus Shares on ASX	The Offer is not subject to any defeating conditions. The Offer is subject to a statutory condition required by section 625(3) of the Corporations Act which requires that Focus apply for quotation of the New Focus Shares on ASX and that ASX grant permission for admission to quotation. Within 7 days of the date of this Bidder's Statement, Focus will apply to ASX for quotation on the official list of ASX of the New Focus Shares to be issued under this Offer.	Section 10.4(b)
New Focus Shares will not be listed on alternate exchanges	Focus currently has no plans to establish any alternative exchanges, and so New Focus Shares will only trade on ASX.	
Impact on Focus' capital structure	Based on the number of Focus Laverton Shares on issue on the Announcement Date, the maximum number of New Focus Shares which may need to be issued in accordance with the Offer (if acceptances were received for all Focus Laverton Shares) is approximately 314,604,392.	Section 6.2
Ability to withdraw acceptances	The Offer is unconditional which means that you cannot withdraw your acceptance once it is received by Focus (or its Share Registry).	Section 10.9(a)
Ineligible Foreign Shareholders	New Focus Shares will not be issued as consideration to Ineligible Foreign Shareholders. The New Focus Shares to which you would otherwise be entitled will instead be sold by a nominee and you will only be entitled to receive a cash amount in Australian dollars for your Focus Laverton Shares.	Section 10.8(c)
Tax implications of accepting this Offer	It is expected that, as a result of the Offer, Focus will increase its current holding of over 80% of the voting shares in Focus Laverton. This means Focus Laverton Shareholders who would otherwise make a capital gain in respect of the disposal of Focus Laverton Shares under the Offer may be entitled to CGT scrip-for-scrip rollover relief. Such rollover relief may allow Focus Laverton Shareholders to defer any capital gain that would otherwise arise in respect of the disposal of their Focus Laverton Shares. Focus recommends you seek independent professional advice in relation to your own particular circumstances.	Section 7

B – Benefits of the Offer

Reason	Details
Liquidity for your Focus Laverton Shares	Your Focus Laverton Shares are currently highly illiquid and are not listed on any publicly tradeable stock exchanges. Focus Laverton Shareholders must negotiate directly with buyers when selling their shares. By accepting the Offer, as a Focus Shareholder you will benefit in having

Reason	Details
	access to the liquidity of Focus Shares.
Greater capacity to unlock the value of Focus Laverton's assets	The current ownership structure of Focus Laverton restricts the capacity of the Focus Laverton business to grow through exploration and development. Focus continues to view the Laverton operations as complementary with its core businesses. If 100% ownership was to result from the Offer and Focus Laverton was to become a wholly owned subsidiary of Focus, Focus will be better placed to invest, grow and expand the Laverton operations for the benefit of both Focus Laverton and Focus Shareholders.
Become part of a fast growing, well capitalised gold producer	The combined targeted production from Focus' Coolgardie mines and Focus Laverton's mines is 200,000oz of gold per annum from 2014 and will position Focus as one of the most significant gold production companies in Australia. The Merged Entity will be a substantial gold producer operating in two major West Australian mining centres with four mines and two mills. The Merged Entity will have a significant gold Resource inventory of 4.3 million oz, Reserves of 514,000oz and substantial exploration upside beyond that. Furthermore, the recent placement of Focus Shares to Shandong for $225m establishes the foundation for Focus to grow to become a significant gold production company through development of existing gold projects, new discoveries and value accretive acquisitions. Focus' strong financial position will also be prioritised towards focussing on exploration and resource development drilling.
Realisation of cost savings of full consolidation	The Offer is aimed at consolidating Focus' interest in Focus Laverton. This will bring many advantages to both companies, including through the realisation of cost saving benefits including a reduction in corporate overhead and administrative costs. The realisation of cost savings due to potential synergies is subject to a number of risks, including as set out in section 8.
The Independent Director of Focus Laverton recommends the Offer	The Independent Director of Focus Laverton, Mr Geoff Stanley, recommends that all Focus Laverton Shareholders accept the Offer, in the absence of a Superior Proposal. Mr Geoff Stanley, stated that: *"I consider the Offer to be a compelling opportunity for Focus Laverton shareholders to become part of a rapidly growing Australian gold producer. Post-acquisition, Focus Laverton shareholders will be part of an entity with an exciting production and exploration growth profile, strong balance sheet, diversified asset portfolio and an experienced management team. I urge all remaining Focus Laverton shareholders to ACCEPT the Offer, in the absence of a Superior Proposal."*
Likelihood of a Superior Proposal emerging is low	It is unlikely that any competing proposal will emerge given Focus' current relevant interest in 81.57% of Focus Laverton's Shares.
Acceptance of the Offer means you will receive your Offer Consideration sooner than through compulsory acquisition	If Focus acquires at least 90% of Focus Laverton Shares, Focus intends to rely on the compulsory acquisition powers in the Corporations Act to seek to compulsorily acquire the remaining Focus Laverton Shares. If this occurs and you did not accept the Offer you will receive the consideration for your Focus Laverton Shares at the conclusion of the compulsory acquisition process, which is likely to be longer than one month from the end of the Offer Period. In these circumstances, it is likely that you will receive the Focus Shares as consideration for your Focus Laverton Shares

Reason	Details
	later than if you had accepted the Offer.
You may not pay stamp duty or brokerage if you accept the Offer	You will not pay any stamp duty on accepting the Offer. Furthermore if your Focus Laverton Shares are registered in your name and you deliver them directly to Focus, you will not incur any brokerage fees connected with you accepting the Offer. If you hold your Focus Laverton Shares through a bank, custodian or other nominee, you should ask your bank, custodian or other nominee whether it will charge any transaction fees or service charges connected with you accepting the Offer. If you are an Ineligible Foreign Shareholder, the cash proceeds that you will be sent (following the sale of the New Focus Shares that you would otherwise be entitled to receive under the Offer) will be net of transaction costs and will be paid by cheque in Australian dollars.

C - Overview of risks associated with the bidder, the securities and the Offer

Focus Laverton Shareholders who accept the Offer will become shareholders in Focus. The financial performance and operations of Focus' businesses and the price of Focus Shares will be influenced by a range of factors. Some of these factors can be mitigated by the use of safeguards and appropriate commercial action. However, many of these factors are beyond the control of Focus and the Focus Board. Many of these factors also affect the businesses of other companies operating in the same industry, including Focus Laverton.

This section provides a summary of the key risks associated with Focus and the Offer. This is not an exhaustive list of risk factors. Please refer to section 8 for further detailed information in relation to these and other risk factors associated with an investment in Focus, the Merged Entity, the Offer and economic and securities investments generally. Focus Laverton Shareholders should consider carefully all these risk factors and the other information contained in this Bidder's Statement, and their personal circumstances. If necessary, Focus Laverton Shareholders should consult their legal, financial or other professional adviser before deciding whether to accept the Offer.

Risk	Description	Further Information
Mining exploration and development	Focus' business operations are subject to risks and hazards inherent in the mining industry and which may have a material adverse effect on Focus' results of operation and business. The exploration for, and the development of, mineral deposits involves significant risks (including, for example, title claims to tenements, environmental issues, cost overruns, inability to obtain required capital, ability to drill, remove and process materials, natural events and identification of economically recoverable reserves) which even a combination of careful evaluation, experience and knowledge may not eliminate.	Section 8.2(a)
Competitive	The mining industry is intensely competitive in all its	Section 8.2(b)

Risk	Description	Further Information
conditions	phases. Competition in the mining industry is primarily for mineral rich properties which can be developed and produced economically. An inability to compete with other mining companies for these mineral deposits (and for appropriately qualified employees) may have a material adverse effect on Focus' results of operation and business.	
Resource estimates	The Mineral Resource figures included in this Bidder's Statement are estimates only and no assurance can be given that any particular level of recovery of gold or other minerals from Resources will in fact be realised or that an identified mineral deposit will ever qualify as a commercially mineable (or viable) ore body which can be economically exploited (or that small scale laboratory tests will be duplicated in larger scale on-site tests or during production). Any material change in the quantity of mineralisation, grade, ore to waste ratio, or the price of gold may affect the economic viability of any property held by Focus.	Section 8.2(c)
Gold price volatility and exchange rate risks	The revenue Focus derives through the sale of gold exposes the potential income of Focus to gold price and exchange rate risks. The gold price fluctuates and is affected by many factors, economic and otherwise, beyond the control of Focus. In addition, exchange rate fluctuations may impact on the income derived by Focus from the sale of gold as the price of gold is denominated in United States dollars, however the income (and costs) of Focus are measured in Australian dollars.	Section 8.2(d)
Exploration tenements and mining leases	Interests in Focus' exploration and mining tenements are governed by State legislation and are evidenced by the granting of leases or licences. Although Focus has investigated title to its tenements, Focus cannot give any assurance that title to those tenements will not be challenged or impugned. Its tenements may be subject to prior unregistered agreements or transfers or title may be affected by undetected defects or native title claims. If Focus fails to meet any lease or licence conditions of a tenement, it could lose its title or interest in that tenement.	Section 8.2(e)
Management and technical personnel	The success of Focus is currently largely dependent on the performance of its officers and technical personnel. Focus Laverton Shareholders will be relying on the good faith, experience and judgment of Focus' management and advisers in supervising and providing for the effective management of the business of Focus. The loss of the services of these persons could have a material adverse effect on Focus' business and prospects.	Section 8.2(f)
Cost savings	While the directors of Focus expect to realise certain reductions in corporate and administrative costs from the transaction, achievement of these cost savings is not certain. The cost reductions may not be realised to their full extent or may be realised over a longer period of time than the directors of Focus expect. This could have an adverse impact on the financial performance of the Merged Entity.	Section 8.2(k)

Risk	Description	Further Information
Fluctuation of market value	The Offer Consideration includes a specified number of New Focus Shares as opposed to a number of New Focus Shares totalling a specified market value. The market value of New Focus Shares at the time at which they are provided to Focus Laverton Shareholders may vary from their market value on the date that Focus Laverton Shareholders accept the Offer.	Section 8.3

What You Should Do Next

What you should do next	How to accept the Offer
1 Carefully read the entire Bidder's Statement and consider the information provided. 2 Read the Target's Statement provided by Focus Laverton. 3 If you need advice, consult your broker or your legal, financial or other professional adviser. If you have any queries about this document, the Offer or how to accept the Offer, please contact Focus between 9:00 am and 4:00 pm (Perth time) Monday to Friday on +61 8 9215 7888.	If you wish to accept the Offer, you may do so by completing the enclosed Acceptance Form by following the instructions provided on it, and returning the signed form in the enclosed self-addressed envelope or to the address below: Postal delivery: Focus Laverton Offer Computershare Investor Services Pty Limited GPO Box 52 Melbourne VIC 3001 Acceptance Forms and your share certificate must be received by no later than 7:00pm (Melbourne time) on the last day of the Offer Period. The Offer is for all of your Focus Laverton Shares. Your acceptance of the Offer will be treated as being for all your Focus Laverton Shares registered as held by you at the date your acceptance is processed as evidenced by your share certificate(s). Further information on accepting the Offer is set out in section 10.5.

Questions about accepting the Offer

Question	Answer	Further Information
What choices do I have as a Focus Laverton Shareholder?	As a Focus Laverton Shareholder, you have the following choices in respect of your Focus Laverton Shares: • accept the Offer for all of your Focus Laverton Shares; or • do nothing.	
What happens if I do not accept the Offer?	If you do not accept the Offer and Focus acquires a relevant interest in at least 90% of Focus Laverton Shares, Focus intends to proceed to compulsorily acquire outstanding Focus Laverton Shares. You will receive the Offer Consideration sooner if you accept the Offer, rather than being compulsorily acquired. If Focus does not become entitled to compulsorily acquire your Focus Laverton Shares under the Corporations Act, you will remain a shareholder in Focus Laverton and you will remain a minority shareholder in a stock which is likely to be illiquid.	Section 4.2

Question	Answer	Further Information
How do I accept the Offer?	To accept the Offer you must follow the instructions set out in section 10.5 of this Bidder's Statement and on your personalised Acceptance Form which accompanies this Bidder's Statement. Your acceptance must be received in sufficient time so as to be processed before the end of the Offer Period.	
When does the Offer close?	The Offer is currently scheduled to close at 7.00pm (Melbourne time) on 22 April 2013, unless extended or withdrawn.	
If I accept, when will I receive Focus Shares?	If you accept the Offer and you are not an Ineligible Foreign Shareholder, Focus will issue to you the Focus Shares to which you are entitled on or before the earlier of: a. one month after you validly accept the Offer; and b. 21 days after the end of the Offer Period.	
Can I accept the Offer for part of my holding?	No. You cannot accept the Offer for part of your holding. You may only accept the Offer for all of the Focus Laverton Shares held by you.	
Can I withdraw my acceptance?	The Offer is unconditional which means that you cannot withdraw your acceptance once it is received by Focus (or its Share Registry).	

1 Information regarding Focus

1.1 Profile of Focus

Focus is a leading Australian gold producer operating in Western Australia's Eastern Goldfields. Since first production in 2008, Focus has established itself as a gold producer from four mines across two major gold regions. It has a strong management team with proven development and mine operation capabilities, having recommissioned the Three Mile Hill processing plant in December 2009, opened two new mining operations in the first half of the calendar year 2011 and completed the acquisition of an 81.57% interest in Focus Laverton.

The company now operates three mines within close proximity to the 1.2Mtpa Three Mile Hill processing plant in Coolgardie, 35km to the west of Kalgoorlie. The three Coolgardie mines (one underground and two open pit) are all in close proximity to Focus' Three Mile Hill processing plant.

Through its 81.57% shareholding in Focus Laverton, Focus also operates a fourth mine in Laverton, in Western Australia. The large-scale open pit operations in Laverton deliver ore to the nearby 3.5Mtpa Barrick Granny Smith Mill (**BGSM**) where it is processed under an Ore Purchase Agreement (**OPA**).

In addition Focus has three significant gold exploration projects. These are 223km^2 in Coolgardie, a further 226km^2 at the Treasure Island Gold Exploration Project at Lake Cowan on the Boulder-Lefroy system, and approximately 1,200 km^2 in Laverton (held through its 81.57% interest in Focus Laverton).

Focus has a combined Mineral Resource base of 3.9Moz[4] and Ore Reserves of 453,000oz[5]. On 30 November 2012, Focus Shareholders approved the issue of 4,501,997,651 ordinary shares to Shandong, to raise approximately $225 million. Focus intends to use these funds to establish the foundation for Focus to grow to become a significant gold production company through development of existing gold projects, new discoveries and value accretive acquisitions.

1.2 Principal activities

The following is a brief overview of Focus' activities and assets (including Focus Laverton in which Focus has a controlling 81.57% shareholding). Detailed information about Focus is available on its website, *www.focusminerals.com.au* and on ASX's website, *www.asx.com.au*.

(a) Production centres

(i) Three Mile Hill Processing Plant

Focus owns and operates the 1.2Mtpa Three Mile Hill Processing plant in Coolgardie, situated 35km west of the 'Super Pit' in Kalgoorlie. The mill was recommissioned in December 2009, after Focus completed a $22 million refurbishment. It has a replacement value of greater than $100 million.

4 Refer to Focus' Mineral Resource table in Section 1.6.

5 Refer to Focus' Ore Reserve table in Section 1.6.

(ii) Tindals Mining Centre

The Tindals Mining Centre (**Tindals**) is located approximately 5km trucking distance from Focus' Three Mile Hill processing plant in Coolgardie. Tindals is an approximately 10km² project which comprises a substantial, established underground mining operation and a set of open pits.

Over 230,000oz of ore have been mined from the underground operations since Focus took it back into production in 2008. No mining is currently taking place at the underground operation as it has recently transitioned back into a phase of further resource development.

Focus commenced production from its open pits at Tindals late in the June Quarter 2011. The Tindals open pits comprise approximately 13 deposits along a 2km strike. Within the open pits, the Dreadnought and Big Blow open pits are currently in production. Mining at the Tindals open pits is conducted through contractor Barcon Logistics Pty Ltd.

The Tindals Mining Centre has a significant Mineral Resource of 14.6Mt at 2.4g/t for 1.15Moz[6].

(iii) Greenfields

Focus has recently recommenced operations at the Greenfields pit which is adjacent to the Three Mile Hill plant. Greenfields is an existing pit which is being cutback and extended at depth. It is expected to provide up to 1.0Mt @ 1.9g/t over two years at a strip ratio of approximately 5.4:1. Upon reaching steady state production, it is expected to supplement the mill feed to maintain a rate of up to 60,000 tonnes per month. Mining at the Greenfields is conducted through contractor Barcon Logistics Pty Ltd.

(iv) The Mount

The Mount underground project is located in Widgiemooltha, 85km south of the Three Mile Hill plant (**The Mount**). The Mount is a high-grade, narrow vein underground mine that Focus built using monies generated from its operational cash flow. The Mount is operated on an owner operator basis. It entered commercial production in March 2011. The Mount has a Mineral Resource of 1.3Mt at 5.5g/t for 228,000oz.[7]

(v) Laverton Gold Project

Through its 81.57% majority control of Focus Laverton, Focus operates the 100,000oz per annum Laverton gold project. Laverton comprises approximately 1,200km2 of tenements in the second largest gold producing region in Australia. The

[6] Refer to Focus' Mineral Resource table in Section 1.6.

[7] Refer to Focus' Mineral Resource table in Section 1.6.

Laverton Gold Project is a large scale, open pit operation. Ore is mined through contractors MACA Limited under a recently revised contract which extends MACA's tenure at the Laverton project to May 2014. Ore is then processed at the nearby 3.5Mtpa BGSM through the Ore Purchase Agreement (**OPA**) with Barrick which provides for a 50 day processing allotment per 90 day quarter. The OPA is scheduled to end in June 2013, unless extended. In addition, the Laverton assets include the Barnicoat mill which is a 1.45Mtpa mill that is currently on care and maintenance.

Haulage for all operations is undertaken by Hampton Transport Services Pty Ltd.

(b) Exploration projects

Focus has three significant exploration projects, being; Greater Coolgardie, which comprises approximately 223km^2 of tenements that surround Tindals and hosts numerous deposits; the Treasure Island Gold Exploration Project situated on the southern end of the Boulder-Lefroy fault system at Lake Cowan; and more than 1,200km^2 of prospective tenements across the Laverton region:

(i) Greater Coolgardie

The Greater Coolgardie region has produced in excess of 2.6Moz of gold over the last 120 years. Focus has assembled a sizeable package of tenements in the Greater Coolgardie region extending down to The Mount in Widgiemooltha, to become the largest landholder in the Coolgardie Gold Belt and the first company in the region's history to consolidate such a significant tenement holding.

With its resources all within trucking distance of Focus' Three Mile Hill treatment plant, the Greater Coolgardie region presents as a significant potential upside opportunity for the business.

(ii) Treasure Island Gold Project at Lake Cowan

The Treasure Island Exploration Project at Lake Cowan is situated on the southern end of the Boulder-Lefroy fault system, 35km south-south east along strike from the major gold camp of Kambalda-St Ives.

The Boulder–Lefroy fault system has delivered over 100Moz of gold in its long history. Focus acquired the project in mid-2010. It is a greenfields exploration project from which Focus has already reported exceptionally high-grade surface sampling of over 50g/t. The company has already identified two major mineralised trends running through the project areas which it is currently testing with diamond core drilling.

(iii) Laverton

The Laverton Greenstone Belt is one of the best gold endowed Archaean greenstone belts within the Yilgarn Craton of Western Australia. The Laverton region, rich in mining history, has seen extensive exploration, development and production with a total endowment of over 28Moz . Major gold mines include Granny Smith and Wallaby (Barrick) and Sunrise Dam (Anglogold Ashanti).

The majority of Focus Laverton's exploration success to date has been achieved through relatively shallow drilling to develop open pit ore reserves. Future exploration will target mineralisation at depth and along the well-established structural corridors which host the known deposits. The project contains numerous exploration opportunities including extensions to existing open pit resources, high grade underground targets, and conceptual large scale, bulk mining targets.

1.3 Historical financial performance

The historical financial information below relates to Focus and does not reflect any impact of the Offer. It is an extract only and the full financial accounts for Focus for the financial period described below, which includes notes to the accounts, can be found in Focus' 2010 - 2012 Annual Reports (copies of which are available at www.focusminerals.com.au).

References to "Notes" in the Notes column of the Statement of Financial Position, Statement of Comprehensive Income are references to Notes to those statements as set out in the 2012 Annual Report of Focus (a copy of which is available at www.focusminerals.com.au).

(a) Statement of Financial Position

The Statement of Financial Position of Focus set out below has been extracted from the audited financial statements of Focus for the financial years ended 30 June 2010 - 30 June 2012, and half-yearly results to 31 December 2012 being the last three audited full-year financial statements prior to the date of this Bidder's Statement and the most recent audit reviewed half-yearly financial statement.

Statement of financial position (Consolidated)	**Notes**	**2012 (Dec) $'000 (audit reviewed)**	**2012 (June) $'000 (audited)**	**2011 (June) $'000 (audited)**	**2010 (June) $'000 (audited)**
Assets					
Current Assets					
Cash and cash equivalents	**6**	**208,196**	**2,604**	**30,709**	**6,384**
Restricted Cash	**6**	**381**	**381**	**-**	**-**
Trade and other receivables	**7**	**7,752**	**6,509**	**1,379**	**4,611**
Inventories	**9**	**15,149**	**25,559**	**7,717**	**4,903**
Other current assets	**10**	**126**	**623**	**560**	**558**
Financial assets	**11**	**1,806**	**1,347**	**4,195**	**23**
Total Current Assets		**233,410**	**37,023**	**44,560**	**16,479**
Non-Current Assets					
Restricted Cash	6	14,461	12,885	812	802
Plant and equipment	12	51,458	54,064	31,529	39,783

Statement of financial position (Consolidated)	Notes	2012 (Dec) $'000 (audit reviewed)	2012 (June) $'000 (audited)	2011 (June) $'000 (audited)	2010 (June) $'000 (audited)
Development expenditure	13	32,286	53,023	23,520	2,385
Exploration & evaluation expenditure	14	146,756	141,243	77,667	55,803
Total Non-Current Assets		**244,961**	**261,215**	**133,528**	**98,774**
Total Assets		**478,371**	**298,238**	**178,088**	**115,253**
Liabilities					
Current Liabilities					
Trade and other payables	16	52,817	61,553	22,206	13,715
Interest Bearing Liabilities	18	9,455	9,455	1,445	81
Total current liabilities		**62,272**	**71,008**	**23,651**	**13,796**
Non-current liabilities					
Interest bearing liabilities	18	1,626	2,404	1,750	20
Provisions	17	8,631	8,397	4,454	1,750
Total Non-Current Liabilities		**10,257**	**10,801**	**6,204**	**1,770**
Total Liabilities		**72,529**	**81,809**	**29,854**	**15,566**
Net Assets		**405,842**	**216,429**	**148,233**	**99,687**
Equity					
Issued capital	**19**	**422,004**	**203,910**	**145,010**	**102,770**
Reserves	**19**	**(1,732)**	**(1,732)**	**123**	**2,026**
Minority Interest	**8**	**914**	**5,000**	**-**	**-**
Retained earnings		**(15,344)**	**9,251**	**3,100**	**(5,109)**
Total Equity		**405,842**	**216,429**	**148,233**	**99,687**

Notes:

1. Past performance is not a guide to future performance.

2. Banking facilities

   Consistent with mining industry practice, Focus is required to provide a number of security bonds to the Department of Mines and Petroleum, to provide security against its potential future environmental obligations. Focus finances its bonding obligations through several different bank facilities. The outstanding balance of these facilities currently totals $17.9 million, as outlined in (b) and (c) below.

   Further to this, particularly as a result of the working capital cycle necessitated by operating under a toll treating agreement at its Laverton operations, Focus finances its working capital requirements through a $10 million working capital facility held with Investec, as outlined in (a) below.

3. At 31 December 2012, the Focus group has the following facilities:

(a) $10m revolving loan facility

The $10m revolving loan facility is with Investec Bank (Australia) Limited (**Investec**). Focus has drawn down $8m of the facility, with $2m undrawn.

The facility is secured by a fixed and floating charge over all the assets and undertakings of Focus, Austminex Pty Ltd and Focus Operations Pty Ltd.

(b) $3.5m contingent instrument facility

The contingent instrument facility is with Investec. Focus has drawn down $2,173,000 of the facility, with $1,327,000 undrawn. The facility is secured by:

- a fixed and floating charge over all the assets and undertakings of Focus, Austminex Pty Ltd and Focus Operations Pty Ltd,
- an equitable mortgage over the issued shares owned by Focus in Austminex Pty Ltd and Focus Operations Pty Ltd, and
- a mining mortgage over specified mining leases owned by Focus in Austminex Pty Ltd and Focus Operations Pty Ltd.

(c) Cash-backed bonds

Performance bonds have been issued on behalf of the Group to secure mining tenement obligations and as guarantees for payment performance under various supply agreements. The Group has indemnified issuing banks against any loss arising from the performance bonds. Details of the cash backed bonds and the associated indemnities (secured against cash held in short term deposits) are as follows:

- $8.1m in cash backed bonds issued by National Australia Bank Limited, secured by cash of $8.1m held in short term deposits.
- $6.9m in cash backed bonds issued by Investec, secured by cash of $4.8m held in short term deposits.
- $0.6m in cash backed bonds issued by Macquarie Bank, secured by cash of $0.6m held in short term deposits;
- $0.2m in cash backed bonds issued by BankWest, secured by $0.2m held in short term deposits.

Apart from the facility arrangements described above, Focus does not have in place any material debt arrangements. Focus funds its operations from the cash generated by the operations itself or on the balance sheet. Exploration, development drilling and capital projects for the next 24 months are expected to be funded by cash generated by the operations itself or on the balance sheet.

4. Impact of Offer: Please see the overview of the financial impact of the Offer set out in section 5.1.

(b) Statement of comprehensive income for the years ending 30 June 2010 - 2012

The historical statements of comprehensive income of Focus set out below have been extracted from the audited financial statements of Focus for the financial years ended 30 June 2010 - 30 June 2012, being the last three audited financial statements prior to the date of this Bidder’s Statement and the most recent audit reviewed half-yearly financial statement.

Statement of comprehensive income for the period/ year ending (Consolidated)	**6 months ending 31 December 2013 $’000**	**Year ended 30 June 2012 $’000**	**Year ended 30 June 2011 $’000**	**Year ended 30 June 2010 $’000**
Revenue	146,181	258,253	102,752	73,678

Cost of sales	(136,971)	(202,625)	(75,064)	(45,452)
Gross Profit	**9,210**	**55,628**	**27,688**	**28,226**
Other income	948	589	2,422	2,004
Depreciation and amortisation expense	(30,173)	(32,800)	(15,034)	(12,191)
Finance costs	(13)	(17)	(20)	(1,203)
Other expenses	(9,115)	(13,794)	(7,853)	(6,069)
Takeover costs	-	(3,543)	-	-
EBIT	(29,143)	6,063	7,203	10,612
Interest Income	462	781	442	270
Profit (Loss) before income tax expense	(28,681)	6,844	7,645	10,882
Income tax expense	-	-	-	-
Net Profit (Loss) after income tax for the period	(26,681)	6,844	7,645	10,882
Non-controlling interest	(4,086)	693	-	-
Attributable to owners of the parent	(24,595)	6,151	7,645	10,882

Note: Past performance is not a guide to future performance.

1.4 Directors

Brief profiles of the directors of Focus, as at the date of this Bidder's Statement, are as follows:

(a) Donald James Taig - Chairman & Acting CEO

Aged: 56
Qualifications: B.Com., FAICD, FCPA
Appointed: 21 March 2003

Mr Taig is a Fellow of both the Australian Institute of Company Directors and the Australian Society of Certified Practicing Accountants.

Mr Taig gained 11 years' experience within CRA Ltd's mining businesses and was a director of Metals Exploration Ltd. Mr. Taig also has significant senior management experience particularly within the food industry where he was Managing Director of Goodman Fielder's Australian Baking Division; Chief Executive Officer of Bunge Cereal Foods; Managing Director of Chiquita Brands South Pacific and has been a director of a number of other public and private companies in diverse industries.

(b) Phillip Clive Lockyer - Non-Executive Director, Chairman of the Technical Committee

Age: 69
Qualifications: AWASM, DipMetal, MSC, M.Min Econs, Assoc Min Eng
Appointed: 7 December 2005

Mr Lockyer is a mining engineer and metallurgist with more than 40 years technical and management experience in nickel and gold operations. His career includes 20 years with WMC Limited in Kambalda in various roles including General Manager of Western Australian operations. In addition he has held a number of other senior roles including Director and General Manager of Operations for Resolute Ltd, and Director of Operations & Projects for Dominion Mining Ltd.

He is currently chairman of the Minerals and Energy Research Institute of WA and is a non-executive director of St Barbara, CGA Mining, Swick Mining Services and Western Desert Resources.

(c) Bruce Sinclair McComish - Non-Executive Director, Chairman of the Audit and Risk Committee

Age: 65
Qualifications: BCA(Hons), FCA, FCPA
Appointed: 18 April 2011

Mr McComish is the former chairman of stockbroking firm BBY. He has held senior management positions for a number of Australian and international companies including the National Australia Bank, where he served as Chief Financial Officer from 1994 to 1998, and North Limited, where he was the executive general manager of corporate affairs from 1992-1994. Mr McComish's early career included 18 years with Unilever Plc, where he worked in senior financial positions around the world. He holds a Bachelor of Commerce and Administration (Honours)from Victoria University of Wellington and is a Qualified Accountant.

(d) Gerry Fahey - Non-Executive Director, Member of the Technical Committee

Age: 61
Qualifications: M.AIG, M.Auslmm, B.Sc(Hons) Geology
Appointed: 18 April 2011

Mr Fahey is a geologist with 35 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 and Sunrise 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 a member of the Joint Ore Reserve Committee (JORC) and a former Board Member (Federal Councillor) for the Australian Institute of Geoscientists (AIG).

(e) Li Zhongyi - Non-Executive Director

Age: 54

Qualifications: EMBA, graduated from Xi'an Jiaotong University (XJTU)

Appointed: 21 December 2012

Mr Li is the current Executive Chairman of Shandong (appointed May 2011). Mr Li has been employed by the Shandong group since 2002, and has been the Deputy General Manager and a member of the management committee since December 2003. Between July 2002 and late 2003 Mr Li was the General Manager of Shandong Gold Zhiye Real Estate Development Co., Ltd. Previously, Mr Li held a series of management positions in the United Development Group Co., Ltd of the Yellow River economic cooperation zone, including Deputy Manager of the General Office, a member of the management committee, and Deputy Manager. In addition, Mr Li was previously the Deputy Manager and subsequently the General Manager of the Real Estate Development Company Co., Ltd of Yellow River economic cooperation zone.

(f) Zhang Dahui - Non-Executive Director, Joint Chairman of the Remuneration Committee

Age: 47

Qualifications: MBA (investment), graduated from Saint Mary's University

Appointed: 21 December 2012

Mr Zhang has an MBA and a Bachelors Degree of Economics and over two decades of experience in accounting and finance including in relation to bank loan facilities, bonds, initial public offers, takeovers, hedging, taxation, and general corporate management. Mr Zhang currently holds the position of General Manager of Shandong . Previously, he was the Assistant President of Zijin Mining Group Ltd and the General Manager of Gold Mountains H.K. International Mining Co., Ltd (a wholly-owned subsidiary of Zijin Mining Group Ltd). Mr Zhang was appointed to the board of Sino Gold Mining Ltd (a position he held for three years) as a representative director of China Minmetals Group Corporation. Mr Zhang was the financial controller of Sino Gold Mining Ltd for 6 years. He held various management positions in China Minmetals Group Corporation before he joined Sino Gold Mining Ltd.

(g) Michael Guo - Non-Executive Director, Member of the Technical Committee

Age: 49

Qualifications: Ph.D. in Geochemistry, a M.Sc. Geology, and a B.Sc. Geology

Appointed: 21 December 2012

Mr Guo has a Ph.D. in Geochemistry, a M.Sc. Geology, and a B.Sc. Geology. Mr Guo is currently the Chief Geologist of Shandong . Between July 2011 and July 2012 Mr Guo was the Deputy Manager of the Overseas Department and the Head of International Exploration Department of Zijin Mining Group Co. Ltd. From 2005 to 2008 Mr Guo worked in Canada for Dahrouge Geological Consulting Ltd as a senior geologist and from 2008 to 2011 he worked as a mine geologist for Cameco Corporation.

1.5 Management of Focus

Brief profiles of the Focus management team, as at the date of this Bidder's Statement, are as follows:

(a) Donald James Taig – Acting Chief Executive Officer

See 1.4(a) above.

(b) Mark Hine, Chief Operating Officer

Age: 54

Mr Mark Hine, was appointed to the role of Chief Operating Officer, for Focus Minerals in November 2011. Mark is a mining engineer who has more than 30 years' operating experience. Most recently, he held positions of CEO Golden West Resources Ltd, Executive General Manager Mining at Macmahon Contractors Pty Ltd and General Manager for Pasminco Ltd at the Broken Hill / Elura Mines. He joined Focus Laverton as Chief Operating Officer in April 2011, before being appointed to the role across the Focus group.

(c) Dean Goodwin, Manager Geology

Age: 49

Mr Dean Goodwin, BAppSc (Geology), MAIG served as Managing Director of Barra Resources Ltd from 2004 to 2010. He is a highly experienced exploration geologist having spent 6 years with Western Mining, where he was involved in the discovery of the Intrepid, Redoubtable and Santa Anna gold deposits under Lake Lefroy and 5 years with Resolute in Kalgoorlie managing exploration for Chalice, Higginsville, Bullabulling and Bulong projects. Mr. Goodwin was also the Senior Exploration Geologist with LionOre at the Bounty Gold Mine operations where he was responsible for the discovery of several gold deposits. More recently, he has been working as an independent contract geologist exploring for nickel sulphides throughout Western Australia. He served as an Executive Director of Barra Resources from September 24, 2004 to January 21, 2011. Mr. Goodwin graduated from Curtin University in 1986 with a Bachelor of Applied Science in Geology

(d) Paul Fromson, Chief Financial Officer & Company Secretary

Age: 53

(e) Mr Fromson is a Certified Practising Accountant, a member of the Australian Institute of Company Directors and a Chartered Company Secretary with a broad range of finance, accounting, taxation and commercial experience. Since 1986 Mr Fromson has held a number of senior finance roles including board positions and has over eighteen years' experience with ASX listed resource companies including senior positions with a number of gold exploration companies. He has also worked for one of the previous part owners of the Boddington Gold Mine as their resident representative. Outside of the resources industry, Mr Fromson founded and managed his own successful taxation practice and was also a director of the Makit Hardware chain co-operative for four years. Mr Fromson's most recent role was Chief Financial Officer and Company Secretary for an ASX listed company where he played a key role in several significant capital raisings and joint ventures with two large Chinese groups.

(f) Chuck McCormick, Business Development Manager

Age: 64

Mr McCormick has more than 30 years' experience in the mining industry in Australia, Canada, USA, the Middle East and Africa. Since 1979 he has lived and worked in Kalgoorlie during which time he discovered Paddington Gold Mine, and defined a number of other gold mines in the region, including Brilliant and Tindals mines near Coolgardie. He was founder and Managing Director of Electrum NL, and put together the properties on which New Hampton Goldfields was founded. He was a founding Director of Focus Minerals Ltd.

(g) Neil Le Febvre, Investor Relations Manager

Age: 43

Mr Le Febvre has 20 years' experience in the marketing and communications industry. Prior to joining Focus, he was the Group Marketing Director for ThinkSmart Limited, an ASX listed financial services company with operations in Australia and across Europe.

Mr Le Febvre was acting general manager for ThinkSmart's European Joint Venture with the Halifax Bank of Scotland which established operations in the UK in 2003 and subsequently led the setup of operation in Spain in 2005. He managed the company's investor communications programme from float in 2007. Neil holds a Postgraduate in Marketing Management from Staffordshire University, UK.

(h) Marianne Dravnieks, Human Resources Manager

Age: 46

Ms Marianne Dravnieks is a senior HR manager with experience in supporting both manufacturing and commercial business units working in a variety of national and site based roles for large multinational and national organisations. Immediately prior to working for Focus she was State HR Manager for Lion. Prior to that she worked for Perilya as Group Organisational Development Manager, supporting the corporate Perth office, Broken Hill mines and other exploration sites around Australia. From 2000 until 2007 she worked for Alcoa as a human resources generalist, in organisational development management roles and as a change manager. Her key strength is in business partnering leaders in order to deliver effective people outcomes to support business needs. Ms Dravnieks has a Masters in Leadership and Management from Curtin University.

1.6 Resources and Reserves

(a) Focus Mineral Resources at 30 June 2012

	Measured Resources			Indicated Resources			Inferred Resources			Total Resources		
	Tonnes '000t	Grade Au g/t	Ounces	Tonnes '000	Grade Au g/t	Ounces	Tonnes '000t	Grade Au g/t	Ounces	Tonnes '000t	Grade Au g/t	Ounces
Coolgardie Operations (100%)												
Tindals Project Total	416	4.6	62,000	10,777	2.4	837,000	3,409	2.3	251,000	14,602	2.4	1,150,000
Mount Project	131	7.8	33,000	588	5.2	98,000	576	5.5	97,000	1,295	5.5	228,000
Lindsays Project				4,350	1.7	238,000	3,562	2.0	233,000	7,912	1.9	471,000
Three Mile Hill Project				2,446	1.6	123,000	1,174	1.5	57,000	3,620	1.5	180,000
Norris Project							2,440	2.2	169,000	2,440	2.2	169,000
Total Coolgardie	**547**	**5.4**	**95,000**	**18,161**	**2.2**	**1,296,000**	**11,161**	**2.2**	**807,000**	**29,869**	**2.3**	**2,198,000**
Laverton Operations* (100%)												
Barnicoat Project	390	1.7	21,000	2,486	1.7	135,000	3,378	1.3	137,000	6,254	1.5	293,000
Burtville Project				1,573	1.3	65,000	4,146	1.3	170,000	5,719	1.3	235,000
Central Laverton Project	41	1.5	2,000	2,768	1.8	164,000	825	1.8	48,000	3,634	1.8	214,000
Chatterbox Project	948	2.4	72,000	3,967	2.1	273,000	3,186	2.2	227,000	8,101	2.2	572,000
Jasper Hills Project	370	1.8	22,000	1,455	1.8	82,000	843	2.1	58,000	2,668	1.9	162,000
Lancefield Project				2,109	6.4	436,000	713	7.0	160,000	2,822	6.6	596,000
Total Laverton	**1,749**	**2.1**	**117,000**	**14,358**	**2.5**	**1,155,000**	**13,091**	**1.9**	**800,000**	**29,198**	**2.2**	**2,072,000**
81.57% share of Laverton	**1,427**	**2.1**	**95,000**	**11,712**	**2.5**	**942,000**	**10,678**	**1.9**	**653,000**	**23,817**	**2.2**	**1,690,000**
Total Attributable Mineral Resource (based on 100% of Coolgardie and 81.57% of Laverton)												
Total Combined Resources	**1,974**	**2.9**	**190,000**	**29,873**	**2.3**	**2,238,000**	**21,839**	**2.1**	**1,460,000**	**53,686**	**2.2**	**3,888,000**

Some differences may result due to rounding.

* Mineral Resources for the Laverton Gold Project are owned by Focus Laverton. Focus owns 81.57% of this subsidiary company.

(b) Ore Reserves and Stocks at 30 June 2012

Reserves	Proved Reserves:			Probable Reserves:			Total Reserves		
	Tonnes '000t:	Grade (g/t):	Ounces:	Tonnes:	Grade (g/t):	Ounces:	Tonnes:	Grade (g/t):	Ounces:
Coolgardie Operations (100%)									
Tindals Project	43	4.9	7,000	1,111	2.4	86,000	1,154	2.5	93,000
Three Mile Hill Project Open Pits:				999	1.9	60,000	999	1.9	60,000
The Mount Project Underground:				126	4.2	17,000	126	4.2	17,000
Stocks									
Total Coolgardie	**43**	**4.9**	**7,000**	**2,236**	**2.3**	**163,000**	**2,830**	**2.0**	**183,000**
Laverton operations* (100%)									
Barnicoat Project				589	2.2	41,000	589	2.2	41,000
Burtville Project				1,044	1.4	46,000	1,044	1.4	46,000
Central Laverton Project				825	1.3	34,000	825	1.3	34,000
Chatterbox Project	547	2.1	37,000	167	2.6	14,000	714	2.2	51,000
Jasper Hills Project	0	0.0	0	331	2.4	26,000	331	2.4	26,000
Lancefield				680	4.9	108,000	680	4.9	108,000
Stocks							628	1.3	25,000
Total Laverton	547	2.1	37,000	3,636	2.3	269,000	4,811	2.1	331,000
81.57% share of Laverton	446	2.1	30,000	2,966	2.3	219,000	3,924	2.1	270,000
Total Attributable Reserves & Stocks (based on 100% of Coolgardie and 81.57% of Laverton)									
Reserve & Stock Totals:	**489**	**2.4**	**37,000**	**5,202**	**2.3**	**382,000**	**6,754**	**2.1**	**453,000**

Some differences may result due to rounding.

*** Ore Reserves for the Laverton Gold Project are owned by Focus Laverton. Focus owns 81.57% of this subsidiary company.**

Competent Person's Statement

The information in this report that relates to exploration results and Mineral Resources is based on information compiled by Dr Garry Adams who is a member of the Australian Institute of Geoscientists. Dr Adams is a full time employee of Focus 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 the report of the matters based on the information in the form and content in which it appears.

The information in this report that relates to Ore Reserves is based on information compiled by Mr Peter Ganza who is a Member of the Australian Institute of Mining and Metallurgy. Mr Ganza is a full time employee of Focus 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 report of the matters based on the information in the form and context in which it appears.

2 Information about Focus Shares

2.1 Focus Shares

Focus officially listed on the ASX on 13 September 2000.

As at the date of this Bidder's Statement, there are 8,822,771,352 Focus Shares on issue. None of these shares are restricted securities (within the meaning of the ASX Listing Rules) or otherwise subject to escrow.

As at the date of this Bidder's Statement, the following Focus Options are on issue:

Number of Focus Options	Expiry date	Exercise price
10,000,000	3/4/2013	$0.123
13,500,000	30/6/2014	$0.123

The Focus Options were granted by Focus to key management and project staff, and are subject to a number of vesting conditions which are required to be satisfied before the Focus Options can be exercised. As at the date of this Bidder's Statement, none of the vesting conditions have been satisfied and none of the Focus Options have been exercised.

If all options are vested and exercised prior to the expiry dates referred to in the table in this section 2.1, a further 23,500,000 Focus Shares will be issued, representing 0.27% of issued Focus Shares existing before the Offer.

2.2 Shareholder Structure

As at 31 January 2013, Focus has approximately 11,968 shareholders. Shandong is the only current substantial shareholder of Focus Shares, holding 4,501,997,651 Focus Shares directly and another 24,000,000 Focus Shares through Peter Erman Pty Ltd (as nominee), together representing 51.30% of the issued share capital of Focus as at 31 January 2013.

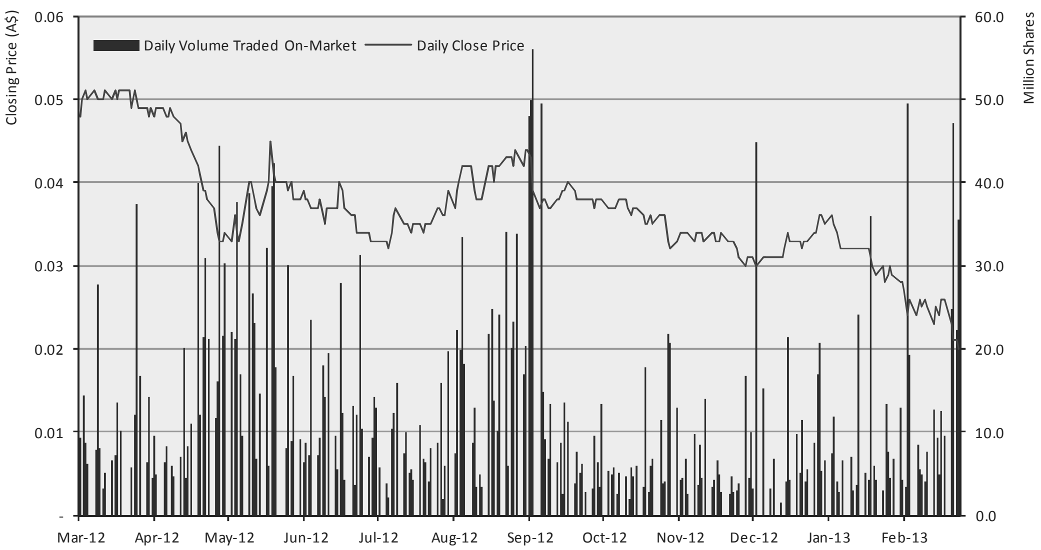
As at 31 January 2013, the top 20 shareholders held approximately 72.72% of Focus Shares, as detailed in the following table:

Shareholder	No of Focus Shares	%
SHANDONG GOLD INTERNATIONAL	4,501,997,651	51.03%
JP MORGAN NOMINEES AUSTRALIA	624,774,020	7.08%
NATIONAL NOMINEES LIMITED	371,706,209	4.21%
HSBC CUSTODY NOMINEES	260,766,074	2.96%
J P MORGAN NOMINEES AUSTRALIA	170,371,118	1.93%
CITICORP NOMINEES PTY LIMITED	154,379,963	1.75%
BRISPOT NOMINEES PTY LTD	43,058,327	0.49%
GULARA PTY LTD	40,824,887	0.46%
MERRILL LYNCH (AUSTRALIA)	34,122,548	0.39%
MR GRAHAM EDWARD DUNJEY &	26,516,266	0.30%

Shareholder	No of Focus Shares	%
PETER ERMAN PTY LIMITED	24,000,000	0.27%
MRS RITA MAY GODFREY	22,966,000	0.26%
INVESTEC BANK (AUSTRALIA)	22,000,000	0.25%
GULARA PTY LTD	18,869,707	0.21%
BROADARROW GOLDMINES PTY LTD	18,116,224	0.21%
GEARED INVESTMENTS PTY LTD	18,000,000	0.20%
CR INVESTMENTS PTY LTD	17,145,966	0.19%
MERRILL LYNCH (AUSTRALIA)	16,234,258	0.18%
KAHUNA CLOTHING AND TRADING CO	15,000,000	0.17%
LUJETA PTY LTD	15,000,000	0.17%

2.3 Trading of Focus Shares

Recent trading of Focus Shares on the ASX in the 12 months prior to the Announcement Date is shown in the graph below:



As permitted by ASIC Class Order 07/429, this figure contains ASX share price trading information sourced from IRESS without its consent.

The highest recorded sale price of Focus Shares on the ASX over the 12 months prior to the Announcement Date of 15 March 2013 was $0.053 on 27 March 2012. The lowest recorded sale price of Focus Shares on the ASX over the 12 months prior to the Announcement Date was $0.02 on 14 March 2013.

The closing price of Focus Shares on 14 March 2013, being the last day of trading before the Announcement Date, was $0.02.

Focus Shares have substantial liquidity. Over the 6 months prior to the Announcement Date, 1,368,620,062 Focus Shares were traded on ASX, for a total value traded of $45,423,431. In comparison, over the same period, 7,758,486 Focus Laverton Shares were traded on ASX (prior to de-listing), for a total value traded of $512,737. The increased liquidity in Focus Shares demonstrates a significant financial benefit in holding Focus Shares as opposed to Focus Laverton Shares.

2.4 Rights attaching to the Focus Shares offered

The only issued class of shares in Focus are the fully paid ordinary shares that are currently listed on ASX. The New Focus Shares to be issued under the Offer will be issued fully paid and will rank equally for dividends and other rights with existing Focus Shareholders. See section 9.4 for a summary of the rights and restrictions attaching to Focus Shares.

3 Information on Focus Laverton

3.1 Disclaimer

The information on Focus Laverton in this Bidder's Statement should not be considered comprehensive. You should refer to Focus Laverton's Target Statement, which was sent to you with this Bidder's Statement, for more details regarding Focus Laverton.

3.2 Overview of Focus Laverton and its principal activities

Focus Laverton is a gold production company based in Perth, Western Australia. Focus Laverton is actively advancing its flagship asset; the Laverton Gold Project, located 250 km north east of Kalgoorlie in Western Australia.

Focus Laverton maintains a tenement holding of approximately 1,200km^2 of highly prospective tenements in a world recognised and well-endowed mineralised geological domain. As at 30 June 2012, Focus Laverton had a reported Resource of 29.2Mt at 2.2 g/t Au for 2,072,000oz of gold[8] and a probable Ore Reserve position of 4.8Mt at 2.10 g/t Au for 331,000oz of gold[9].

In June 2009, Focus Laverton entered into an Ore Purchase Agreement (**OPA**) with Barrick Gold Corporation to process its ore through the nearby 3.5Mtpa Barrick Granny Smith Mill in Laverton. The OPA is scheduled to end in June 2013, unless extended. The principal operating guidelines under the OPA are for Focus Laverton to mine ore from its 100% owned deposits and deliver it to the BGSM for processing by Barrick on a 50 day allotment per 90 day quarter. The ore is sold to Barrick and the ounces produced from the campaigns are attributable to Barrick.

In calendar 2012, four campaigns were completed in Laverton under Focus' management producing 100,548oz from only 172 processing days. Gold production attributable to Focus for the 2012 calendar year was 82,017oz.

Through a 100% owned subsidiary, Focus Laverton also holds a uranium exploration portfolio through a joint venture in South Australia.

Focus Laverton Shares are no longer listed on any stock exchange.

3.3 Resources and Reserves

(a) Focus Laverton Ore Reserves as at 30 June 2012

Category	Tonnes ('000)	Grade (g/t)	Contained Gold ('000)
Proved	547	2.1	37
Probable	3,636	2.3	269
Stocks	628	1.3	25
Total	4,811	2.1	331

(b) Focus Laverton Mineral Resources as at 30 June 2012

8 Refer to the pro forma combined Resource and Reserve table at section 5.1 and 5.3 of this Bidder's Statement.

9 Refer to the pro forma combined Resource and Reserve table at section 5.2 and 5.3 of this Bidder's Statement.

Category	Tonnes ('000)	Grade (g/t)	Contained Gold ('000)
Measured	1,749	2.1	117
Indicated	14,358	2.5	1,155
Inferred	13,091	1.9	800
Total	29,198	2.2	2,072

Competent Person's Statement

The information in this report that relates to exploration results and Mineral Resources is based on information compiled by Dr Garry Adams who is a member of the Australian Institute of Geoscientists. Dr Adams is a full time employee of Focus 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 the report of the matters based on the information in the form and content in which it appears.

The information in this report that relates to Ore Reserves is based on information compiled by Mr Peter Ganza who is a Member of the Australian Institute of Mining and Metallurgy. Mr Ganza is a full time employee of Focus 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 report of the matters based on the information in the form and context in which it appears.

3.4 Focus Laverton securities on issue

The total number of Focus Laverton securities on issue as at the date of this Bidder's Statement is as follows:

Securities	Number
Shares	1,237,484,253
Options	Nil
Issued Convertible Notes	Nil
Performance Rights	Nil

3.5 Details of relevant interests in Focus Laverton securities

The number of securities of each class that Focus has a relevant interest in (as at the dates specified) is shown below:

	At the date of this Bidder's Statement	At date first Offer is sent
Focus Laverton Shares	1,009,396,069	1,009,396,069

3.6 Details of voting power in Focus Laverton

Focus' voting power in Focus Laverton (as at the dates specified) is shown below:

	At the date of this Bidder's Statement	At the latest practicable date before the first Offer is sent (being 15 March 2013)
Voting power in Focus Laverton	81.57%	81.57%

3.7 Consideration provided for Focus Laverton securities during previous four months

Neither Focus nor any of its associates have acquired Focus Laverton Shares during the period of 4 months ending on the day immediately before the date of this Offer. The last acceptance under the Initial Takeover Bid, being the relevant date when Focus last acquired Focus Laverton Shares, was 5 October 2011.

3.8 Inducing benefits given during previous four months

Except as set out in this Bidder's Statement, during the period of 4 months ending on the day immediately before the date of this Offer, neither Focus nor any associate of Focus, gave, or offered to give or agreed to give a benefit to another person that is not available under the Offer and was likely to induce the other person, or an associate of the other person, to:

(a) accept an Offer; or

(b) dispose of Focus Laverton Shares.

3.9 Publicly available information

The Corporations Act requires the Focus Laverton directors to provide a Target's Statement to Focus Laverton Shareholders, setting out certain material information regarding Focus Laverton. You should consult this document for further information concerning the financial position and affairs of Focus Laverton. The Target's Statement was sent to you together with this Bidder's Statement.

4 Focus' intentions

4.1 General

This section sets out Focus' intentions, on the basis of the facts and information concerning Focus Laverton which are known to Focus as the majority shareholder in Focus Laverton, and the existing circumstances affecting the business of Focus Laverton, in relation to the following:

(a) the continuation of Focus Laverton's business and assets;

(b) any major changes to be made to the business of Focus Laverton, including any redeployment of the fixed assets of Focus Laverton; and

(c) the future employment of the present employees of Focus Laverton.

Statements set out in this section are statements of current intention only which may change as new information becomes available or circumstances change. The statements in this section 4 should be read in this context.

4.2 Intentions upon acquisition of 90% or more of Focus Laverton Shares

This section sets out Focus' current intentions if it acquires 90% or more of the Focus Laverton Shares and is entitled to proceed to compulsory acquisition of the outstanding Focus Laverton Shares.

(a) Compulsory acquisition

If it becomes entitled to do so under the Corporations Act, Focus intends to:

(i) give notice to compulsorily acquire any outstanding Focus Laverton Shares in accordance with section 661B of the Corporations Act; and

(ii) give notice to Focus Laverton Shareholders to compulsorily acquire any outstanding Focus Laverton Shares in accordance with section 664C of the Corporations Act.

If it is required to do so under section 662A and section 663A of the Corporations Act, Focus intends to give notices to Focus Laverton Shareholders offering to acquire their Focus Laverton Shares and in accordance with section 662B and section 663B of the Corporations Act.

(b) Directors

Focus may replace the Independent Director of Focus Laverton and of any company in respect of which Focus Laverton has nominee directors with its own nominees.

(c) Operations and assets

As Focus is already the majority shareholder in Focus Laverton, after Focus has gained full control of the assets and operations of Focus Laverton it will continue to evaluate the best course of action with respect to the mining operations at Laverton, including a review of the current mining schedules, the company's operational cost base and reviewing the current company assets in use and Resources under development.

These steps will be undertaken with a view to ensuring that the Focus Laverton assets are operated in order to maximise their value and long term viability. These steps are likely to directly benefit the returns of shareholders of the Merged Entity.

(d) Employees

It is anticipated that the present employees of Focus Laverton, excluding the Independent Director, will be retained to support the expanded Focus team as is most appropriate.

4.3 Intentions upon acquisition of less than 90% of Focus Laverton Shares

This section sets out Focus' intentions if it did not become entitled to compulsorily acquire the outstanding Focus Laverton Shares.

(a) Directors

Subject to the Corporations Act and Focus Laverton's constitution, the current composition of the Focus Laverton Board will be retained.

(b) Operations, assets and employees

As Focus is already the majority shareholder in Focus Laverton, it will continue to seek to exert its influence over the operational decision making of Focus Laverton.

Focus will undertake the same approach with respect to operations, assets and employees as if it had full control. Focus will continue to evaluate the best course of action with respect to the mining operations at Laverton.

(c) Dividend policy

Focus Laverton does not have a track record of paying dividends and does not expect to in the future. On this basis Focus would not seek to make any changes to that policy.

(d) Limitations on intentions

To the extent that Focus Laverton does not become a wholly owned Subsidiary of Focus and there are minority Focus Laverton Shareholders, Focus intends that the directors of Focus Laverton appointed by it will act at all times in accordance with their fiduciary duties and that all requisite shareholder approvals and other legal requirements are complied with in pursuing any of the intentions outlined above.

Those requirements may require the approval of minority Focus Laverton Shareholders to the implementation of any particular objective.

The requirement to have regard to those fiduciary duties in the context of a partly owned company and the possible requirements of minority

Focus Laverton Shareholder approval may prevent the particular objective being achieved.

It should be noted that Focus has not currently identified any particular initiative where these considerations may be relevant.

(e) Compulsory acquisition at a later time

If Focus becomes entitled at some later time to exercise general compulsory acquisition rights under Part 6A.2 of the Corporations Act, it intends to exercise those rights.

4.4 Intentions generally

Except for the changes and intentions set out in this section 4, Focus intends, based on the information presently known to it:

(a) to continue the business of Focus Laverton;

(b) not to make any major changes to the business of Focus Laverton or the deployment of Focus Laverton assets; and

(c) to continue the employment of Focus Laverton's employees.

4.5 Limitations on intentions

The intentions and statements of future conduct set out in this section 4 must be read as being subject to:

(a) the law (including the Corporations Act) and the ASX Listing Rules, including in particular the requirements of the Corporations Act and the ASX Listing Rules in relation to conflicts of interest and "related party" transactions given that Focus is a related party of Focus Laverton for these purposes; and

(b) the legal obligations of the directors of Focus Laverton at the time, including any nominees of Focus, to act in good faith in the best interests of Focus Laverton and for proper purposes and to have regard to the interests of all Focus Laverton Shareholders (in which regard, the role of any independent directors of Focus Laverton will also be important).

5 Impact of the Offer and Merged Entity information

5.1 Impact of the Offer

(a) Impact of the Offer on the operations of Focus

The table below shows the impact of the Offer on the operations of Focus, assuming that Focus reaches 100% ownership of Focus Laverton.

	Note	Focus' Current Attributable	Increase resulting from 100% ownership of Focus Laverton	Merged Entity
Production FY12 (oz)	1	160,658	15,974	176,632
Mineral Resource (Moz)	2	3.888	0.382	4.270
Ore Reserves (Moz)	3	0.453	0.061	0.514
Land Holding (km^2)		1,428	221	1,649
Revenue FY12 (A$m)	4	$258.18	$25.67	$283.85

Notes:

1. Total gold production of Focus Laverton during FY12 was 86,673oz. Focus' attributable share of this production was 70,699oz. The share of production attributable to minority interest holders in Focus Laverton was 15,974oz. Focus also generated production of 89,959oz from its wholly owned operations at Coolgardie for total attributable production of 160,658oz during FY12.

2. Total Mineral Resources of Focus Laverton are 2.1oz. Mineral Resources attributable to minority interest holders in Focus Laverton amount to 382,000oz. Mineral Resources of Focus Laverton attributable to Focus amount to 1.7MMoz, with Focus' other assets providing a total Mineral Resource position of 3.9Moz.

3. Total Ore Reserves of Focus Laverton are 331,000oz. Ore Reserves attributable to minority interest holders in Focus Laverton amount to 61,000oz. Ore Reserves of Focus Laverton attributable to Focus amount to 270,000Moz, with Focus' other assets providing a total Ore Reserve position of 453,000Moz.

4. Focus had an average selling price of $1,607 for gold sold in FY12. The Focus Laverton operations generated $113.6 million in revenue during FY12 for total Focus recorded revenue of $258.18 million. The revenue of Focus Laverton that was attributable to minority interests in was $25.67 million.

(b) Impact of the Offer on the Accounts of Focus

On 15 March 2013 Focus announced the Offer to acquire all the issued Focus Laverton Shares that it does not already own. Under the Offer, Focus intends to issue approximately 314,604,392 Focus Shares as consideration for the remaining Focus Laverton Shares.

For accounting purposes, the Offer will be measured and recognised in accordance with the Australian Accounting Standard Board's AASB 3 "Business

Combination" guidance. Any difference between the amount of Non-Controlling Interest (**NCI**) adjustment and the fair value of the consideration paid (including incidental costs) is recognised in equity attributed to the parent.

The cost of the Offer will be equivalent to the sum of the acquisition value of the New Focus Shares and transaction costs. Assuming a share price of 2.4 cents for Focus Shares (which may vary based on fluctuations in share price from now to the completion of the Offer) and transaction costs of $4.1 million (including landholder duty of approximately $3.4 million), the cost of the Offer will be approximately $11.7 million.

5.2 Pro forma combined Mineral Resource Table for the Merged Entity

Mineral Resources based on Mineral Resources as at 30 June 2012

	Measured Resources			**Indicated Resources**			**Inferred Resources**			**Total Resources**		
	Tonnes '000t	Grade Au g/t	Ounces	Tonnes '000	Grade Au g/t	Ounces	Tonnes '000t	Grade Au g/t	Ounces	Tonnes '000t	Grade Au g/t	Ounces
Coolgardie Operations												
Tindals Project Total	416	4.6	62,000	10,777	2.4	837,000	3,409	2.3	251,000	14,602	2.4	1,150,000
Mount Project	131	7.8	33,000	588	5.2	98,000	576	5.5	97,000	1,295	5.5	228,000
Lindsays Project				4,350	1.7	238,000	3,562	2.0	233,000	7,912	1.9	471,000
Three Mile Hill Project				2,446	1.6	123,000	1,174	1.5	57,000	3,620	1.5	180,000
Norris Project							2,440	2.2	169,000	2,440	2.2	169,000
Total Coolgardie	**547**	**5.4**	**95,000**	**18,161**	**2.2**	**1,296,000**	**11,161**	**2.2**	**807,000**	**29,869**	**2.3**	**2,198,000**
Laverton Operations*												
Barnicoat Project	390	1.7	21,000	2,486	1.7	135,000	3,378	1.3	137,000	6,254	1.5	293,000
Burtville Project				1,573	1.3	65,000	4,146	1.3	170,000	5,719	1.3	235,000
Central Laverton Project	41	1.5	2,000	2,768	1.8	164,000	825	1.8	48,000	3,634	1.8	214,000
Chatterbox Project	948	2.4	72,000	3,967	2.1	273,000	3,186	2.2	227,000	8,101	2.2	572,000
Jasper Hills Project	370	1.8	22,000	1,455	1.8	82,000	843	2.1	58,000	2,668	1.9	162,000
Lancefield Project				2,109	6.4	436,000	713	7.0	160,000	2,822	6.6	596,000
Total Laverton	**1,749**	**2.1**	**117,000**	**14,358**	**2.5**	**1,155,000**	**13,091**	**1.9**	**800,000**	**29,198**	**2.2**	**2,072,000**
Total Combined Resources	**2,296**	**2.9**	**212,000**	**32,519**	**2.3**	**2,451,000**	**24,252**	**2.1**	**1,607,000**	**59,067**	**2.2**	**4,270,000**

Some differences may result due to rounding.

5.3 Pro forma combined Ore Reserves Table for the Merged Group

Ore Reserves and Stocks based on Ore Reserves and Stocks as at 30 June 2012

Reserves	Proved Reserves:			Probable Reserves:			Total Reserves		
	Tonnes '000:	Grade (g/t):	Ounces:	Tonnes:	Grade (g/t):	Ounces:	Tonnes:	Grade (g/t):	Ounces:
Coolgardie Operations									
Tindals Project	43	4.9	7,000	1,111	2.4	86,000	1,154	2.5	93,000
Three Mile Hill Project Open Pits:				999	1.9	60,000	999	1.9	60,000
The Mount Project Underground:				126	4.2	17,000	126	4.2	17,000
Stocks							551	0.7	13,000
Total Coolgardie	**43**	**4.9**	**7,000**	**2,236**	**2.3**	**163,000**	**2,830**	**2.0**	**183,000**
Laverton operations									
Barnicoat Project				589	2.2	41,000	589	2.2	41,000
Burtville Project				1,044	1.4	46,000	1,044	1.4	46,000
Central Laverton Project				825	1.3	34,000	825	1.3	34,000
Chatterbox Project	547	2.1	37,000	167	2.6	14,000	714	2.2	51,000
Jasper Hills Project				331	2.4	26,000	331	2.4	26,000
Lancefield				680	4.9	108,000	680	4.9	108,000
Stocks							628	1.3	25,000
Total Laverton	547	2.1	37,000	3,636	2.3	269,000	4,811	2.1	331,000
Reserve & Stock Totals:	**590**	**4.9**	**44,000**	**5,872**	**2.3**	**432,000**	**7,641**	**2.1**	**514,000**

Some differences may result due to rounding.

5.4 Forecast financial performance

Focus has given careful consideration as to whether a reasonable basis exists to produce reliable and meaningful forecast financial information in relation to the Merged Entity. The Focus Board has concluded that forecast financial information would be misleading to provide, as a reasonable basis does not exist for producing forecasts that would be sufficiently meaningful and reliable, particularly considering the large effect that variations in key variable inputs, most of which are outside the control of Focus may have on the future financial position of the Merged Entity. Key variable inputs include prevailing foreign exchange rates, the timing and level of exploration and production and costs related to development and operating activities.

6 Funding

6.1 Consideration under the Offer

The consideration for the acquisition of Focus Laverton Shares to which the Offer relates will be satisfied by the issue of New Focus Shares.

6.2 Offer Consideration

Based on the number of Focus Laverton Shares on issue on the Announcement Date, the maximum number of New Focus Shares which may need to be issued in accordance with the Offer (if acceptances were received for all Focus Laverton Shares) is approximately 314,604,392.

6.3 Ability to issue other consideration

Focus has the ability to issue the maximum number of New Focus Shares which it may be required to issue under the Offer. No shareholder approvals or other third party consents are required for the issue of those shares.

6.4 Provision of consideration

On the basis of the arrangements described in this section, Focus is of the opinion that it has reasonable basis for holding the view, and holds the view, that Focus will be able to provide the Offer Consideration.

7 Taxation considerations

7.1 Introduction

The following is an outline of the principal Australian income tax consequences applicable to a Focus Laverton Shareholder who disposes of their Focus Laverton Shares under the Offer. This outline reflects the current provisions of the *Income Tax Assessment Act 1936 (Cwlth)* and the *Income Tax Assessment Act 1997 (Cwlth)* and the regulations made under those Acts, taking into account Focus' understanding of the current administrative practices of the Australian Taxation Office. The outline does not otherwise take into account or anticipate changes in the law, whether by way of judicial decision or legislative action, nor does it take into account tax legislation of countries apart from Australia.

This outline does not purport to be a complete analysis or to identify all potential Australian income tax consequences that could apply to Focus Laverton Shareholders. In particular, the summary is only relevant to those Focus Laverton Shareholders who hold their shares on capital account. It does not address all tax considerations applicable to Focus Laverton Shareholders that may be subject to special tax rules, such as banks, insurance companies, tax exempt organisations, superannuation funds, dealers in securities, Focus Laverton Shareholders which hold the Focus Laverton Shares on behalf of another person or Focus Laverton Shareholders who acquired their Focus Laverton Shares as part of an employee share scheme or who hold performance rights. It also does not address those Focus Laverton Shareholders who buy and sell shares in the ordinary course of business or who acquired their Focus Laverton Shares for resale at a profit.

For Focus Laverton Shareholders who are non-residents of Australia for tax purposes, it is assumed that the Focus Laverton Shares are not held and have never been held, as an asset of a permanent establishment of that Focus Laverton Shareholder in Australia.

This outline does not constitute tax advice and should not be relied upon as such. Each Focus Laverton Shareholder should consult their own tax adviser regarding the consequences of acquiring, holding or disposing of their Focus Laverton Shares. The tax advice should specifically consider whether the Focus Laverton Shareholder is entitled to CGT roll-over relief.

7.2 Taxation on the disposal of Focus Laverton Shares

If you accept the Offer, you will be treated as having disposed of your Focus Laverton Shares for Australian income tax purposes, for consideration. The disposal of a Focus Laverton Share should constitute a capital gains tax (CGT) event.

7.3 Australian resident Focus Laverton Shareholders

You should:

(a) realise a capital gain in connection with the disposal of a Focus Laverton Share to the extent that the amount you receive (or will receive) for the disposal of that Focus Laverton Share as determined in accordance with the tax law is more than your cost base in the Focus Laverton Share; and

(b) realise a capital loss to the extent that the amount you receive (or will receive) is less than your reduced cost base of the Focus Laverton Share. Capital losses can usually only be offset against capital gains you realise in the same income year or in later income years.

Your cost base for each Focus Laverton Share should be the total amount you paid for the Focus Laverton Share, your acquisition costs and other costs relating to the holding and disposal of the Focus Laverton Share, to the extent to which you have not claimed an income tax deduction for such costs. The reduced cost base of a Focus Laverton Share is usually determined in a similar, but not identical, manner.

There are a number of circumstances which may result in your cost base or reduced cost base being calculated in a different manner to that outlined above. We recommend that you consult your tax adviser to confirm the cost base or reduced cost base of your Focus Laverton Shares.

Any net capital gain should be included in your assessable income for that relevant income year. Broadly, your net capital gain in respect of an income year will be calculated by aggregating all of your capital gains realised in that income year and reducing that amount by your capital losses realised in that income year and any available net capital losses from prior years.

Focus Laverton Shareholders who are individuals, trusts or complying superannuation funds may be eligible for discount capital gains treatment in respect of a Focus Laverton Share if they have held that Focus Laverton Share for at least 12 months. The discount rate is 50% for individuals and trusts, and 33 ⅓% for complying superannuation funds.

Discount capital gains treatment is not available to Focus Laverton Shareholders that are companies or to Focus Laverton Shareholders who acquired their Focus Laverton Shares before 21 September 1999 and choose to include indexation when calculating the cost base of their Focus Laverton Shares.

7.4 CGT roll-over relief

Australia's tax regime provides relief from tax for capital gains made on the exchange of shares in one entity for shares in another entity in limited circumstances. This is referred to as "CGT roll-over relief."

CGT roll-over relief may be available for Focus Laverton Shareholders where, as a result of the Offer, Focus increases its current holding of over 80% of the voting shares in Focus Laverton and the relevant Focus Laverton Shareholder:

(a) exchanges their Focus Laverton Shares for Focus Shares in accordance with the Offer;

(b) but for the roll-over, would have realised a capital gain in connection with the exchange (see section 7.3 above);

(c) is an Australian resident for income tax purposes; and

(d) chooses that the CGT roll-over applies.

In broad terms, if the CGT roll-over is available, then any capital gain resulting from the disposal by Focus Laverton Shareholders of Focus Laverton Shares pursuant to the Offer may be deferred. The CGT implications are deferred either until the relevant Focus Laverton Shareholders dispose of the Focus Shares acquired pursuant to the Offer or upon the happening of another taxable event in respect of the Focus Shares.

You may wish to sell your Focus Shares acquired under the Offer at some point in the future. In order to determine the extent of any capital gain or capital loss on the disposal of Focus Shares, it will be necessary to have regard to the cost base of the Focus Shares and the time of their acquisition.

If you choose to apply CGT roll-over relief, the cost base of the Focus Shares acquired pursuant to the Offer should be equal to the cost base of the Focus Laverton Shares for which they were exchanged plus any other incidental costs that can be included in the cost base.

You will be deemed to have acquired each Focus Share on the same date that you acquired the original Focus Laverton Share (which gave rise to the entitlement to the Focus Share). This deemed acquisition date will be relevant for indexation or the CGT discount, if available.

Set out below is a simple example of the CGT treatment arising on the transfer of Focus Laverton Shares where a Focus Laverton Shareholder chooses to obtain CGT roll-over relief. The example assumes that:

- the Focus Laverton Shareholder has a cost base of $0.03 for each of their Focus Laverton Shares;
- the market value of the Focus Shares acquired pursuant to the Offer is $0.03; and
- the Focus Laverton Shareholder does not incur any relevant incidental costs.

Example 1A: CGT roll-over relief obtained

A Focus Laverton Shareholder, who is an Australian resident individual, has 1,000,000 Focus Laverton Shares with a total cost base of $10,000. The cost base for each Focus Laverton Share is $0.01.

Pursuant to implementation of the Offer, the Focus Laverton Shareholder is provided 725,000 Focus Shares (i.e. 0.725 Focus Shares for each Focus Laverton Share).

The Focus Laverton Shareholder chooses to obtain CGT roll-over relief.

Total capital proceeds	=	Share Component
	=	725,000 x $0.03
	=	$21,750
Cost base of Focus Laverton Shares	=	$10,000
Capital Gain	=	Share Component - Cost base of Focus Laverton Shares
	=	$21,750 - $10,000
	=	$11,750

If the Focus Laverton Shareholder held the Focus Laverton Shares for at least 12 months, the CGT discount may apply to reduce the capital gain to $5,875, i.e.

half of $11,750. However, this capital gain will be deferred to the extent that the Focus Laverton Shareholder elects to obtain CGT roll-over relief.

The total cost base of the Focus Shares received under the Offer should be $10,000 or $0.0138 per Focus Share (being $10,000 divided by 725,000 shares).

Set out below is a simple example of the CGT treatment arising on the transfer of Focus Laverton Shares where a Focus Laverton Shareholder does not apply CGT roll-over relief. The example is based upon the same assumptions as Example 1A above.

Example 1B: CGT roll-over relief not obtained

A Focus Laverton Shareholder, who is an Australian resident individual, has 1,000,000 Focus Laverton Shares with a total cost base of $10,000. The cost base for each Focus Laverton Share is $0.01.

Pursuant to implementation of the Offer, the Focus Laverton Shareholder is provided 725,000 Focus Shares (i.e. 0.725 Focus Shares for each Focus Laverton Share).

The Focus Laverton Shareholder does not choose to obtain CGT roll-over relief.

Total capital proceeds	=	Share Component
	=	725,000 x $0.03
	=	$21,750
Cost base of Focus Laverton Shares	=	$10,000
Capital Gain	=	Share Component - Cost base of Focus Laverton Shares
	=	$21,750- $10,000
	=	$11,750

If the Focus Laverton Shareholder held the Focus Laverton Shares for at least 12 months, the CGT discount may apply to reduce the capital gain to $5,875, i.e. half of $11,750. This capital gain will not be deferred.

The total cost base of the Focus Shares received under the Offer should be $21,750 or $0.03 per Focus Share.

A Focus Laverton Shareholder must make a choice to apply CGT roll-over relief when lodging the income tax return for the tax year in which the CGT event happens. The CGT event will happen in the income year in which the Offer is accepted. The manner in which the Focus Laverton Shareholder prepares the income tax return will be evidence of the choice (ie no separate notice or election is required to be lodged with the Australian Taxation Office).

If you do not choose CGT roll-over relief, the cost base of your Focus Shares should be equal to the market value of the Focus Laverton Shares exchanged.

All Focus Laverton Shareholders, and particularly those not covered by this outline as noted above, should obtain their own independent professional tax advice as to whether and how a CGT roll-over election should be made.

7.5 Non-resident Focus Laverton Shareholders

If you are not a resident of Australia for income tax purposes, you will generally not have to pay Australian tax on any capital gain when you dispose of your Focus Laverton Shares.

However, Australian tax may be payable on any capital gain where both of the following requirements are satisfied:

(a) you hold a "non-portfolio interest" in Focus Laverton; and

(b) the Focus Laverton Shares pass the "principal asset test".

If either element is absent, any capital gain made on the disposal of your Focus Laverton Shares should not be subject to income tax in Australia.

You will hold a "non-portfolio interest" in Focus Laverton if you (together with your associates) own, or owned, throughout a 12 month period during the two years preceding the sale of your Focus Laverton Shares, 10% or more of (broadly) all of the shares in Focus Laverton.

Broadly, the Focus Laverton Shares would pass the "principal asset test" if the market value of Focus Laverton's direct and indirect interests in Australian land (including leases and mining rights) is more than the market value of its other assets at the time you accept the Offer. Detailed calculations are necessary to determine the results of the "principal asset test".

If you hold a "non-portfolio interest" in Focus Laverton, you should contact Focus Laverton to determine if the Focus Laverton Shares would pass the "principal asset test".

If you buy and sell shares in the ordinary course of business, or acquired the shares for resale at a profit, any gain could be taxed in Australia as ordinary income and not as a capital gain (subject to any available relief under a double tax treaty that Australia has concluded with your country of residence). Again, you should seek your own tax advice.

You should seek advice from your tax adviser as to the taxation implications of accepting the Offer in your country of residence.

7.6 Stamp duty

Any stamp duty payable on the transfer of Focus Laverton Shares to Focus pursuant to the Offer will be paid by Focus.

7.7 Goods and Services Tax

The provision, acquisition or disposal of shares is not subject to goods and services tax (**GST**). Accordingly, no GST should be payable on:

(a) your disposal of the Focus Laverton Shares to Focus; or

(b) your acquisition of Focus Shares.

Your ability to claim input tax credits on related acquisitions (if any) may be restricted. This is a complex area of the GST law and GST registered entities should seek their own professional tax advice in this regard.

8 Investment risks

8.1 Introduction

Focus Laverton Shareholders who accept the Offer will become shareholders in Focus. The financial performance and operations of Focus' business, the price of Focus Shares and the amount and timing of any dividends that Focus may pay will be influenced by a range of factors. Some of these factors can be mitigated by the use of safeguards and appropriate commercial action. However, many of these factors are beyond the control of Focus and the Focus Board. Many of these factors also affect the businesses of other companies operating in the same industry.

This section 8 describes certain risk factors associated with an investment in Focus. The risks set out in this section 8 are general only and do not take into account your individual objectives, financial situation or needs. Focus Laverton Shareholders should consider carefully these risk factors and the other information contained in this Bidder's Statement and their personal circumstances. If necessary, Focus Laverton Shareholders should consult their legal, financial or other professional adviser before deciding whether to accept the Offer.

As the Merged Entity will include the business of Focus Laverton, Focus Laverton Shareholders are already exposed to many of the risks set out in this section.

8.2 Specific risk factors relating to Focus and the Merged Entity

Key business risks for Focus and the Merged Entity

(a) Mining exploration and development

Focus' business operations are subject to risks and hazards inherent in the mining industry and which may have a material adverse effect on Focus' results of operation and business. The exploration for, and the development of, mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate.

Focus' future exploration and production may be hampered by mining, heritage and environmental legislation, industrial accidents, industrial disputes, cost overruns, land claims and compensation and other unforeseen contingencies which may incur costs and delay production and the generation of revenue for Focus. The success of Focus and its ability to generate revenue also depends on the delineation of economically recoverable reserves, the availability and cost of required development capital, the price of commodities, securing and maintaining title to its exploration and mining tenements as well as obtaining all necessary consents and approvals for the conduct of its exploration and future development and production activities.

Risks involved in mining operations include unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins and other geotechnical events, flooding and other conditions involved in the drilling, removal, haulage, overland transport and processing of any material, any of which could result in damage to life or property, environmental damage and possible legal liability. Further, weather conditions over a prolonged period can adversely affect exploration, production, mining and drilling operations and the timing of earning revenues.

(b) Competitive conditions

The mining industry is intensely competitive in all its phases. Competition in the mining industry is primarily for mineral rich properties which can be developed and produced economically and businesses compete for the technical expertise to find, develop, and produce such properties, the skilled labour to operate the properties and the capital for the purpose of financing development of such properties. Such competition may result in Focus being unable to acquire desired properties, recruit or retain qualified employees or acquire the capital necessary to fund its operations and develop its properties.

Focus' inability to successfully compete with other mining companies for these mineral deposits could have a material adverse effect on Focus' results of operation and business.

(c) Resource estimates

The Mineral Resource figures included in this Bidder's Statement are estimates only and no assurance can be given that any particular level of recovery of gold or other minerals from Resources will in fact be realised or that an identified mineral deposit will ever qualify as a commercially mineable (or viable) ore body which can be economically exploited. Mineral Resources which are not Ore Reserves do not have demonstrated economic viability.

Any material change in the quantity of mineralization, grade or ore to waste ratio, or the price of gold may affect the economic viability of any property held by Focus. In addition, there can be no assurance that gold recoveries or other metal recoveries in small-scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production. The failure of Focus to achieve its production estimates could have a material and adverse effect on any or all of its future cash flows, profitability, results of operations and financial condition. Until Mineral Resources are actually mined and processed, the quantity of Mineral Resource grades must be considered as estimates only.

(d) Gold price volatility and exchange rate risks

The revenue Focus derives through the sale of gold exposes the potential income of Focus to gold price and exchange rate risks. The gold price fluctuates and is affected by many factors beyond the control of Focus. Such factors include general world economic activity, world demand, supply and demand fluctuations for precious and base metals, forward selling activities, gold reserve movements at central banks, costs of production by gold producers, inflationary expectations, interest rates and other macro-economic and political factors.

Furthermore, the international price of gold is denominated in United States dollars, whereas the income derived from the sale of gold and operating expenditure of Focus are and will be taken into account in Australian currency. This exposes Focus to potential decreases in income and increases in operating expenditure due to the volatility of the rate of exchange between the United States dollar and the Australian dollar (as determined in the international markets) and unfavourable movements in that exchange rate (generally where the Australian dollar strengthens against the United States dollar).

(e) Exploration tenements and mining leases

Interests in Focus' exploration and mining tenements are governed by State legislation and are evidenced by the granting of leases or licences. Each tenement is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Focus could lose title to, or its interest in, its tenements if lease or licence conditions are not met or if insufficient funds are available to meet expenditure commitments. Such events may negatively affect Focus' ability to extract and sell minerals from its tenements.

Although Focus has investigated title to its tenements, Focus cannot give any assurance that title to those tenements will not be challenged or impugned. Its tenements may be subject to prior unregistered agreements or transfers or title may be affected by undetected defects or native title claims.

(f) Management and technical personnel

The success of Focus is currently largely dependent on the performance of its officers and technical personnel. Focus Laverton Shareholders will be relying on the good faith, experience and judgment of Focus' management and advisers in supervising and providing for the effective management of the business of Focus. Locating mineral deposits depends on a number of factors, not the least of which is the technical skill of the exploration personnel involved. There is no assurance Focus can maintain the services of its officers or other qualified technical personnel required to operate its business. The loss of the services of these persons could have a material adverse effect on Focus' business, revenue and prospects. Focus Laverton is currently dependent on the performance of these same officers and technical personnel.

Other business risks for Focus and the Merged Entity

(g) Barrick Granny Smith Mill

The Laverton Gold Project is a large scale, open pit operation. Ore is processed at the nearby 3.5Mtpa Barrick Granny Smith Mill (**BGSM**) through the Ore Purchase Agreement (**OPA**) with Barrick which provides for a 50 day processing allotment per 90 day quarter. The OPA is scheduled to end in June 2013, unless extended. There is a risk of revenue loss and operational issues if the OPA with Barrick is lost/terminated or not extended. This is also a risk that Focus Laverton Shareholders are already exposed to and an investment in Focus through the Offer diversifies Focus Laverton Shareholders exposure and potentially reduces the current risk they face in respect of this issue.

(h) Infrastructure

Mining, processing, development and exploration activities depend on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs.

There is no assurance that such infrastructure can be put in place or that the capital will be available to Focus on satisfactory terms, or at all, in order to build and maintain such infrastructure, which would have a material adverse effect on Focus' financial condition and results of operation. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could also adversely affect Focus' operations, financial condition and results of operations.

(i) Insurance and uninsurable risks

Exploration, development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, ground or slope failures, fires, floods, earthquakes, cyclones and other environmental occurrences, as well as political and social instability that could result in damage to or destruction of mineral properties or producing facilities, personal injury or death, environmental damage, delays in mining caused by industrial accidents or labour disputes or changes in regulatory environment, monetary losses and possible legal liability. It is not always possible to obtain insurance against all such risks and Focus may decide not to insure against certain risks because of high premiums or other reasons. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to Focus or to other companies in the mining industry on acceptable terms.

Although Focus maintains insurance to protect against certain risks in such amounts as it considers reasonable, its insurance will not cover all potential risks associated with its operations, and insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Should such liabilities arise, they could reduce or eliminate any further profitability and result in increasing costs and a decline in the value of Focus Shares.

(j) Accounting policies and internal controls

Focus prepares its financial reports in accordance with accounting policies and methods prescribed by Australian generally accepted accounting principles. In preparation of financial reports, management may need to rely upon assumptions, make estimates or use their best judgment in determining the financial condition of Focus. Significant accounting policies are described in more detail in Focus' audited financial statements. In order to have a reasonable level of assurance that financial transactions are properly authorised, assets are safeguarded against unauthorised or improper use, and transactions are properly recorded and reported, Focus has implemented and continues to analyse its internal control systems for financial reporting. Although Focus believes its financial reporting and financial statements are prepared with reasonable safeguards to ensure reliability, Focus cannot provide absolute assurance.

(k) Synergy risks

While the directors of Focus expect to reduce corporate and administrative expenses as a result of the transaction, achievement of these synergies is not certain. The synergies may not be realised to their full extent or may be realised over a longer period of time than the directors of Focus expect. This could have an adverse impact on the financial performance of the Merged Entity.

8.3 Risks that arise from the Offer

(a) Fluctuation in the market value of Focus Shares

The Offer Consideration includes a specified number of New Focus Shares as opposed to a number of New Focus Shares totalling a specified market value. The market value of New Focus Shares at the time at which they are provided to Focus Laverton Shareholders may vary from their market value on the date that Focus Laverton Shareholders accept the Offer.

Focus is not obliged to make any adjustment in the Offer Consideration payable if the value of Focus Shares changes during the Offer Period. Accordingly, market fluctuations could adversely affect the value of the Offer Consideration provided and the value of an accepting Focus Laverton Shareholder's investment in Focus.

(b) Focus' interest in Focus Laverton

A risk exists that the final level of ownership acquired by Focus may be less than 90%, as is currently already the case. This would mean, in the event that Focus Laverton is a partly owned controlled entity, that Focus would not be in a position to give effect to its intentions set out in section 4.2.

8.4 Risks arising from the economy and securities market

There are also a number of general risks, including general business risks not specific to the Offer, which may affect the performance of Focus and the price and value of Focus Shares, regardless of Focus' actual operating performance. The factors raised below are not an exhaustive list, and there may be other matters which cannot now be foreseen that may, in the future, affect the performance of Focus and the price and value of Focus Shares.

(a) General economic risks

The Merged Entity's operating and financial performance, and the market price of Focus Shares, may be determined by a range of factors, including:

(i) changes to domestic and international stock markets;

(ii) inflation;

(iii) changes in interest rates;

(iv) changes in exchange rates;

(v) general economic conditions;

(vi) ability to access funding;

(vii) global geo-political events and hostilities;

(viii) investor perceptions;

(ix) changes in governmental, fiscal, monetary and regulatory policies; and

(x) employment levels.

One or more of these factors may cause Focus Shares to trade below current prices and may adversely affect the operating and financial performance of Focus. In addition, changes in the price or value of Focus Shares may be unrelated or disproportionate to the actual operating performance of Focus.

(b) Investment risk

Focus Laverton Shareholders should be aware that there are risks associated with investment in financial products quoted on a stock exchange. Share price movements could affect the value of consideration paid under the Offer and the value of any investment in Focus. The value of Focus Shares can be expected to fluctuate depending on various factors including general worldwide economic conditions, changes in government policies, investor perceptions, movements in interest rates and stock markets, prices of Focus' products, variations in the operating costs and costs of capital replacement which Focus may in the future require.

(c) Government policy and taxation

Changes in relevant taxation laws, accounting standards, other legal, legislative and administrative regimes, and government policies, may have an adverse effect on the assets, operations and ultimately financial performance of Focus and Merged Entity. These factors may ultimately effect Focus' financial position and performance and the market price of Focus Shares.

(d) Profitability

Future operating results depend to a large extent on management's ability to manage operations, expansion and growth successfully. This may require expansion of all aspects of the business operations, such as revenue forecasting, addressing new markets, controlling expenses, implementing infrastructure and systems and managing assets. Inability to control the costs and organisational impacts of business growth or an unpredicted decline in revenues without a corresponding and timely reduction in expense growth could materially adversely affect Focus' operating results.

(e) War and terrorist attacks

War or terrorist attacks anywhere in the world could result in a decline in economic conditions worldwide or in a particular region. There could also be a resultant material adverse effect on the business, financial condition and financial performance of Focus.

8.5 Not exhaustive

The risks set out in this section 8 are not exhaustive of all the risks faced or that may be faced by Focus Shareholders. Accordingly, no assurances or guarantees of future performance or profitability are given by Focus, its Subsidiaries or any of their respective officers and employees.

9 Additional information

9.1 Summary of the Bid Implementation Agreement

Focus and Focus Laverton entered into a Bid Implementation Agreement on 14 March 2013 whereby Focus and Focus Laverton have agreed to co-operate with each other in relation to the Offer (**Bid Implementation Agreement**). A summary of certain key terms of the Bid Implementation Agreement is set out below. This summary does not purport to be exhaustive or constitute a definitive statement of the rights and liabilities of each of Focus and Focus Laverton under the Bid Implementation Agreement. The full terms of the Bid Implementation Agreement can be viewed in the announcement made by Focus in connection with the Bid on the Announcement Date.

(a) The Bid and recommendation

Under the Bid Implementation Agreement:

(i) Focus has agreed to make the Offer to all Focus Laverton Shareholders in respect of all of their Focus Laverton Shares; and

(ii) Focus Laverton represented to Focus that Mr Geoff Stanley, the Focus Laverton Independent Director intends to recommend the Offer to Focus Laverton Shareholders subject to there being no Superior Proposal and the Independent Expert concluding that the Offer is reasonable to Focus Laverton Shareholders.

Focus Laverton also consents to Focus despatching the Bidder's Statement and accompanying documents to Focus Laverton Shareholders earlier than the date for despatch under item 6 of section 633(1) of the Corporations Act.

(b) Offer conditions

There are no defeating conditions attached to the Offer.

(c) Standstill

Until the end of the Offer Period, Focus Laverton is relieved of its obligations under any loan or working capital facility made available to it by Focus.

Focus must not take any steps to accelerate the debt owed or exercise any right, power, authority, discretion or remedy, under any loan or working capital facility (or security interest in respect of such loans or working capital facilities) made available to Focus Laverton.

(d) Termination

Either party to the Bid Implementation Agreement may terminate that agreement if:

(i) the other party is in material breach of the agreement and that breach is not remedied by that other party within 10 Business Days;

(ii) Focus withdraws the Takeover Bid as permitted by the Corporations Act for any reason;

(iii) there is a material breach of a representation or warranty given by the other party under the agreement;

(iv) a court or other Regulatory Authority has issued a final and non-appealable order or ruling or taken other action which permanently restrains or prohibits the Takeover Bid; or

(v) the other party or any of their Related Bodies Corporate becomes insolvent.

Focus may terminate the Bid Implementation Agreement if:

(i) a Superior Proposal is made or publicly announced for Focus Laverton by a third party;

(ii) any director of Focus Laverton (other than Don Taig and Bruce McComish) does not recommend the Takeover Bid be accepted by Focus Laverton Shareholders or having recommended the Takeover Bid, withdraws or adversely modifies his or her recommendation of the Takeover Bid;

(iii) a person (other than Focus or its associates) has a relevant interest in more than 10% of the Focus Laverton Shares on issue (other than existing Focus Laverton Shareholders who at the date of this agreement hold a relevant interest in more than 10% of the Focus Laverton Shares on issue).

(e) Representation and warranties

Each of Focus and Focus Laverton gives warranties to each other, including as to their legal capacity.

9.2 Agreements with Focus Laverton

Focus Laverton has an unsecured intra company loan facility from Focus with interest charged at 8% per annum. As at the end of February 2013, approximately $27,300,000 was outstanding under this loan facility. See description in section 9.1 above regarding the standstill in respect of this facility.

9.3 Due diligence

Focus has not conducted any formal due diligence in addition to that performed prior to the Initial Takeover Bid. Through that prior due diligence, its majority shareholding and Focus and Focus Laverton having common directors, Don Taig and Bruce McComish, Focus has had access to certain information concerning Focus Laverton which has not been disclosed generally to Focus Laverton Shareholders. None of the information to which Focus was given access is, in the opinion of Focus, of such a nature and quality which, if the information were generally available, be material to a decision by a Focus Laverton Shareholder whether or not to accept the Offer. However, the fact that Focus has decided to make the Offer may itself be regarded as information material to the decision of a Focus Laverton Shareholder whether or not to accept an Offer.

9.4 Constitution

The rights and restrictions attaching to Focus Shares are set out in Focus' constitution and, in certain circumstances, are regulated by the Corporations Act, ASX Listing Rules and general law. Under section 140(1) of the Corporations Act, the constitution of Focus has effect as a contract between Focus and each member and between a member of Focus and each other member. Accordingly, if Focus Laverton Shareholders accept the Offer and are allotted New Focus Shares as consideration, they will become contractually bound to comply with the constitution of Focus. However, since the New Focus Shares issued as consideration under the Offer will be issued as fully paid, no monetary liability attaches to them.

A summary of the principal rights attaching to Focus Shares to be issued upon the acceptance of the Offer is set out below. This summary does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities attaching to Focus Shares. Such rights involve complex questions of law arising from the interaction of the constitution and statutory and common law requirements. Focus Laverton Shareholders should seek their own advice when trying to establish their rights in specific circumstances.

(a) Dividends

Focus directors are entitled to distribute Focus profits and declare final and interim dividends, subject to any special rights or conditions attaching to any Focus Shares and in accordance with Focus Shareholders' rights and interests.

The New Focus Shares issued upon acceptance of the Offer will rank equally with all other issued shares in the capital of Focus and will participate in any dividends paid by Focus from time to time.

(b) Attendance at meetings and voting

Subject to the provisions of the constitution of Focus, a Focus Shareholder is entitled to be present and vote at every meeting of members. Focus Shareholders may vote in person, or by proxy, attorney or representative and are entitled to, on a show of hands, one vote and upon a poll, one vote for every Focus Share held by that Focus Shareholder.

(c) Variation of Rights

Subject to provisions in the Corporations Act, the rights attaching to a class of shares in Focus may be varied with the written consent of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

At present, there is only one class of shares in Focus on issue (ie Focus Shares).

(d) Issue of further Focus Shares

Subject to the restrictions on the allotment of shares under Focus' constitution, the Corporations Act and the ASX Listing Rules, the directors of Focus may issue, allot or dispose of further Focus Shares on such terms and conditions as the directors determine. However, subject to the ASX Listing Rules, Focus directors may not issue further shares which would have the effect of Focus having more than one class of ordinary shares on issue, unless approved by ASX.

(e) Transfer of Focus Shares

Generally, fully paid Focus Shares are freely transferable, subject to satisfying the usual requirements of share transfers on ASX.

However, except in the case of a proper transfer, the directors may decline to register any transfer or apply a holding lock where permitted or required to do so by the ASX Listing Rules.

Focus will notify a lodging party of any such refusal to transfer shares and the precise reasons for such action.

(f) Calls on Focus Shares

Subject to the Focus constitution and the ASX Listing Rules, the directors may make calls on Focus Shareholders in respect of any money which remains unpaid on their Focus Shares except where the payments are made payable at fixed times by the conditions of the issue of the shares. Focus directors may require a call to be made in instalments and may differentiate between Focus Shareholders as to the amount of calls to be paid and the times of payment.

(g) Forfeiture of Focus Shares

Subject to the Corporations Act and the ASX Listing Rules, if a Focus Shareholder fails to pay any call or instalment of a call on the day appointed for payment, the directors may serve a call notice requiring payment of the unpaid amount of the call together with any interest that has accrued.

If the terms of a valid call notice are not complied with by the Focus Shareholder, the shares in respect of which the notice was given may be forfeited by a resolution of the directors to that effect.

A person whose Focus Shares are forfeited will cease to be a member of Focus in respect of those forfeited shares but will remain liable to pay to Focus all money payable in respect of those shares. Any Focus Shares which are forfeited in accordance with the constitution may be sold or otherwise disposed of in the manner that the directors determine.

(h) Liens on Focus Shares

Focus has a first and paramount lien on each Focus Share registered in a Focus Shareholder’s name in respect of all money owed to Focus by the Focus Shareholder but not any unpaid call once the Focus Share has been forfeited under section 254Q of the Corporations Act.

The lien held by Focus shall extend to the Focus Shares and any dividend declared in respect of such shares.

(i) Winding up

Subject to the terms and conditions upon which Focus Shares have been issued, on a winding up of Focus all assets which may be legally distributed among the members will be distributed among the Focus Shareholders in proportion to the capital paid up and in accordance with the Corporations Act.

(j) Notices

Any notice or document given by Focus to any Focus Shareholder pursuant to its constitution may be served on the person to be notified either personally, by electronic means or by sending it through the post at his or her registered place of address.

(k) Amendment of Constitution

Pursuant to the Corporations Act, Focus may only modify or repeal a provision of its constitution by special resolution in a general meeting, being a resolution passed by at least 75% of votes cast by members entitled to vote on the resolution. Focus must provide at least 28 days' notice of the general meeting and proposed special resolution.

9.5 FIRB approval and ASIC modifications and exemptions

As a result of Shandong's interest in Focus (see section 2.2), Focus is considered to be a foreign government investor for the purposes of Australia's Foreign Investment Policy. Accordingly, Focus notified the Treasurer (through FIRB) and sought a statement of no objections to Focus acquiring up to 100% of the issued shares of Focus Laverton under the Takeover Bid. On 13 March 2013, FIRB advised Focus that there are no objections to the Takeover Bid in terms of the Government's Foreign Investment Policy.

ASIC has published various "Class Order" instruments providing for modifications and exemptions that apply generally to all persons, including Focus, in relation to the operation of Chapter 6 of the Corporations Act. Focus may rely on this "Class Order" relief.

9.6 Disclosure of interests and benefits

(a) Focus director interests

As at the date of this Bidder's Statement, the directors of Focus have the following interests in Focus securities.

Director	Ordinary Shares	Focus Options
Donald Taig	13,963,259	0
Phillip Lockyer	849,523	0
Bruce McComish	250,000	0
Gerry Fahey	641,000	0
Li Zhongyi	0	0
Zhang Dahui	0	0
Michael Guo	0	0

(b) Focus senior management interests

As at the date of this Bidder's Statement, the senior management of Focus have the following interests in Focus securities.

Key management	Ordinary Shares	Vested Options	Unvested Options
Paul Fromson	500,000	0	0
Mark Hine	2,542,373	0	0
Charles McCormick	18,116,224	0	2,500,000
Dean Goodwin	210,000	0	5,000,000
Neil Le Febvre	473,296	0	5,000,000
Marianne Dravnieks	0	0	0

(c) Interested Person

For the purposes of this section 9.6 an "Interested Person" is:

(i) a director or proposed director of Focus;

(ii) a person named in this Bidder's Statement as performing a function in a professional, advisory or other capacity in connection with preparing or distributing this Bidder's Statement;

(iii) a promoter of Focus; or

(iv) a broker or underwriter to the issue of Focus Shares.

(d) Interests

Except as disclosed below or elsewhere in this Bidder's Statement no Interested Person holds or held at any time during the 2 years before the date of this Bidder's Statement any interest in:

(i) forming or promoting Focus;

(ii) property acquired or proposed to be acquired by Focus in connection with:

(A) forming or promoting Focus; or

(B) the offer of Focus Shares, or

(iii) the offer of Focus Shares.

Hartleys Limited has acted as financial adviser to Focus in relation to the Offer and the Initial Takeover Bid and is, and was, respectively, entitled to receive professional fees for these services.

King & Wood Mallesons has acted as legal adviser to Focus in connection with the Offer and the Initial Takeover Bid and is, and was, entitled to professional fees in accordance with their normal time charged basis.

(e) Benefits

Except as disclosed in this Bidder's Statement no one has paid or agreed to pay fees or given or agreed to give any benefit to:

(i) a director or proposed director of Focus to induce that person to become or qualify as a director of Focus; or

(ii) any Interested Person for services provided by that person in connection with:

(A) forming or promoting Focus; or

(B) the offer of Focus Shares under the Offer.

9.7 Consents

This Bidder's Statement contains statements made by, or statements based on statements made by, each of:

(a) Hartleys Limited as financial adviser to Focus;

(b) King & Wood Mallesons as legal adviser to Focus;

(c) Computershare Investor Services Pty Limited as Share Registry;

(d) Dr Garry Adams and Mr Peter Ganza as the competent persons referred to in sections 1 and 3 of this Bidder's Statement; and

(e) Mr Geoff Stanley as Independent Director of Focus Laverton; and

(f) BDO as Independent Expert.

(the **Consenting Parties**).

Each of the Consenting Parties has consented to, and has not withdrawn that consent prior to this Bidder's Statement being lodged with ASIC, the inclusion of each statement it has made and each statement which is based on a statement it has made in this Bidder's Statement in the form and context in which those statements appear.

This Bidder's Statement also includes or is accompanied by statements which are made in, or based on statements made in, documents lodged with ASIC or on the company announcement platform of ASX. Under the terms of ASIC Class Order 01/1543, the parties making those statements are not required to consent to, and have not consented to, those statements being included in this Bidder's Statement. If you would like to receive a copy of any of these documents please contact Focus on +61 8 9215 7888 between 9:00 am to 4:00 pm (Perth time) Monday to Friday and you will be sent copies free of charge.

As permitted by ASIC Class Order 03/635, this Bidder's Statement may include or be accompanied by certain statements:

(a) fairly representing a statement by an official person; or

(b) from a public official document or a published book, journal or comparable publication.

9.8 Focus is a disclosing entity

Due to the fact that Focus is offering Focus Shares as consideration for the acquisition of Focus Laverton Shares, the Corporations Act requires that this Bidder's Statement includes all information that would be required for a prospectus for an offer of Focus Securities under sections 710 to 713 of the Corporations Act. Focus does not need to issue a prospectus for the offer of the Focus Shares as the Offer is occurring under a takeover bid. Focus is a disclosing entity (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, Focus is required to continuously disclose to the market any information it has which a reasonable person would expect to have a material effect on the price or the value of Focus Shares.

As Focus Shares have been quoted on ASX in the three months prior to the date of this Bidder's Statement, Focus is only required to disclose information that would usually be required where its shares have been continuously quoted securities. In general terms, where Focus Shares are continuously quoted securities, the Bidder's Statement is only required to contain information in relation to the effect of the Offer on Focus and the rights and liabilities attaching to the Focus Shares. It is not necessary to include general information in relation to all of the assets and liabilities, financial position and performance, profits and losses or prospects of Focus unless such information has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules and:

(a) it is information that investors and their professional advisers would reasonably require for the purposes of making an informed assessment of Focus' assets and liabilities, financial position, performance, profits and losses or prospects; and

(b) the information relates to the rights and liabilities attaching to the Focus Shares.

Information that is already in the public domain has not been reported in this Bidder's Statement other than that information which is considered necessary to make this Bidder's Statement complete.

Focus, as a disclosing entity under the Corporations Act, states that it is subject to regular reporting and disclosure obligations and copies of documents lodged with ASIC in relation to Focus (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, an ASIC office and it will provide a copy of each of the following documents, free of charge, to any person on request during the Offer Period:

(a) the most recent annual financial statement lodged by Focus to ASIC for the year ending 30 June 2012;

(b) any half-year financial report (if any) lodged by Focus with ASIC after lodgement of the most recent annual financial statement and before the lodgement of this Bidder's Statement with ASIC; and

(c) all continuous disclosure notices given by Focus after the lodgement of the most recent annual financial statement with ASIC and before the lodgement of this Bidder's Statement with ASIC.

Requests for free copies of these documents may be made by contacting Focus on +61 8 9215 7888 between 9:00 am and 4:00 pm (Perth time), Monday to Friday.

Copies of all documents lodged with ASIC in relation to Focus can be inspected at the registered office of Focus during normal office hours. Focus also has a website, *www.focusminerals.com.au* which includes a wide range of information on Focus. A list of announcements made by Focus since 30 June 2012 and the date this Bidder's Statement went to print appears in Schedule 1.

9.9 Corporate governance

Focus' corporate governance practices comply with the ASX Corporate Governance Council recommendations unless otherwise stated in its corporate governance statement.

Focus' corporate governance statement can be accessed at http://www.focusminerals.com.au/investors/governance/.

9.10 Consent to despatch

The Focus Laverton Independent Director has agreed to the despatch of this document to Focus Laverton Shareholders earlier than 14 days after it was given to Focus Laverton.

9.11 No other material information

Except as disclosed in this Bidder's Statement, there is no other information that is:

(a) material to the making of a decision by a Focus Laverton Shareholder whether or not to accept the Offer; and

(b) known to Focus,

and has not previously been disclosed to Focus Laverton Shareholders.

10 The Offer Terms

10.1 Offer

Focus offers to acquire all of your Focus Laverton Shares on the following terms and conditions. This Offer relates to Focus Laverton Shares that exist or will exist at the Register Date.

You may only accept this Offer for all of your Focus Laverton Shares.

By accepting this Offer, you undertake to transfer to Focus not only the Focus Laverton Shares to which this Offer relates but also all Rights attached to those Focus Laverton Shares (see sections 10.8(e) and 10.8(f) of this Bidder's Statement).

10.2 Consideration

(a) Consideration offered

The consideration offered is 1 Focus Share for every 0.725 Focus Laverton Shares (**Offer Consideration**).

(b) Ineligible Foreign Shareholders

If you are an Ineligible Foreign Shareholder, you will not receive Focus Shares and will only be entitled to receive a cash amount in Australian dollars for your Focus Laverton Shares determined in accordance with section 10.8(c) of this Bidder's Statement.

(c) Rounding of shares

If the number of Focus Shares you become entitled to is not a whole number, that fraction shall be rounded up to the nearest whole number of Focus Shares.

If Focus reasonably believes that a Focus Laverton Shareholder's holdings have been manipulated to take advantage of this rounding up, then any fractional entitlement will be rounded down.

(d) Ranking of New Focus Shares

The Focus Shares to be issued under the Offer will be issued fully paid and will rank equally in all respects with all other Focus Shares currently on issue.

10.3 Offer Period

This Offer will, unless withdrawn, remain open for acceptance during the period commencing on the date of this Offer, being 20 March 2013, and ending at 7:00 pm (Melbourne time) on:

(a) 22 April 2013; or

(b) any date to which the period of this Offer is extended in accordance with the Corporations Act,

whichever is the later.

10.4 Official quotation of New Focus Shares

(a) Focus has been admitted to the official list of the ASX. Securities of the same class as those to be issued as Offer Consideration have been granted official quotation by the ASX.

(b) This Offer and any contract that results from your acceptance of this Offer are subject to a statutory condition that:

(i) Focus applies to ASX within seven days after this Bidder's Statement is given to Focus Laverton, for the admission of the New Focus Shares to official quotation; and

(ii) permission for admission to official quotation by ASX of the Focus Shares to be issued under the Offers which are accepted, is granted no later than 7 days after the end of the Offer Period.

(c) The condition in paragraph (b) is required by section 625(3) of the Corporations Act and is not a defeating condition for the purposes of the Corporations Act. Section 625(3) of the Corporations Act provides that this Offer cannot be freed of the condition prescribed in that section, and consequently no statement made by Focus can be taken to be a waiver of that condition. If this condition is not fulfilled all contracts resulting from acceptance of the Offer will be void automatically.

(d) Official quotation of securities by the ASX is not granted automatically on application. However, Focus has no reason to believe that the New Focus Shares to be issued under the Offer will not be admitted to quotation by the ASX.

10.5 How to accept this Offer

(a) Acceptance Forms

Acceptances must be received in the manner specified below prior to the close of the Offer Period at 7:00 pm (Melbourne time) on 22 April 2013, unless extended.

(b) Acceptance procedure for Focus Laverton Shareholders:

(i) To accept this Offer you must **complete and sign** the Acceptance Form in accordance with the instructions on it and return it (together with the share certificate(s) in respect of all your Focus Laverton Shares and any other documents required by the instructions on the Acceptance Form) to the address set out in section 10.5(c) of this Bidder's Statement so that your acceptance is received before the end of the Offer Period.

(ii) Beneficial owners

Beneficial owners whose Focus Laverton Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee should contact that nominee for assistance in accepting this Offer.

(c) Postal address

The mailing address for completed Acceptance Forms is:

Focus Laverton Offer
Computershare Investor Services Pty Limited
GPO Box 52
Melbourne VIC 3001

A reply paid envelope (not able to be used by Focus Laverton Shareholders outside Australia) is enclosed for your convenience.

(d) Acceptance Form

The Acceptance Form which accompanies this Bidder's Statement forms part of the Offer. The requirements on the Acceptance Form must be complied with in accepting this Offer in respect of your Focus Laverton Shares.

10.6 Power of attorney, deceased estate

When accepting this Offer, you should also forward for inspection:

(a) if the Acceptance Form is executed by an attorney, a certified copy of the power of attorney; and

(b) if the Acceptance Form is executed by the executor of a will or the administrator of the estate of a deceased Focus Laverton Shareholder, a certified copy of the relevant grant of probate or letters of administration.

10.7 When acceptance is complete

Acceptance of this Offer will not be complete until the completed and signed Acceptance Form and (except for Focus Laverton Shares, if any, which are held in uncertificated form) the share certificate(s) in respect of all your Focus Laverton Shares have been received at the address set out in section 10.5(c) of this Bidder's Statement, or other acceptance alternatives contemplated by section 10.5(b) are complied with, and the requirements of section 10.5 and 10.6 have otherwise been met, provided that:

(a) Focus may in its sole discretion and without notice to you waive any or all of those requirements at any time (including but not limited to requirements in relation to the manner or method of acceptance), and in particular, Focus may, in its sole discretion, at any time deem any Acceptance Form it receives to be a valid acceptance in respect of all your Focus Laverton Shares even if it does not receive all the share certificates for those shares;

(b) where such requirements have been complied with in respect of some but not all of your Focus Laverton Shares, Focus may, in its sole discretion, deem your acceptance of this Offer complete in respect of those Focus Laverton Shares for which the requirements have been complied with but not in respect of the remainder (unless Focus waives those requirements in accordance with section 10.7(a) of this Bidder's Statement);

(c) Focus will provide to you the Offer Consideration, in respect of any part of an acceptance deemed by Focus to be valid under section 10.7(a) or 10.7(b), in accordance with section 10.8(b), but, where a share certificate is not received by Focus in accordance with section 10.5(b)(i) in respect of some or all of your Focus Laverton Shares and Focus deems your acceptance to be valid in respect of those Focus Laverton Shares, the

Offer Consideration need not be provided by Focus in accordance with section 10.8(d) in respect of those Focus Laverton Shares until:

(i) the missing share certificate(s) have been received by Focus; or

(ii) Focus receives any duplicate certificate which may be issued by Focus Laverton following Focus conducting the process set out in section 10.7(d),

whichever is the first to occur; and

(d) where Focus receives your Acceptance Form and does not also receive all of the share certificates relating to your Focus Laverton Shares within two weeks after the end of the Offer Period (such non-delivered certificates being referred to in this clause as “Relevant Certificates”), the Relevant Certificates will be deemed lost and Focus will be authorised as your agent and attorney in your name and on your behalf to:

(i) apply to Focus Laverton for duplicate share certificates to replace the Relevant Certificates;

(ii) make a statement in writing to Focus Laverton that the Relevant Certificates have been lost and have not been pledged, sold or otherwise disposed of, and that proper searches for the Relevant Certificates have been made;

(iii) undertake to Focus Laverton that if the Relevant Certificates are found they will be returned to Focus Laverton immediately;

(iv) undertake to indemnify Focus Laverton and the directors and other officers of Focus Laverton against any claim, action, damage, suit, demand, loss, expense or proceeding which may arise by reason of any application made to Focus Laverton pursuant to this clause or the issue of duplicate share certificates pursuant thereto; and

(v) receive any duplicate certificate which may be issued by Focus Laverton pursuant to an application made to Focus Laverton under this clause.

Where Focus elects to waive any requirement of sections 10.5 or 10.6 of this Bidder’s Statement, your acceptance of this Offer will be complete regardless of any failure by you to comply with the waived requirement.

10.8 Consideration for your shares

(a) How Offer Consideration for your Focus Laverton Shares will be provided

If you are not an Ineligible Foreign Shareholder, the obligation of Focus to issue and allot any Focus Shares to which you are entitled as Offer Consideration under the Offer will be satisfied by Focus:

(i) entering your name on the Focus share register; and

(ii) dispatching or procuring the dispatch to you of an uncertificated Issuer Sponsored Holding statement in your name by pre-paid ordinary mail or, in the case of addresses outside Australia, by pre-paid airmail, to your address as shown on the Register as last supplied by Focus Laverton to Focus.

If your Focus Laverton Shares are held in a joint name, an uncertificated holding statement will be issued in the name of the joint holders.

(b) When Offer Consideration is provided

If you are not an Ineligible Foreign Shareholder, subject to section 10.7 and 10.8(d) of this Bidder's Statement, Focus will provide the Offer Consideration to which you are entitled on valid acceptance of this Offer by the end of whichever of the following periods ends earlier:

(i) one month after the date this Offer is validly accepted by you; and

(ii) 21 days after the end of the Offer Period.

(c) Payments to Ineligible Foreign Shareholders

If you validly accept the Offer and you are an Ineligible Foreign Shareholder, in respect of any Focus Shares which you would have become entitled to receive under section 10.2(a) of this Bidder's Statement, Focus will:

(i) arrange for the issue to a nominee approved by ASIC (**Nominee**) of the number of Focus Shares to which you and all other Ineligible Foreign Shareholders would have become entitled to receive as part of the Offer Consideration as a result of acceptance of the Offer (**Nominee Shares**);

(ii) cause the Nominee to offer for sale the Nominee Shares as soon as reasonably practicable or otherwise in such manner, at such price and on such other terms and conditions as are determined by the Nominee;

(iii) cause the Nominee to pay to you the amount calculated in accordance with the following formula:

$$\text{Net Proceeds of Sale} \quad \times \quad \frac{\text{Your Focus Shares}}{\text{Total Nominees Shares}}$$

Where:

"Net Proceeds of Sale" is the amount the Nominee receives on sale of all Nominee Shares less tax, brokerage and other sale expenses;

"Your Focus Shares" is the number of Focus Shares which Focus would otherwise be required to issue to you as part of the Offer Consideration; and

"Total Nominee Shares" is the total number of Nominee Shares issued to the Nominee under section 10.8(c)(i) of this Bidder's Statement;

(iv) payment will be made by cheque drawn on an Australian branch of an Australian deposit taking institution and payable in Australian dollars. The cheque will be posted to you at your risk by pre-paid airmail to your address as shown on the Register as last supplied by Focus Laverton to Focus as soon as practicable and in any event within the period required by the Corporations Act. If your Focus Laverton Shares are held in a joint name, the cheque will be issued in the name of the joint holders; and

(v) under no circumstances will interest be paid on your share of the proceeds of this sale, regardless of any delay in remitting these proceeds to you.

Residents of certain places are not entitled to receive their portion of the Net Proceeds of Sale unless and until all requisite authorities or clearances have been obtained from the Reserve Bank of Australia and/or the Australian Taxation Office. Refer to section 10.8(g) of this Bidder's Statement for further information.

Notwithstanding anything else in the Bidder's Statement, Focus is under no obligation to spend any money, or undertake any action, in order to satisfy themselves of the eligibility of Ineligible Foreign Shareholders to receive Focus Shares as set out in this section 10.8(c).

(d) Where additional documents are required

Where the Acceptance Form or any subsequent request from Focus requires additional documents to be given with your acceptance (such as a share certificate, certified copy of any of a power of attorney, grant of probate or letters of administration, or any other document requested by Focus to give better effect to your acceptance):

(i) if the documents (including share certificate(s) in respect of all your Focus Laverton Shares (except for Focus Laverton Shares, if any, which are held in uncertificated form)) are given with your acceptance, Focus will provide the Offer Consideration in accordance with section 10.8(b) or 10.8(c) of this Bidder's Statement; or

(ii) if the documents (including share certificate(s) in respect of all your Focus Laverton Shares (except for Focus Laverton Shares, if any, which are held in uncertificated form)) are given after acceptance and before the end of the Offer Period, Focus will provide the Offer Consideration by the end of whichever of the following periods ends earlier:

(A) one month after Focus is given the documents; and

(B) 21 days after the end of the Offer Period; or

(iii) if the documents (including share certificate(s) (or duplicate share certificates issued by Focus Laverton following Focus conducting the process set out in section 10.7(d)) in respect of all your Focus Laverton Shares (except for Focus Laverton Shares, if any, which are held in uncertificated form)) are given after the end of the Offer Period, Focus will provide the Offer Consideration within 21 days after the documents are given.

If you do not provide Focus with the required additional documents within one month after the end of the Offer Period, Focus may, in its sole discretion, rescind the contract resulting from your acceptance of this Offer to Focus.

(e) Where Focus is entitled to any Rights

If Focus becomes entitled to any Rights as a result of your acceptance of this Offer, it may require you to give Focus all documents necessary to vest those Rights in Focus or otherwise to give Focus the benefit or value of those Rights. If you do not give those documents to Focus, or if you have received the benefit of those Rights, then Focus may reduce the number of New Focus Shares to which you are otherwise entitled under this Offer by the amount equal to the value, (as reasonably assessed by Focus), of those Rights in accordance with section 10.8(f) of this Bidder's Statement.

(f) Rights generally

If:

(i) you have (or any previous holder of your Focus Laverton Shares has) received the benefit of any Rights (whether in respect of non-cash benefits or otherwise); or

(ii) you are (or any previous holder of your Focus Laverton Shares is) entitled to receive the benefit of any Rights under the terms that provide for or otherwise apply to those Rights (for example, if the Right is to receive a dividend, if you are (or any previous holder of your Focus Laverton Shares is) the registered holder of the share at the specified time for determining those entitled to the dividend); or

(iii) your Focus Laverton Shares were issued (or otherwise came into existence) on or after the record date in respect of any Rights to Focus Laverton Shareholders,

then Focus may reduce the number of New Focus Shares to be issued to you under this Offer by the value (as reasonably assessed by Focus) of such Rights.

If Focus does not, or cannot, make such a reduction, you must pay such value or amount to Focus.

(g) Clearances for certain shareholders

If, at the time of acceptance of this Offer, any consent, authority or clearance of the Reserve Bank of Australia and/or the Australian Taxation Office is required for you to receive any consideration under this Offer or you are resident in or a resident of a place to which, or you are a person to whom:

(i) the *Banking (Foreign Exchange) Regulations 1959* (Cth);

(ii) Part 4 of the *Charter of the United Nations Act 1945* (Cth);

(iii) the *Charter of the United Nations (Dealing with Assets) Regulations 2008* (Cth);

(iv) Part 9 of the *Anti-Money Laundering And Counter-Terrorism Financing Act 2006* (Cth);

(v) any other regulations made under Part 4 of the *Charter of the United Nations Act 1945* (Cth); or

(vi) any other law of Australia that would make it unlawful for Focus to provide consideration for your Focus Laverton Shares,

applies, then acceptance of this Offer will not create or transfer to you any right (contractual or contingent) to receive (and you will not be entitled to receive) any consideration under this Offer unless and until all requisite consents, authorities or clearances have been obtained by Focus.

If Focus is required by law to retain or withhold (and pay to a Public Authority) any amount of the Offer Consideration you are entitled to under this Offer, the retention or payment by Focus of that amount in conjunction with providing the remaining Offer Consideration to be provided to you in accordance with section 10.8 of this Bidder's Statement will constitute full and proper provision of the Offer Consideration to you under this Offer.

10.9 Effect of Acceptance

(a) Revocation of acceptance

Once you have accepted this Offer, you will be unable to revoke or withdraw your acceptance and the contract resulting from your acceptance will be binding on you.

(b) Your agreement

By signing and returning the Acceptance Form, or otherwise accepting this Offer, you will be deemed to have:

(i) irrevocably authorised Focus to alter the Acceptance Form on your behalf by:

(A) inserting correct details of your Focus Laverton Shares;

(B) filling in any blanks remaining on the Acceptance Form; and

(C) rectifying any errors in, and omissions from, the Acceptance Form,

as may be necessary to make the Acceptance Form a valid acceptance of this Offer and to enable registration of the transfer of your Focus Laverton Shares to Focus, and agreed to provide any document reasonably requested by Focus to make the Acceptance Form a valid acceptance of this Offer or to otherwise give better effect to your acceptance; and

(ii) agreed to indemnify Focus in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your HIN or SRN or in consequence of the transfer of your Focus Laverton Shares to Focus being registered by Focus Laverton without production of your HIN or SRN or in the case of an Acceptance Form carrying an effective lost scrip indemnity without production of your share certificate(s); and

(iii) irrevocably accepted this Offer in respect of all your Focus Laverton Shares despite any difference between that number and the number of Focus Laverton Shares shown on the Acceptance Form; and

(iv) agreed to the terms and conditions of this Offer and agreed to transfer to Focus all of your Focus Laverton Shares; and

(v) represented and warranted to Focus, as a fundamental condition of the contract resulting from your acceptance of this Offer, that at the time of acceptance and at the time of transfer of your Focus Laverton Shares to Focus:

(A) you have paid to Focus Laverton all amounts which are due for payment in respect of your Focus Laverton Shares; and

(B) all of your Focus Laverton Shares are fully paid and free from all Encumbrances and restrictions on transfer of any nature; and

(C) you have full power and capacity and are legally entitled and authorised to accept the Offer and to sell and transfer those Focus Laverton Shares; and

(vi) irrevocably appointed Focus and each of its Directors from time to time individually as your agent and attorney on your behalf to:

(A) attend and vote in respect of your Focus Laverton Shares at all general meetings of Focus Laverton;

(B) receive from Focus Laverton or any other party, and retain, any share certificates which were held by Focus Laverton, or any other party, whether pursuant to the terms of any employee incentive scheme (including, without limitation, any employee share scheme) or otherwise; and

(C) sign all documents (including an instrument appointing one of Focus' directors as a proxy in respect of any or all of your Focus Laverton Shares and any application to Focus Laverton for a replacement certificate in respect of any share certificate which has been lost or destroyed) and resolutions relating to your Focus Laverton Shares, and generally to exercise all powers and Rights which you may have as a Focus Laverton Shareholder and perform such actions as may be appropriate in order to vest good title in your Focus Laverton Shares in Focus, and to have agreed that, in exercising such powers, any such Director is entitled to act in Focus' interests as the beneficial owner and intended registered holder of your Focus Laverton Shares; and

(vii) agreed not to vote in person at any general meeting of Focus Laverton or to exercise (or purport to exercise) in person, by proxy or otherwise, any of the powers conferred on the Directors of Focus by section 10.9(b)(vi) of this Bidder's Statement; and

(viii) unless you are an Ineligible Foreign Shareholder, irrevocably authorised Focus to apply for the issue to your account of that number of Focus Shares corresponding to your entitlement under this Offer at the date of application; and

(ix) unless you are an Ineligible Foreign Shareholder, agreed to accept the Focus Shares to which you have become entitled by acceptance of this Offer subject to the terms of this Offer and the Focus Constitution, agreed that you will be bound by the Focus Constitution, and authorised Focus to place your name on its share register in respect of those Focus Shares; and

(x) irrevocably authorised and directed Focus to direct Focus Laverton to pay to Focus, or to account to Focus for, all Rights in respect of your Focus Laverton Shares, subject to Focus accounting to you for any such Rights received by Focus if this Offer is withdrawn or any contract resulting from your acceptance to this Offer is rescinded or rendered void; and

(xi) except where Rights have been accounted for under section 10.9(b)(x) of this Bidder's Statement, in accordance with section 10.8(f) of this Bidder's Statement, irrevocably authorised Focus to reduce the number of New Focus Shares you are entitled to by value, as reasonably assessed by Focus of all Rights in respect of your Focus Laverton Shares; and

(xii) irrevocably authorised Focus to notify Focus Laverton on your behalf that your place of address for the purposes of serving notices upon you in respect of your Focus Laverton Shares is the address specified by Focus in the notification; and

(xiii) acknowledged and agreed that, except as permitted by and in accordance with applicable law, you will not knowingly offer or resell in, or to persons in, the United States of America any Focus Shares which you acquire at any time; and

(xiv) represented and warranted to Focus that you are not and are not acting on behalf of an Ineligible Foreign Shareholder, unless otherwise indicated on the Acceptance Form; and

(xv) acknowledged and agreed that if you are unable to make the representation in section 10.9(b)(xiv) of this Bidder's Statement or if Focus believes that you are or are acting on behalf of an Ineligible Foreign Shareholder, a nominee approved by ASIC will sell the New Focus Shares which would otherwise be issued to you, as described in section 10.8(c); and

(xvi) if you are an Ineligible Foreign Shareholder:

(A) acknowledged and agreed to Focus undertaking the process set out in section 10.8(c) of this Bidder's Statement in respect of any Focus Shares which you would have become entitled to receive under section 10.2(a) of this Bidder's Statement;

(B) irrevocably authorised Focus to apply for the issue to the account of the Nominee of that number of Focus Shares which you would have become entitled to receive under section 10.2(a) of this Bidder's Statement; and

(xvii) where, at that time, you have a right to be registered as a holder of the Focus Laverton Shares the subject of your acceptance as the result of a purchase (but are not a Focus Laverton Shareholder):

(A) agreed to use best endeavours to procure the delivery of the Focus Laverton Shares the subject of your acceptance to Focus in accordance with your acceptance (including giving Focus all documents necessary to vest those Focus Laverton Shares in Focus or otherwise to give Focus the benefit or value of those Focus Laverton Shares); and

(B) agreed not to do or omit to do anything which may frustrate your acceptance of this Offer, or otherwise obstruct registration of the transfer of the Focus Laverton Shares the subject of your acceptance to Focus.

By accepting this Offer you will be deemed to have agreed to the matters set out in sections 10.9(a) and 10.9(b) above.

Focus may at any time deem the receipt of a signed Acceptance Form to be a valid acceptance of this Offer even though you omit to include your share certificate(s) (if any) or there is non-compliance with any one or more of the other requirements for acceptance but, if Focus does so, Focus is not obliged to make the Offer Consideration available to you until all of the requirements for acceptance have been met.

10.10 Withdrawal

Focus may withdraw unaccepted Offers at any time with the written consent of ASIC and subject to the conditions (if any) specified in such consent.

10.11 Variation

Focus may vary this Offer in accordance with the Corporations Act.

10.12 Acceptances by transferees and nominees

(a) Who may accept this Offer

During the Offer Period:

(i) any person who is able to give good title to a parcel of your Focus Laverton Shares may accept this Offer (if they have not already accepted an offer in the form of this Offer) as if an offer on terms identical with this Offer has been made to them; and

(ii) any person who holds one or more parcels of Focus Laverton Shares as trustee, nominee, or otherwise on account of another person, may accept this Offer as if a separate and distinct offer had been made in relation to:

(A) each of those parcels; and

(B) any parcel they hold in their own right.

(b) Holding shares

(i) A person is taken to hold Focus Laverton Shares if the person is, or has a right to be registered as, the holder of those Focus Laverton Shares.

(ii) A person who has a right to be registered as a holder of Focus Laverton Shares may accept this Offer by completing and signing the Acceptance Form in accordance with the instructions on it and lodging it by returning it (together with all other documents required by the instructions on the Acceptance Form) to the address set out in section 10.5(c) of this Bidder's Statement so that the acceptance is received before the end of the Offer Period.

(c) Holding shares on trust or as a nominee

A person is taken to hold Focus Laverton Shares on trust for, as nominee for, or on account of, another person if they:

(i) are entitled to be registered as the holder of particular Focus Laverton Shares; and

(ii) hold their interest in the Focus Laverton Shares on trust for, as nominee for, or on account of, that other person.

(d) Effective acceptance

An acceptance of an offer under section 10.12(a)(ii) of this Bidder's Statement is ineffective unless:

(i) the person who holds on account of another person, gives Focus a notice stating that the Focus Laverton Shares consist of separate parcels; and

(ii) the acceptance specifies the number of Focus Laverton Shares in that parcel.

References in this Offer to your Focus Laverton Shares will be treated to relate to that separate parcel.

(e) Notice of acceptance

A notice under section 10.12(d)(i) of this Bidder's Statement must be made in writing.

A person may, at the one time, accept for two or more parcels under this section as if there had been a single offer for a separate parcel consisting of those parcels.

If you require additional copies of the Bidder's Statement and Acceptance Form, please contact Focus on +61 8 9215 7888 between 9:00 am and 4:00 pm (Perth time), Monday to Friday.

10.13 Other matters

(a) Notices and other communications

Subject to the Corporations Act, a notice or other communication given by Focus to you in connection with this Offer shall be deemed to be duly given if it is in writing and:

(i) is delivered at your address as recorded on the Register or the address shown in the Acceptance Form; or

(ii) is sent by pre-paid ordinary mail, or in the case of an address outside Australia by pre-paid airmail, to you at either of those addresses.

(b) Return of documents

If:

(i) this Offer is withdrawn after your Acceptance Form has been sent to Focus, but before it has been received; or

(ii) for any other reason Focus does not acquire the Focus Laverton Shares to which your Acceptance Form relates,

you may request Focus by notice in writing to despatch (at your risk) your Acceptance Form together with all other documents forwarded by you. Where such address is inside Australia, the documents will be despatched by pre-paid ordinary mail. Where such address is outside Australia, the documents will be despatched by pre-paid airmail.

(c) Costs and expenses

All costs and expenses of the preparation, despatch and circulation of the Bidder's Statement and this Offer and all stamp duty payable in respect of a transfer of Focus Laverton Shares in respect of which Offers are accepted, will be paid by Focus.

(d) Foreign laws

This Offer is not registered in any jurisdiction outside Australia (unless an applicable foreign law treats it as registered as a result of the Bidder's Statement being lodged with ASIC). It is your sole responsibility to satisfy yourself that you are permitted by any foreign law applicable to you to accept this Offer and to receive Focus Shares (if any) as Offer Consideration.

(e) Governing law

This Offer and any contract resulting from acceptance of it is governed by the law in force in Western Australia.

11 Glossary

11.1 Definitions

The following defined terms are used throughout this Bidder's Statement unless the contrary intention appears or the context requires otherwise:

Acceptance Form means the form of acceptance and transfer accompanying the Offer or any replacement or substitute acceptance form provided by or on behalf of Focus.

Announcement Date means 15 March 2013, being the date of announcement of the Offer.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited or Australian Securities Exchange, as appropriate.

ASX Listing Rules means the ASX listing rules applicable to entities admitted to the official list of ASX.

Barrick means Barrick Gold Corporation.

BGSM means the Barrick Granny Smith Mill.

Bid means Focus' Offer to all Focus Laverton Shareholders in respect of their Focus Laverton Shares.

Bid Implementation Agreement is defined in section 9.1 of this Bidder's Statement.

Bidder's Statement means this document, being the statement of Focus under Part 6.5 Division 2 of the Corporations Act relating to the Offer.

Business Day means a day on which banks are open for general banking business in Perth (not being a Saturday, Sunday or public holiday in that place).

CGT means capital gains tax as defined in the Income Tax Assessment Act 1997 (Cth).

Competing Transaction means a transaction or proposed transaction notified to the Focus Laverton Board which, if completed, would mean a person (other than Focus or its Related Bodies Corporate) would directly or indirectly, acquire an interest or relevant interest in or become the holder of:

(a) 10% or more of all Focus Laverton Shares; or

(b) all or a substantial part, or a material part, of the business conducted by Focus Laverton,

including by way of takeover bid, scheme of arrangement, capital reduction, sale of assets, sale of shares or joint venture, but not as a custodian, nominee or bare trustee.

Corporations Act means the Corporations Act 2001 (Cwlth).

Encumbrances means any:

(a) security for the payment of money or performance of obligations, including a mortgage, charge, lien, pledge, trust, option, right of pre-emption, power, title retention, or flawed deposit arrangement; or

(b) right, interest or arrangement which has the effect of giving another person a preference, priority or advantage over creditors including any right of set-off; or

(c) right that a person (other than the owner) has to remove something from land (known as a profit à prendre), easement, public right of way, restrictive or positive covenant, lease, or licence to use or occupy; or

(d) third party right or interest or any right arising as a consequence of the enforcement of a judgment,

or any agreement to create any of them or allow them to exist.

FIRB means the Foreign Investment Review Board.

Focus means Focus Minerals Ltd (ABN 56 005 470 799), a company incorporated in Australia.

Focus Board means the Board of Directors of Focus.

Focus Laverton means Focus Minerals (Laverton) Limited (ABN 49 087 360 996) a company incorporated in Australia (previously named Crescent Gold Limited).

Focus Laverton Board means the Board of Directors of Focus Laverton.

Focus Laverton Shares means fully paid ordinary shares in the capital of Focus Laverton.

Focus Laverton Shareholders means holders of Focus Laverton Shares.

Focus Option means an option to subscribe for Focus Shares.

Focus Share means a fully paid ordinary share in the capital of Focus.

Focus Shareholders means holders of Focus Shares.

A person is **Insolvent** if:

(a) it is (or states that it is) an insolvent under administration or insolvent (each as defined in the Corporations Act); or

(b) it is in liquidation, in provisional liquidation, under administration or wound up or has had a controller appointed to any part of its property; or

(c) it is subject to any arrangement, assignment, moratorium or composition, protected from creditors under any statute or dissolved (in each case, other than to carry out a reconstruction or amalgamation while solvent); or

(d) an application or order has been made (and in the case of an application, it is not stayed, withdrawn or dismissed within 30 days), resolution passed, proposal put forward, or any other action taken, in each case in connection with that person, which is preparatory to or could result in any of (a), (b) or (c) above; or

(e) it is taken (under section 459F(1) of the Corporations Act) to have failed to comply with a statutory demand; or

(f) it is the subject of an event described in section 459C(2)(b) or section 585 of the Corporations Act; or

(g) it is otherwise unable to pay its debts when they fall due; or

(h) something having a substantially similar effect to (a) to (g) happens in connection with that person under the law of any jurisdiction.

Independent Director or Focus Laverton Independent Director means Geoff Stanley.

Independent Expert means BDO Corporate Finance (WA) Pty Ltd.

Ineligible Foreign Shareholder means a Focus Laverton Shareholder:

(a) who is (or is acting on behalf of) a citizen or resident of a jurisdiction other than Australia and its external territories or Hong Kong; or

(b) whose address shown in the Register is a place outside Australia and its external territories or Hong Kong or who is acting on behalf of such a person,

unless Focus determines that:

(c) it is lawful and not unduly onerous or unduly impracticable to issue that Focus Laverton Shareholder with New Focus Shares on completion of the Offer; and

(d) it is lawful for that Focus Laverton Shareholder to participate in the Offer by the law of the relevant place outside Australia and its external territories or Hong Kong.

Initial Takeover Bid means the off-market takeover offer by Focus for Focus Laverton announced on 20 June 2011 (under the bidder's statement dated 29 June 2011) and which closed on 5 October 2011.

Interested Person has the meaning given in section 9.6(c) of this Bidder's Statement.

Issuer Sponsored Holding means a holding of Focus Shares on Focus' issuer sponsored subregister.

JORC Code means the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Minerals Council of Australia, as amended or replaced from time to time.

Merged Entity means Focus, following the acquisition of Focus Laverton Shares under the Offer so that it holds not less than 90% of Focus Laverton.

New Focus Share means the Focus Shares to be issued as Offer Consideration.

Offer means the offer by Focus on the Offer Terms to acquire Focus Laverton Shares (and for the avoidance of doubt includes each such offer made to an individual Focus Laverton Shareholder pursuant to that offer).

Offer Consideration is defined in the Investment Overview section of this Bidder's Statement.

Offer Period means the period commencing on 20 March 2013 and ending on 22 April 2013, or such later date to which the Offer has been extended.

Offer Terms means the terms and conditions of the Offer set out in section 10 of this Bidder's Statement.

OPA means the Ore Purchase Agreement between Barrick and Focus Laverton.

Public Authority means any governmental, semi-governmental, administrative, fiscal, judicial or quasi-judicial body, department, commission, authority, tribunal, agency or entity.

Register means the Focus Laverton share register as provided to Focus' share registrar.

Register Date means the date set by Focus pursuant to section 633(2) of the Corporations Act.

Regulatory Authority includes:

(a) FIRB, ASX, Australian Competition and Consumer Commission and ASIC;

(b) a government or governmental, semi-governmental or judicial entity or authority;

(c) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; and

(d) any regulatory organisation established under statute.

Related Bodies Corporate has the meaning given in the Corporations Act.

Representatives means of a party includes:

(a) a Related Body Corporate of the party; and

(b) each of the officers and advisers of the party or any of its Related Bodies Corporate.

Reserve or **Ore Reserve** has the meaning given to Ore Reserve in the JORC Code.

Resource or **Mineral Resource** has the meaning given to Mineral Resource in the JORC Code.

Rights means all accretions, rights or benefits of whatever kind attaching to or arising from Focus Laverton Shares directly or indirectly after the date of this

Bidder's Statement, including, but not limited to, all dividends or other distributions and all rights to receive any dividends or other distributions, or to receive or subscribe for shares, stock units, notes, bonds, options or other securities, declared, paid or made by Focus Laverton or any of its subsidiaries.

Shandong means Shandong Gold International Mining Corporation.

Share Registry means Computershare Investor Services Pty Limited.

Stone means Stone Group Holdings Limited.

Subsidiary means a subsidiary as that term is defined in the Corporations Act, and **Focus Laverton Subsidiary** means a subsidiary of **Focus Laverton**.

Superior Proposal means a publicly announced Competing Transaction which following consideration of advice from advisers (including advice of Queen's Counsel or Senior Counsel) is:

(a) reasonably capable of being completed taking into account all aspects of the Competing Transaction; and

(b) more favourable to Focus Laverton Shareholders than the Takeover Bid, taking into account all terms and conditions of the Competing Transaction.

Takeover Bid means the takeover bid constituted by the Offer.

Target Statement means the statement of Focus Laverton under Part 6.5 Division 3 of the Corporations Act relating to the Offer.

The Mount is defined in section 1.2 of this Bidder's Statement

Tindals is defined in section 1.2 of this Bidder's Statement.

11.2 References to certain general terms

Unless the contrary intention appears, a reference in this Bidder's Statement to:

(a) **(variations or replacement)** a document includes any variation or replacement of it;

(b) **(sections, annexures and schedules)** a section, annexure or schedule is a reference to a section in or annexure or schedule to this Bidder's Statement;

(c) **(reference to statutes)** a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;

(d) **(law)** law means common law, principles of equity, and laws made by parliament (and laws made by parliament include State, Territory and Commonwealth laws and regulations and other instruments under them, and consolidations, amendments, re-enactments or replacements of any of them);

(e) **(singular includes plural)** the singular includes the plural and vice versa;

(f) **(person)** the word "person" includes an individual, a firm, a body corporate, a partnership, a joint venture, an unincorporated body or association, or any Regulatory Authority;

(g) **(executors, administrators, successors)** a particular person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and permitted assigns;

(h) **(reference to a group of persons)** a group of persons or things is a reference to any two or more of them jointly and to each of them individually;

(i) **(dollars)** Australian dollars, dollars, A$ or $ is a reference to the lawful currency of Australia;

(j) (**calculation of time**) a period of time dating from a given day or the day of an act or event, is to be calculated exclusive of that day;

(k) **(reference to a day)** a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;

(l) **(accounting terms)** an accounting term is a reference to that term as it is used in accounting standards under the Corporations Act, or, if not inconsistent with those standards, in accounting principles and practices generally accepted in Australia;

(m) **(meaning not limited)** the words "include", "including", "for example" or "such as" when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind;

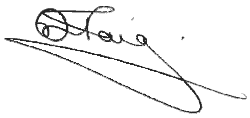
(n) **(time of day)** time is a reference to Perth, Western Australia time; and

(o) (**headings**) headings are for convenience only and do not affect interpretation.

12 Approval of Bidder's Statement

This Bidder's Statement that is to be lodged with ASIC has been approved by a unanimous resolution passed by the Focus Board.

Signed in accordance with section 351 of the Corporations Act.



Don Taig, Chairman & Acting CEO

19 March 2013

Schedule 1: Focus ASX Announcements made between lodgement of last annual financial report with ASIC and the date this Bidder's Statement went to print

Date	Announcement Headline
15/03/2013	Recommended Takeover of Remaining Laverton Shares
13/03/2013	Half Yearly Report and Accounts
25/02/2013	Initial Director's Interest Notice - Alternate for Li Zongyi
25/02/2013	Change of Director's Interest Notice - Don Taig
5/02/2013	First Half Profit Guidance
5/02/2013	FML Management Change
31/01/2013	December Quarterly Activities Report & 5B
15/01/2013	FML Commences New Drilling Programs
3/01/2013	Appendix 3B – Expiry of Unlisted Options
27/12/2012	Ceasing to be a substantial holder
24/12/2012	Correction to acquisition date Appendix 3Y Don Taig
24/12/2012	Appendix 3Y Don Taig
21/12/2012	Notice of initial substantial holder
21/12/2012	Initial Directors Interest Notice – Michael Guo
21/12/2012	Initial Directors Interest Notice – Zhang Dahui
21/12/2012	Initial Directors Interest Notice – Li Zhongyi
21/12/2012	Appendix 3B – Placement of Shares to Shandong Gold
21/12/2012	Section 708A Notice
21/12/2012	Focus Completes $225M Placement
14/12/2012	Response to ASX Diversity Query
30/11/2012	Results of AGM
30/11/2012	CEO Presentation
30/11/2012	Chairman's Address to Shareholders
20/11/2012	Chairman's Letter
13/11/2012	MLD: Contract Award
30/10/2012	NOM and Independent Expert Report for $22M Placement

Date	Announcement Headline
26/10/2012	FML Sept. Quarterly Activities Report and 5B
26/10/2012	Annual Report to shareholders
12/10/2012	Change of Director's Interest Notice - G Fahey
11/10/2012	Change of Director's Interest Notice - P Lockyer
10/10/2012	Chairman's Letter to Shareholders
10/10/2012	Presentation to Shaw Stockbroking Gold Conference
04/10/2012	Change of Director's Interest Notice - B McComish
04/10/2012	Change of Director's Interest Notice - D Taig
28/09/2012	Full Year Statutory Accounts

Annexure C

Target's Statement

Focus Minerals (Laverton) Limited

TARGET'S STATEMENT

In relation to the takeover bid made by Focus Minerals Limited ACN 005 470 799 for all the ordinary shares in Focus Minerals (Laverton) Limited ACN 087 360 996 which it does not already own

Your Independent Director recommends that you accept the Offer, in the absence of a superior proposal

ACCEPT

The Independent Expert's Report states that the Offer is **FAIR AND REASONABLE** to Minority Shareholders

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THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about how to deal with this document, you should contact your broker, financial adviser or legal adviser immediately.

Key dates

Date of the Offer	20 March 2013
Date of this Target's Statement	19 March 2013
Offer closes unless extended or withdrawn	7.00pm (Melbourne time) on 22 April 2013

Contents

Important notices

Nature of this document

This document is a Target's Statement issued by Focus Minerals (Laverton) Limited (**Laverton**) under Part 6.5 Division 3 of the Corporations Act in response to the Bidder's Statement and the Offer made by Focus Minerals Limited (**Focus**).

A copy of this Target's Statement was lodged with ASIC on 19 March 2013. Neither ASIC nor its officers take any responsibility for the content of this Target's Statement.

Defined terms

A number of defined terms are used in this Target's Statement. Unless the contrary intention appears, the context requires otherwise or words are defined in section 6 of this Target's Statement, words and phrases in this Target's Statement have the same meaning and interpretation as in the Corporations Act.

Independent Expert's Report

Under section 640 of the Corporations Act, if a bidder's voting power in the target is 30% or more, or a director of the bidder is also a director of the target, the target's statement must include or be accompanied by a report by an expert that states whether in the expert's opinion, the takeover is fair and reasonable and give the reasons for forming that opinion.

As at the date of this Target's Statement, Focus holds more than 30% of the voting power in Laverton. Further, two directors of Focus (Messrs Donald Taig and Bruce McComish) are also directors of Laverton. Accordingly, Laverton engaged BDO Corporate Finance (WA) Pty Ltd to prepare the Independent Expert's Report in relation to the Offer, a full copy of which is annexed to this Target's Statement.

No account of personal circumstances

This Target's Statement does not take into account your individual objectives, financial situation or particular needs. It does not contain personal advice. Your Independent Director encourages you to seek independent financial and taxation advice before making a decision as to whether or not to accept the Offer.

Disclaimer as to forward looking statements

Some of the statements appearing in this Target's Statement may be in the nature of forward looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement. You are cautioned not to place undue reliance on any forward looking statement. The forward looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement.

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.

Maps and diagrams

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

Privacy

Laverton has collected your information from Laverton's register of shareholders for the purpose of providing you with this Target's Statement. The type of information Laverton has collected about you includes your name, contact details and information on your shareholding in Laverton. Without this information, Laverton would be hindered in its ability to issue this Target's Statement. 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 external service providers and may be required to be disclosed to regulators (such as ASIC). If you would like to obtain details of the information held about you by Laverton, or a copy of Laverton's privacy policy, please contact Laverton's registered office on +61 6380 7100.

1 Introduction

1.1 The Offer

Focus, Laverton's controlling shareholder, is offering to acquire all of your Laverton Shares. The consideration being offered by Focus is 1 Focus Share for every 0.725 Laverton Shares held. As at the date immediately before the date of this Target's Statement, the implied price of the consideration under the Offer was $0.028 per Share[1].

Unless the Offer is extended or withdrawn, the Offer is open for acceptance from 20 March 2013 until 7.00pm (Melbourne time) on 22 April 2013.

The full terms of the Offer are set out in section 10 of the Bidder's Statement and considered in section 4 of this Target's Statement.

Before making a decision whether to accept or reject the Offer for your Laverton Shares, you should read this Target's Statement (including the Independent Expert's Report) and the Bidder's Statement carefully and, where appropriate, seek independent financial and taxation advice.

1.2 Independent Expert's Report

The annexure to this Target's Statement includes a report by BDO Corporate Finance (WA) Pty Ltd as an independent expert. The report concludes that the Offer is **FAIR AND REASONABLE** to the Minority Shareholders and provides reasons for forming that opinion. A summary of those reasons is set out in section 2.3(b) of this Target's Statement.

1.3 Independent Director's recommendation

After considering the conclusions of the Independent Expert, your Independent Director's recommendation is to **ACCEPT** the Offer in the absence of a superior proposal. Further details are set out in section 2 of this Target's Statement.

1.4 How to ACCEPT the Offer

If you wish to accept the Offer, you may do so by completing the Acceptance Form following the instructions provided on it, and returning the signed form in the self addressed envelope enclosed with the Bidder's Statement or to the address below:

Focus Laverton Offer
Computershare Investor Services Pty Limited
GPO Box 52
Melbourne VIC 3001

Acceptance Forms must be received by no later than 7.00pm (Melbourne time) on the last day of the Offer Period. Further information on accepting the Offer is set out in section 10.5 of the Bidder's Statement.

1.5 Rejecting the Offer

If you do not wish to accept the Offer, you need not take any action. However, Minority Shareholders should note that if Focus acquires 90% or more of the Laverton Shares on issue as well as at least 75% of the Laverton Shares the subject of the Offer, it will be entitled to proceed to compulsorily acquire any Laverton Shares not accepted in to the Offer (see section 4.6 for further details). Accordingly, if Laverton's 14.4% shareholder, Stone, accepts the Offer, Focus will be entitled to compulsorily acquire any Laverton Shares not accepted into the Offer.

If you decide to retain your Laverton Shares and Focus does not become entitled to compulsory acquire those Laverton Shares, you should consider the risks associated with a continuing investment in Laverton.

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1 Based on the closing price of Focus Shares on ASX on 14 March 2013 (the last practicable day before the date of this Target's Statement) of $0.02.

2 Independent Director's recommendation

2.1 Independent Director's recommendation

After taking into account each of the matters in this Target's Statement and the Bidder's Statement, Mr Geoffrey Stanley, your Independent Director, recommends that you **ACCEPT** the Offer in the absence of a superior proposal.

In considering whether to accept the Offer, your Independent Director encourages you to:

- read the whole of this Target's Statement and the Bidder's Statement;
- consider the opinion of the Independent Expert as contained in the Independent Expert's Report included in this Target's Statement;
- have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances;
- consider the reasons for your Independent Director's recommendation noted in this Target's Statement; and
- obtain financial advice from your broker or financial adviser on the Offer and obtain taxation advice on the effect of accepting the Offer.

2.2 No recommendation from other Directors

In addition to Mr Geoffrey Stanley, the other directors of Laverton are, Mr Donald Taig, the executive chairman and acting CEO of Focus, and Mr Bruce McComish, a non-executive director of Focus.

As a result of their respective positions with Focus (being the entity making the Offer), each of Mr Taig and Mr McComish do not consider it appropriate for them, and they decline, to make a recommendation as to whether Minority Shareholders should accept the Offer.

2.3 Reasons why you should ACCEPT the Offer

Key reasons why you should **ACCEPT** the Offer are discussed in detail below.

(a) Recommendation of your Independent Director

Your Independent Director believes that the Offer is in the best interests of Minority Shareholders and recommends that Minority Shareholders **ACCEPT** the Offer, in the absence of a superior proposal. Your Independent Director has made his recommendation based on an analysis of the advantages and disadvantages of the Offer.

(b) The Independent Expert has determined that the Offer is FAIR AND REASONABLE

The Offer has been assessed by the Independent Expert as being **FAIR AND REASONABLE** to the Minority Shareholders.

The Offer is FAIR	The Independent Expert has assessed the value of a Laverton Share on a control basis to be nil. The Independent Expert notes that the value of the Laverton gold project, Laverton's primary asset, at present does not cover the value of the debt in Laverton. The Laverton gold project may have an increased value in the future if factors that affect the value change, such as an increase in the gold price, delineation of an increased ore reserve or depreciation of the Australian dollar against the US dollar. However on the basis that the assessed value of the consideration under the Offer is between \$0.022 and \$0.040 per Laverton Share, and the value of a Laverton Share prior to the Offer is nil, the Independent Expert has concluded that the Offer is **FAIR**.

The Offer is REASONABLE

The Independent Expert has concluded that the Offer is **REASONABLE** on the basis that it is **FAIR**, and also taking into consideration the following factors:

- **No alternative proposal**: the Independent Expert is unaware of any alternative proposal that might offer the Shareholders of Laverton a premium over the value ascribed to, resulting from the Offer. As Focus currently holds over 81% of the shares in Laverton, it is very unlikely to receive alternate takeover offers.
- **Increased share ratio**: Focus acquired 81.57% of Laverton under a takeover bid announced in June 2011. Under that takeover bid, Focus offered Laverton Shareholders 1 Focus share for every 1.18 Laverton Shares held at the time (or 0.85 Focus Shares for 1 Laverton Share). On the assumption that the value of a share in Laverton and Focus have not changed materially since June 2011, the Offer provides a 62% increase in offer consideration compared to the consideration offered under the June 2011 takeover.
- **Greater liquidity**: the Focus Shares issued under the Offer will be listed on the ASX and so will provide Laverton Shareholders with greater liquidity than currently available to them, as they will have the option of selling those Focus Shares on the ASX.
- **Upside from other projects**: Laverton Shareholders may benefit from the potential upside of Focus' other projects.
- **Potential to unlock the value of Laverton's assets**: with Focus' available cash and experience, it may be able to unlock potential future value of the Laverton Project if it were to own 100%.

Whilst concluding that the Offer is **REASONABLE**, the Independent Expert notes that if all Laverton Shareholders accept the Offer, their interest in the Laverton gold project will decrease from 18.43% to an effective interest of 3.44%.

Your Independent Director believes the Independent Expert's conclusions supports his view that the Offer represents the best opportunity for Minority Shareholders to maximise the value of their investment in the absence of a superior offer.

The above summary of the key conclusions and opinion of the Independent Expert should be read in conjunction with the Independent Expert's Report, which is contained in the annexure to this Target's Statement.

(c) **A simplified shareholder structure should improve Focus' ability to deliver value to Laverton Shareholders**

If the Offer is successful, it will simplify the current Laverton shareholding structure, which should in turn improve the prospects of development of the Laverton gold project. The recent placement of Focus Shares to Shandong Gold International Mining Corporation for $225 million establishes the foundation for Focus to grow into a significant gold production company through the development of its existing projects, including the Laverton gold project, as well as through new discoveries and value accretive acquisitions.

Simplifying the current Laverton shareholding structure will allow Focus to progress the Laverton gold project under a single company and a single corporate centre, rather than the current, more complex structure. This will bring certain advantages to both companies, including through realisation of cost saving benefits such as a reduction in corporate overhead and administrative costs. The realisation of any cost savings due to potential synergies is subject to a number of risks, including those set out in section 8 of the Bidder's Statement.

(d) **Offer provides a more liquid investment than your current holding in Laverton**

Laverton is currently an unlisted public company with two shareholders holding approximately 96%

of its issued share capital. As such, there is limited opportunity to dispose of your Laverton Shares other than by accepting the Offer.

If the Offer is successful, accepting Minority Shareholders will have the option of trading their newly issued Focus Shares on the ASX.

Accordingly, accepting the Offer will provide Minority Shareholders with greater liquidity than currently available to them.

(e) **No superior proposal has emerged and is unlikely to emerge**

As at the date of this Target's Statement, Laverton has not received a competing proposal from any other potential acquirers, nor is your Independent Director aware of any party with an intention to make such a proposal.

In light of the fact that Focus currently holds 81.6% of Laverton's issued capital, and since delisting there is no longer a public market for Laverton Shares, your Independent Director believes that a superior proposal is unlikely to emerge.

(f) **No brokerage**

Minority Shareholders will not be required to pay brokerage or any other cost in relation to the sale of their Laverton Shares under the Offer.

2.4 Risks associated with not accepting the Offer

In the event Stone accepts the Offer, Focus will be entitled to compulsorily acquire your Laverton Shares (see section 4.6 for further details).

If this were to occur, accepting the Offer will result in you receiving the Focus Shares in exchange for your Laverton Shares sooner than if you were to have your shares acquired by Focus through the compulsory acquisition process.

In the event that Stone does not accept the Offer, then if you similarly do not accept the Offer before the expiry of the Offer Period:

- liquidity in Laverton may decline even further, potentially making it more difficult to sell your Laverton Shares after the Offer Period ends;
- Focus will continue to be in a position to control the composition of Laverton's board of directors and senior management, determine Laverton's dividend policy and control the strategic direction of the businesses of Laverton and its subsidiaries;
- Focus will be able to pass a special resolution of Laverton, enabling Focus to, among other things, change the constitution of Laverton; and
- it will be even more unlikely that a superior proposal will emerge.

2.5 Risk factors associated with a holding in Focus

There are a number of risks that Minority Shareholders should be aware of in relation to holding Focus Shares. The risks associated with holding Focus Shares are set out in section 8 of the Bidder's Statement. Minority Shareholders should seek independent financial and taxation advice before making any investment decision and any decision relating to the Offer.

2.6 Possible reasons for not accepting the Offer

As set out above, if Stone accepts the Offer and Focus elects to proceed to compulsory acquisition of any Laverton Shares not acquired under the Offer (which Focus has publicly stated they intend to do), your Laverton Shares will be acquired by Focus regardless of whether or not you accept the Offer.

If Stone does not accept the Offer, then you should be aware of the potential disadvantages associated with the Offer, which may be relevant to your decision whether to accept the Offer. Some factors that may lead you to reject the Offer are set out below.

- You may disagree with the recommendation of your Independent Director and/or the conclusion of the Independent Expert.

- Based on your individual circumstances, there may be adverse tax consequences of agreeing to exchange your Laverton Shares for Focus Shares under the Offer.
- You may prefer an investment with the specific characteristics of Laverton, such that you consider the disadvantages associated with the change in investment profile as a result of becoming a shareholder of Focus to outweigh the perceived advantages of having a more liquid investment in a larger and more diversified company such as Focus.

3 Information on Laverton

3.1 Information on Laverton

Focus Minerals (Laverton) Limited (formerly Crescent Gold Limited) is an unlisted public company with production and development assets in Western Australia and exploration assets in Western Australia, Northern Territory and South Australia. Laverton's principal asset is the Laverton gold project located 250km northeast of Kalgoorlie in Western Australia.

In 2011, Laverton was the subject of a takeover bid by Focus, under which Focus offered Laverton shareholders 1 Focus Share for every 1.18 Laverton Shares held. Focus successfully acquired an 81.6% interest in Laverton's issued capital under that takeover bid. Laverton was subsequently delisted from the ASX in May 2012.

Further information on Laverton, the Laverton gold project and Laverton's other assets is provided in the Independent Expert's Report, which is contained in the annexure to this Target's Statement.

3.2 The Directors

As at the date of this Target's Statement, your Directors are Geoffrey Stanley, Donald Taig and Bruce McComish. As Mr Taig is the executive chairman and current acting CEO of Focus, and Mr McComish is a non-executive director of Focus, the Offer has been evaluated by Mr Stanley as the Independent Director, having the benefit of independent legal advice and the Independent Expert's Report to assist him with that evaluation.

3.3 Financial position of Laverton

The consolidated statement of financial position for Laverton and its subsidiaries for the financial year ended 30 June 2012 is set out in the Independent Expert's Report contained in the annexure to this Target's Statement. The financial position of Laverton has not materially changed, within the knowledge of each of the Directors since 30 June 2012.

3.4 Issued capital

As at the date immediately before the date of this Target's Statement, the issued capital of Laverton consisted of 1,237,484,253 fully paid ordinary shares.

3.5 Directors' interests and dealings in Laverton Shares

As at the date immediately before the date of this Target's Statement, none of the Directors had a relevant interest in any Laverton Shares.

No Director has acquired or disposed of a relevant interest in any Laverton Shares in the 4 month period ending on the date immediately before the date of this Target's Statement.

3.6 Substantial holders

As at the date immediately before the date of this Target's Statement, there were the following substantial shareholders of Laverton.

Shareholder	Number of Laverton Shares	% of issued capital
Focus Minerals Limited	1,009,396,069	81.6%
Stone Group Holdings Limited (held through its subsidiary Stone Mining Limited)	178,384,718	14.4%

4 Further information about the Offer

4.1 Information about Focus

Focus is an ASX listed gold exploration and mining company operating in Western Australia's Eastern Goldfields. Further information on Focus is set out in sections 1 and 2 of the Bidder's Statement.

4.2 Consideration payable to Minority Shareholders who accept the Offer

The consideration being offered by Focus is 1 Focus Share for every 0.725 Laverton Shares. The Focus Shares issued under the Offer will rank equally in all respects with the existing Focus Shares.

4.3 Effect of acceptance

The effect of acceptance of the Offer is set out in section 10.10 of the Bidder's Statement. You should read this section in full to understand the effect that acceptance will have on their ability to exercise the rights attaching to their Laverton Shares and the representations and warranties that they give by accepting the Offer

4.4 When you will receive your consideration if you accept the Offer?

You will be issued your consideration by the earlier of:

- one month after the date the Offer is validly accepted by you; and
- 21 days after the end of the Offer Period.

However, there are certain exceptions to the above timetable for the issuing of consideration. Full details of when you will be issued your consideration are set out in section 10.8 of the Bidder's Statement.

4.5 Taxation consequences of the Offer

The taxation consequences of accepting the Offer depend on a number of factors and will vary depending on your particular circumstances. A general outline of the Australian taxation considerations of accepting the Offer are set out in section 7 of the Bidder's Statement.

You should carefully read and consider the taxation consequences of accepting the Offer. The outline provided in the Bidder's Statement is of a general nature only and you should seek your own specific professional advice as to the taxation implications applicable to your circumstances

4.6 Compulsory acquisition

Focus has indicated in section 4.2(a) of the Bidder's Statement that if it satisfies the required thresholds, it intends to compulsorily acquire any outstanding Laverton Shares not accepted into the Offer. Focus will be entitled to compulsorily acquire any Laverton Shares in respect of which it has not received an acceptance of the Offer on the same terms as the Offer if, during or at the end of the Offer Period:

- Focus and its associates have a relevant interest in at least 90% (by number) of the Laverton Shares; and
- Focus and its associates have acquired at least 75% (by number) of the Laverton Shares that Focus offered to acquire.

Given the number of Laverton Shares held by Stone, Focus cannot proceed to compulsory acquisition unless Stone accepts the Offer before the close of the Offer Period.

Should Stone accept the Offer, Focus will have one month after the end of the Offer Period within which to give compulsory acquisition notices to Minority Shareholders who have not accepted the Offer. Minority Shareholders have statutory rights to challenge the compulsory acquisition, but a successful challenge will require the relevant shareholder to establish to the satisfaction of a court that the terms of the Offer do not represent 'fair value' for their Laverton Shares. If compulsory acquisition occurs, Minority Shareholders who have their Laverton Shares compulsorily acquired are likely to be paid their consideration approximately 5 to 6 weeks after the compulsory acquisition notices are despatched to them.

4.7 Foreign shareholders

The manner in which foreign shareholders are to be treated under the Offer is set out in section 10.8(c) of the Bidder's Statement.

5 Additional information

5.1 Summary of the Bid Implementation Agreement

A summary of the key terms of the Bid Implementation Agreement is provided in section 9.1 of the Bidder's Statement.

5.2 Interests and dealings in Focus securities

(a) Interests in Focus securities

As at the date immediately before the date of this Target's Statement, the Directors had the following interests in Focus securities.

Director	Number of Focus shares	Number of Focus options
Donald Taig	13,463,259	Nil
Bruce McComish	250,000	Nil
Geoffrey Stanley	Nil	Nil

(b) Dealings in Focus securities

Other than as set out below, no Director acquired or disposed of a relevant interest in any Focus securities in the 4 month period ending on the date immediately before the date of this Target's Statement.

Director	Date	Class	Number	Transaction	Price
Donald Taig	21/12/12	Ordinary shares	500,000	Acquisition	$0.031
	22/02/13	Ordinary shares	500,000	Acquisition	$0.025

5.3 Benefits and agreements

(a) Benefits in connection with retirement from office

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 Laverton or related body corporate of Laverton.

(b) 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 upon, the outcome of the Offer.

(c) Benefits from Focus

None of the Directors has agreed to receive, or is entitled to receive, any benefit from Focus which is conditional on, or is related to, the Offer.

(d) Interests of Directors in contracts with Focus

Geoffrey Stanley does not have any interest in any contract entered into by Focus.

Donald Taig and Bruce McComish are executives and/or directors of Focus and have contracts with Focus (including incentive award contracts and indemnity agreements) in that capacity.

5.4 Management of potential conflicts of interest in relation to the Offer

The Directors recognised the potential for conflicts of interest to arise in relation to the Offer in relation to each of Donald Taig and Bruce McComish, who are also executives and/or directors of Focus.

Accordingly, the Offer was evaluated by your Independent Director without the participation of the other Directors. Your Independent Director had access to independent legal advice and the Independent Expert's Report to assist him with his evaluation.

5.5 Material litigation

Laverton is not involved in any litigation or dispute which is material in the context of Laverton taken as a whole.

5.6 Consents

BDO Corporate Finance (WA) Pty Ltd (**BDO**) has given, and has not withdrawn before the date of this Target's Statement, its consent to be named in this Target's Statement as the independent expert in the form and context in which it is so named. BDO:

- has not caused or authorised the issue of this Target's Statement;
- does not make, or purport to make, any statement in this Target's Statement other than those statements referred to above and as consented to by 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 any reference to its name.

As permitted by ASIC Class Order 01/1543, this Target's Statement contains statements which are made, or based on statements made, in documents lodged by Focus with ASIC or given to the ASX, or announced on the Company Announcements Platform of the ASX by Focus. Pursuant to the Class Order, the consent of Focus is not required for the inclusion of such statements in this Target's Statement. Any Minority 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 Laverton's registered office on +61 6380 7100, Monday to Friday during normal business hours.

5.7 No other material information

This Target's Statement is required to include all the information that Minority Shareholders and their professional advisers would reasonably require to make an informed assessment whether 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 this Target's Statement; and
- only if the information is known to any Director.

Your Directors are of the opinion that the information that Minority 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 the documents lodged by Laverton with ASX (prior to its delisting) and ASIC before the date of this Target's Statement;
- the information relating to Laverton contained in the documents lodged by Focus with ASX and ASIC 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. However, your Directors (in their capacity as directors of Laverton) do not take any responsibility for the contents of the Bidder's Statement, and by issuing this Target's Statement are not to be taken as endorsing, in any way, any or all statements contained in it.

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

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

5.8 Authorisation

This Target's Statement was approved by your Independent Director on **19 March 2013**.

6 Glossary and interpretation

6.1 Glossary

In this Target's Statement defined terms have the meanings set out below:

Term	Meaning
$, A$ or AUD	Australian dollar
Acceptance Form	the acceptance form enclosed with the Bidder's Statement or, as the context requires, any replacement or substitute acceptance form provided by or on behalf of Focus
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited or the Australian Securities Exchange, as appropriate
Bid Implementation Agreement	the bid implementation agreement entered into between Focus and Laverton, dated 15 March 2013.
Bidder's Statement	the bidder's statement of Focus dated 19 March 2013
Corporations Act	the *Corporations Act 2001* (Cth) (as modified or varied by ASIC)
Director	a director of Laverton
Focus	Focus Minerals Limited ACN 005 470 799
Focus Share	a fully paid ordinary share in the capital of Focus
Independent Director	Geoffrey Stanley
Independent Expert	BDO Corporate Finance (WA) Pty Limited
Independent Expert's Report	the independent expert's report prepared by the Independent Expert which is contained in the annexure to this Target's Statement
Laverton	Focus Minerals (Laverton) Limited ACN 087 360 996
Laverton Share	a fully paid ordinary share in the capital of Laverton
Melbourne time	the local time in Melbourne, being either Eastern Daylight Time or Eastern Standard Time, as the context requires
Minority Shareholder	a holder of one or more Laverton Shares other than Focus
Offer	the offer by Focus for all Laverton Shares, the terms of which are set out in section 10 of the Bidder's Statement

Term	Meaning
Offer Period	the period during which the Offer will remain open for acceptance in accordance with section 10.3 of the Bidder's Statement
Stone	Stone Group Holdings Limited
Subsidiary	a subsidiary within the meaning given to that term in section 9 of the Corporations Act
Target's Statement	this document (including the annexures), being the statement of Laverton under Part 6.5 Division 3 of the Corporations Act

6.2 Interpretation

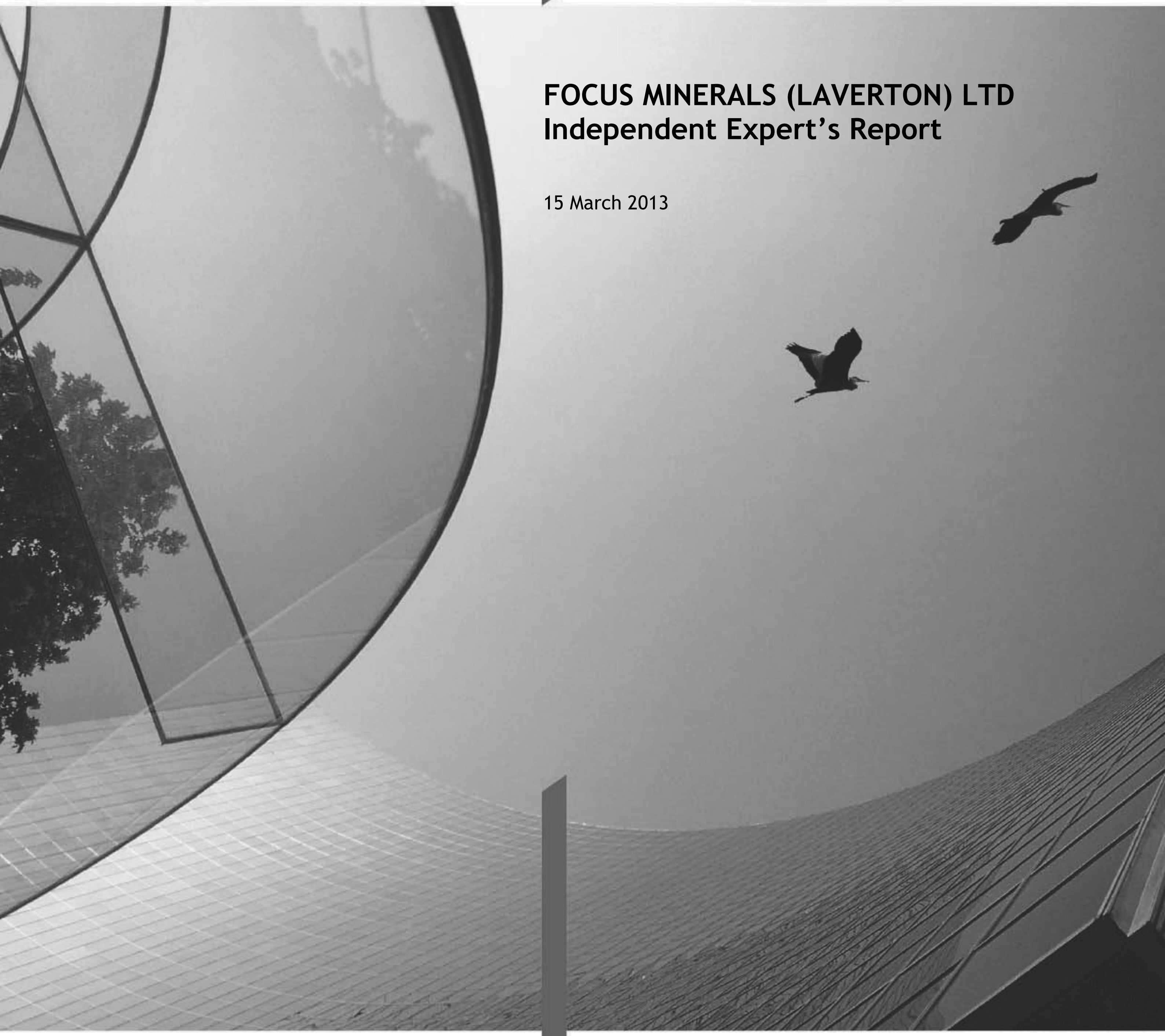
In this Target's Statement:

- Other words and phrases have the same meaning (if any) given to them in the Corporations Act.
- Words of any gender include all genders.
- Words importing the singular include the plural and vice versa.
- An expression importing a person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa.
- A reference to a section, clause, annexure and schedule is a reference to a section of, clause of and an annexure and schedule to this Target's Statement as relevant.
- A reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them.
- Headings and bold type are for convenience only and do not affect the interpretation of this Target's Statement.
- A reference to time is a reference to Melbourne time.

Annexure – Independent Expert's Report

FOCUS MINERALS (LAVERTON) LTD
Independent Expert's Report

15 March 2013



BDO

Financial Services Guide

15 March 2013

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 (“**we**” or “**us**” or “**ours**” as appropriate) has been engaged by Focus Minerals (Laverton) Ltd (“**Laverton**”) to provide an independent expert’s report on Focus Minerals Limited’s (“**Focus**”) takeover offer for all the shares in Laverton that it does not already own. You will be provided with a copy of our report as a retail client because you are a shareholder of Laverton.

Financial Services Guide
In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide (“**FSG**”). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- Who we are and how we can be contacted;
- The services we are authorised to provide under our Australian Financial Services Licence, Licence No. 316158;
- Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- Any relevant associations or relationships we have; and
- Our internal and external complaints handling procedures and how you may access them.

Information about us
BDO Corporate Finance (WA) Pty Ltd is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

Financial services we are licensed to provide
We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide expert reports in connection with the financial product of another person. Our reports indicate who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice
We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice.

Fees, commissions and other benefits that we may receive
We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately $30,000.

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Other Assignments
In 2012, BDO prepared an independent expert's report for Focus Minerals Limited, Laverton's major shareholder and received fees of $115,000.

Remuneration or other benefits received by our employees
All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from Laverton for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

Referrals
We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Complaints resolution
Internal complaints resolution process
As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, PO Box 700 West Perth WA 6872.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than **45 days** after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme
A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service ("**FOS**"). FOS is an independent organisation that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial service industry. FOS will be able to advise you as to whether or not they can be of assistance in this matter. Our FOS Membership Number is 12561. Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Toll free: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au

Contact details
You may contact us using the details set out on page 1 of the accompanying report.

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Australia

15 March 2013

The Directors
Focus Minerals (Laverton) Limited
Level 30, St Martins Tower
44 St Georges Terrace
PERTH WA 6000

Dear Sirs

INDEPENDENT EXPERT'S REPORT

1. Introduction

Focus Minerals Limited ("**Focus**"), Focus Minerals (Laverton) Limited's ("**Laverton**" or "**the Company**") major shareholder, is offering to acquire all of the shares in Laverton that it does not already own ("**the Offer**"). The consideration being offered by Focus is 1 Focus share for every 0.725 Laverton shares held. Therefore for every 1 Laverton share held, Focus is offering 1.38 Focus shares.

As Focus holds 81.57% of the issued capital of Laverton, and Focus and Laverton have common directors, an independent expert's report is required to be included in Laverton's Target Statement.

2. Summary and Opinion

2.1 Purpose of the report

The directors of Laverton have requested that BDO Corporate Finance (WA) Pty Ltd ("**BDO**") prepare an independent expert's report ("**our Report**") to express an opinion as to whether or not the Offer is fair and reasonable to the non associated shareholders of Laverton ("**Shareholders**").

Our Report is prepared pursuant to section 640 of the Corporations Act and is to be included in Laverton's Target Statement in order to assist the Shareholders in their decision whether to approve the Offer.

2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission ("**ASIC**"), Regulatory Guide 111 ("**RG 111**"), 'Content of Expert's Reports' and Regulatory Guide 112 ("**RG 112**") 'Independence of Experts'.

In arriving at our opinion, we have assessed the terms of the Offer as outlined in the body of this report. We have considered:

- How the value of 1 Laverton share prior to the Offer compares to the value of 1.38 Focus shares following the Offer, being the Offer consideration;
- The likelihood of a superior alternative offer being available to Laverton;
- Other factors which we consider to be relevant to the Shareholders in their assessment of the Offer; and
- The position of Shareholders should the Offer not proceed.

2.3 Opinion

We have considered the terms of the Offer as outlined in the body of this report and have concluded that, in the absence of a superior offer, the Offer is fair and reasonable to Shareholders.

2.4 Fairness

In Section 13 we determined how the Offer consideration per Laverton share compares to the value of a Laverton share prior to the Offer, as detailed below.

Laverton's primary asset is the Laverton Project. The value of the Laverton Project at present does not cover the value of the debt in Laverton. The Laverton Project may have an increased value in the future if factors that affect the value change; such as an increase in the gold price, delineation of an increased ore reserve or depreciation of the Australian dollar against the US dollar.

Value of the Offer consideration	Low $	Preferred $	High $
Value of a Laverton share	nil	nil	.010
Value of the consideration offered per share	0.022	0.028	0.040

The above pricing indicates that, in the absence of any other relevant information, and a superior offer, the Offer is fair for Shareholders.

2.5 Reasonableness

We have considered the analysis in Section 14 of this report, in terms of both

- advantages and disadvantages of the Offer; and
- other considerations, including the position of Shareholders if the Offer does not proceed and the consequences of not approving the Offer.

In our opinion, the position of Shareholders if the Offer is accepted is more advantageous than the position if the Offer is not accepted. Accordingly, in the absence of any other relevant information and/or a superior proposal we believe that the Offer is reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES			
Section	Advantages	Section	Disadvantages
14.5	The Offer is fair	14.6	Shareholders' interests in the Laverton Project will decrease
14.5	Shares in Focus will provide greater liquidity than currently available to Shareholders		
14.5	Shareholders may benefit from the potential upside of Focus' projects		
14.5	Potentially greater capacity to unlock the value of Laverton's assets with Focus owning 100%		

Other key matters we have considered include:

Section	Description
14.1	Alternative proposal
14.2	Prior Focus takeover bid
14.3	Practical level of control
14.4	Consequences of not accepting the Offer

3. Scope of the Report

3.1 Purpose of the Report

Focus has prepared a Bidder's Statement in accordance with section 636 of the Act. Under section 633 Item 10 of the Act, Laverton is required to prepare a Target Statement in response to the Bidder's Statement.

Section 640 of the Act requires the Target Statement to include an independent expert's report to shareholders if:

- The bidder's voting power in the target is 30% or more; or
- The bidder and the target have a common director or directors.

Focus holds 81.57% of the issued capital of Laverton, and Focus and Laverton have common directors. Therefore, an independent expert's report is required for inclusion in the Target Statement. The independent director of Laverton has engaged BDO to satisfy this requirement.

3.2 Regulatory guidance

Neither the Listing Rules nor the Corporations Act defines the meaning of "fair and reasonable". In determining whether the Offer is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

This regulatory guide suggests that where the transaction is a control transaction, the expert should focus on the substance of the control transaction rather than the legal mechanism to affect it. RG 111 suggests that where a transaction is a control transaction, it should be analysed on a basis consistent with a takeover bid.

In our opinion, the Offer is a control transaction as defined by RG 111 and we have therefore assessed the Offer as a control transaction to consider whether, in our opinion, it is fair and reasonable to Shareholders.

3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is greater than the value of the securities subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. When considering the value of the securities subject of the offer in a control transaction the expert should consider this value inclusive of a control premium. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Having regard to the above, BDO has completed this comparison in two parts:

- A comparison between the value of a Laverton share prior to the Offer (including a premium for control) and the value of 1.38 Focus shares (on a minority interest basis) following the Offer, being the consideration offered per share (fairness – see Section 13 "Is the Offer Fair?"); and
- An investigation into other significant factors to which Shareholders might give consideration, prior to accepting the Offer, after reference to the value derived above (reasonableness – see Section 14 "Is the Offer Reasonable?").

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' ("**APES 225**").

A Valuation Engagement is defined by APES 225 as follows:

"an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time."

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.

4. Outline of the Offer

Focus, Laverton's major shareholder, is offering to acquire all of the shares in Laverton that it does not already own.

The consideration being offered by Focus is 1 Focus share for every 0.725 Laverton shares held. Therefore for every 1 Laverton share held, Focus is offering 1.38 Focus shares.

Capital structure following the Offer

Focus Minerals Limited	Existing Focus shareholders	Laverton shareholders	Total
Issued Shares as at the date of this Report	**8,822,771,352**	**-**	**8,822,771,352**
% holdings as at date of this Report	*100.00%*	*0.00%*	*100.00%*
Consideration shares issued to Laverton shareholders*	-	314,604,392	314,604,392
Total holding following the Offer	**8,822,771,352**	**314,604,392**	**9,137,375,744**
% holdings following the Offer	*96.56%*	*3.44%*	*100.00%*

* Calculation based on 1.38 Focus shares issued for every 1 Laverton share held (excluding shares held by Focus)

The table above assumes that all Laverton shareholders accept the Offer. Following the Offer, existing Laverton shareholders (excluding Focus) will hold 3.44% of the issued capital of Focus.

5. Profile of Focus Minerals (Laverton) Limited

5.1 History

Focus Minerals (Laverton) Limited ("**Laverton**") is an unlisted public company that holds a 100% interest in the Laverton Gold Project. Laverton was formerly listed on the ASX under its former name Crescent Gold Limited ("**Crescent**") (formerly ASX: CRE). Focus acquired 81.57% of Laverton through an off-market takeover in June 2011 and it was subsequently removed from the ASX.

5.2 Project

Laverton Project

The Laverton Project is an open-pit operation situated near the town of Laverton in Western Australia. Laverton processes ore under an Ore Purchasing Agreement ("**OPA**") with Barrick Gold for processing at Barrick Gold's nearby Granny Smith Mill. The OPA commenced under an initial two year term on 12 June 2009. The contract was extended and now concludes in June 2013. Focus and Barrick Gold are in discussions with regards to the possible extension of this contract.

Further information on the Laverton Project can be found in Appendix 5.

5.3 Historical Balance Sheet

Focus Minerals (Laverton) Limited	Unaudited as at	Audited as at	Audited as at
	31-Dec-12	30-Jun-12	30-Jun-11
Statement of Financial Position	$'000	$'000	$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5,339	2,389	1,894
Trade and other receivables	3,172	1,526	4,429
Financial assets	-	-	9,576
Inventories	9,701	18,159	9,209
Other current assets	70	136	85
TOTAL CURRENT ASSETS	18,282	22,210	25,193
NON-CURRENT ASSETS			
Cash and cash equivalents	12,769	11,808	-
Plant and equipment	19,681	21,156	13,980
Development assets	561	20,614	11,488
Exploration and evaluation assets	16,141	13,380	-
TOTAL NON-CURRENT ASSETS	49,152	66,958	25,468
TOTAL ASSETS	67,434	89,168	50,661
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	25,096	37,129	11,884
Interest bearing liabilities	29,284	17,922	1,310
Provisions	588	528	747
TOTAL CURRENT LIABILITIES	54,968	55,579	13,941
NON-CURRENT LIABILITIES			
Provisions	6,463	6,463	6,190
Other	1,045	-	-
TOTAL NON-CURRENT LIABILITIES	7,508	6,463	6,190
TOTAL LIABILITES	62,476	62,042	20,131
NET ASSETS	4,958	27,126	30,530
EQUITY			
Capital and reserves			
Issued capital	244,000	243,999	245,533
Reserves	14,950	14,950	9,241
Accumulated losses	(253,992)	(231,823)	(224,224)
TOTAL EQUITY	4,958	27,126	30,550

Source: Laverton's financial statements for the year ended 30 June 2011, 30 June 2012 and half-year ended 31 December 2012.

5.4 Historical Statement of Comprehensive Income

Focus Minerals (Laverton) Limited Statement of Comprehensive Income	Unaudited for the half-year ended 31-Dec-12 $'000	Audited for the year ended 30-Jun-12 $'000	Audited for the year ended 30-Jun-11 $'000
Revenue			
Revenue	82,307	141,803	115,264
Other income	760	643	4,581
Expenses			
Mining and processing costs	(64,569)	(114,550)	(122,281)
Royalties	(13,528)	(9,844)	(2,979)
Depreciation and amortisation expense	(23,349)	(16,530)	(11,337)
Exploration and evaluation	-	(2,194)	(6,374)
Finance costs	(972)	(1,323)	(5,463)
Impairment of other non-current assets	-	-	(3,846)
Write-down of inventory to net realisable value	-	-	(8,176)
Other expenses	(2,817)	(5,584)	(10,496)
Loss before income tax	(22,168)	(7,579)	(51,107)
Income tax expense	-	-	-
Loss after income tax for the year	**(22,168)**	**(7,579)**	**(51,107)**
Other comprehensive income	-	-	-
Total Comprehensive Income for the Year	**(22,168)**	**(7,579)**	**(51,107)**

Source: Laverton's financial statements for the year ended 30 June 2011, 30 June 2012 and half-year ended 31 December 2012.

We have not undertaken a review of Laverton's unaudited accounts in accordance with Australian Auditing and Assurance Standard 2405 "Review of Historical Financial Information" and do not express an opinion on this financial information. However nothing has come to our attention as a result of our procedures that would suggest the financial information within the management accounts has not been prepared on a reasonable basis.

Commentary on Historical Financial Statements

The interest bearing loan relates to a loan from Focus.

5.5 Capital Structure

The share structure Laverton as at the date of this report is outlined below:

	Number
Total ordinary shares on issue	1,237,484,253
Top 20 shareholders	1,231,092,432
Top 20 shareholders - % of shares on issue	99.48%

Source: Focus Minerals (Laverton) Limited

The range of shares held in Laverton as at the date of this report is as follows:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
Focus Minerals	1,009,396,069	81.57%
National Australia Trustees (Stone Mining Limited)	178,384,718	14.42%
JP Morgan Nominees	36,723,352	2.97%
HSBC Custody Nominees	781,830	0.06%
Subtotal	1,225,285,969	99.01%
Others	12,198,284	0.99%
Total ordinary shares on Issue	**1,237,484,253**	**100.00%**

Source: Focus Minerals (Laverton) Limited

The ordinary shares held by the most significant shareholders as at the date of this report are detailed below:

Range of Shares Held	Number of Ordinary Shareholders	Number of Ordinary Shares	Percentage of Issued Shares (%)
1 - 1,000	43	971	0.00%
1,001 - 5,000	12	24,092	0.00%
5,001 - 10,000	35	339,897	0.03%
10,001 - 100,000	109	4,108,227	0.33%
100,001 - and over	32	1,233,011,066	99.64%
TOTAL	**231**	**1,237,484,253**	**100.00%**

Source: Focus Minerals (Laverton) Limited

BDO

6. Profile of Focus Minerals Limited

6.1 History

Focus Minerals Limited is an ASX-listed gold producer based in Western Australia. The Company was originally named Austminex NL and changed its name to Focus Minerals Limited on 20 September 2005. Focus listed on the ASX in September 2000 and the Company's current board members and senior management comprise of:

- Mr Donald Taig, Non-Executive Chairman
- Mr Zhang Dahui, Non-Executive Director
- Mr Gerry Fahey, Independent Director
- Mr Michael Guo, Non-Executive Director
- Mr Phil Lockyer, Independent Director
- Mr Bruce McComish, Non-Executive Director
- Mr Li Zhongyi, Non-Executive Director
- Mr Mark Hine, Chief Operating Officer
- Mr Paul Fromson, Chief Financial Officer
- Mr Neil Le Febvre, Investor Relations

In June 2011 the Company announced an off-market takeover bid to acquire all the issued ordinary shares of Crescent. The consideration was one Focus share for every 1.18 Crescent shares and options on issue. The Offer closed on 5 October 2011 and the Company received acceptances totalling 81.57% of Crescent issued ordinary shares. The Company issued a total of 880,258,270 Focus shares in consideration for the acceptances received.

On 21 December 2012, Focus completed a $225 million raising via a placement to Shandong Gold International Mining Corporation Limited ("**Shandong Gold**"). Shandong Gold is a 65%-owned subsidiary of Shandong Group, one of the largest gold producers in China. Shandong Gold has four non-executive directors as nominees on the Focus Board. As a result of the placement, Shandong Gold holds approximately 51% of the issued capital of Focus on a fully diluted basis.

6.2 Projects

Coolgardie Operations

Focus owns a number of tenements and projects in and around Coolgardie in Western Australia.

Tindals – Open Pit

The Tindals Open Pit operation was commissioned by Focus late in the 2011 June Quarter. It comprises multiple surface deposits within a 10 square kilometre area around Coolgardie. Throughout 2010, Focus established a plan to build a new surface mining operation at the Tindals Mining Centre targeting an additional 25,000 ounces per annum of production. This saw a concerted exploration program throughout 2010 and 2011 with Focus adding 40,000 ounces to the Reserve in the Tindals Open Pit project area. The mine entered production late in the 2011 June Quarter.

Focus also owns several other tenements around Coolgardie which it aims to explore over the coming years and support with its existing infrastructure at Tindals, Focus' Three Mile Hill processing plant and through the capital raised from the Placement.

Greenfields

Focus has recently recommenced operations at the Greenfields pit which is adjacent to the Three Mile Hill plant. Greenfields is an existing pit which is being cutback and extended at depth. It is expected to provide up to 1.0Mt @ 1.9g/t over two years at a strip ratio of approximately 5.4:1. Upon reaching steady state production, it is expected to provide base feed for the mill to maintain a rate of up to 60,000 tonnes per month.

The Mount

The Mount is a narrow vein, high-grade underground mine that Focus took into production late in the March quarter of 2011 and is located 85 kilometres south of Focus' Three Mile Hill processing plant.

A technical review completed in the December 2012 quarter resulted in a diamond drilling program to be undertaken to comprehensively drill-out the ore lodes at depth and to gain a better understanding of the geology. The Mount has since been run as a stoping-only operation, though the new drilling data will enable the business to restart development soon thereafter. A diamond drill program targeting the Fuchs and German lodes commenced in Q1 2013.

Three Mile Hill Plant

Focus' Three Mile Hill Processing lies 5km to the north of Coolgardie. It is a 1.2Mtpa (million tonnes per annum) plant. The plant was recommissioned by Focus on Christmas Eve 2009 after a $22m refit. The replacement value of the plant is in excess of $100 million and it would take 2 years to build a similar plant.

Recently, an RC rig has been mobilised to drill a number of high priority targets in close proximity to the Three Mile Hill processing plant. Previous drilling delivered a series of high-grade intercepts, including 10m @ 21.0g/t, interpreted to be associated with a significant mineralised fault structure extending from two major pits along a 6km strike to the south.

Further drilling programs are planned to commence in the first quarter 2013.

Further information on the Coolgardie Project can be found in Appendix 5.

Laverton Project

Please see section 5.2 of this report for details of the Laverton Project.

Treasure Island Project

The Treasure Island Project is located near Kambalda in Western Australia. Focus has a 100% stake in this project. This project sits on the same fault which hosts many high-grade gold and nickel deposits such as the Kalgoorlie Super Pit and the recently discovered Athena gold deposit, St Ives.

Based on initial aeromagnetic surveys Focus believes this project has significant prospectivity. Focus has completed initial drilling for the project in March 2012 and continues to undertake drilling to further define potential resources at the project.

A specialised lake diamond drill rig has been commissioned at the Treasure Island Gold Project which aims at targeting a 4km long anomaly on the eastern zone. The eastern zone target is the second gold bearing system identified running through the project.

Further information on the Treasure Island Project can be found in Appendix 4.

Other projects

Nepean Project

The Nepean Project is located at the southernmost end of the Focus' Coolgardie tenement package. This project is centred on the historic Nepean Nickel Mine, which produced 32,303 tonnes of mined nickel at an average recovered grade of 2.99% nickel over a 17 year period to 1987. In addition to the historical mine, which remains open at depth, the Nepean Project incorporates a 30 kilometre strike length of Kambalda-style komatites with significant nickel sulphide mineralisation potential. A bankable feasibility study was completed in 2008 but due to sustained decline in the nickel price at that time, Focus deferred further development of the project until the nickel price outlook improved.

6.3 Historical Balance Sheet

Focus Minerals Limited Statement of Financial Position	Reviewed as at 31-Dec-12 $'000	Audited as at 30-Jun-12 $'000	Audited as at 30-Jun-11 $'000
CURRENT ASSETS			
Cash and cash equivalents	208,196	2,604	30,709
Restricted cash	381	381	-
Trade and other receivables	7,752	6,509	1,379
Inventories	15,149	25,559	7,717
Other current assets	126	623	560
Financial assets	1,806	1,347	4,195
TOTAL CURRENT ASSETS	233,410	37,023	44,560
NON-CURRENT ASSETS			
Restricted cash	14,461	12,885	812
Plant and equipment	51,458	54,064	31,529
Development expenditure	32,286	53,023	23,520
Exploration and evaluation expenditure	146,756	141,243	77,667
TOTAL NON-CURRENT ASSETS	244,961	261,215	133,528
TOTAL ASSETS	478,371	298,238	178,088
CURRENT LIABILITIES			
Trade and other payables	52,817	61,553	22,206
Interest bearing liabilities	9,455	9,455	1,445
TOTAL CURRENT LIABILITIES	62,272	71,008	23,651
NON-CURRENT LIABILITIES			
Provisions	8,631	8,397	1,750
Interest bearing liabilities	1,626	2,404	4,454
TOTAL NON-CURRENT LIABILITIES	10,257	10,801	6,204
TOTAL LIABILITES	72,529	81,809	29,855
NET ASSETS	405,842	216,429	148,233
EQUITY			
Issued capital	422,004	203,910	145,010
Reserves	(1,732)	(1,732)	123
Outside equity interest	914	5,000	-
Retained earnings	(15,344)	9,251	3,100
TOTAL EQUITY	405,842	216,429	148,233

Source: Audited financial statements for the years ended 30 June 2012 and 30 June 2011 and reviewed financial statements for the half year ended 31 December 2012

6.4 Historical Statement of Comprehensive Income

Focus Minerals Limited Statement of Comprehensive Income	Reviewed for the half-year ended 31-Dec-12 $'000	Audited for the year ended 30-Jun-12 $'000	Audited for the year ended 30-Jun-11 $'000
Revenue			
Revenue	146,181	258,253	102,752
Cost of sales	(136,971)	(202,625)	(75,064)
Gross Profit	9,210	55,628	27,688
Other income	1,410	1,370	2,864
Depreciation and amortisation	(30,173)	(32,800)	(15,034)
Finance costs	(13)	(17)	(20)
Employee expenses	(2,359)	-	-
Other expenses	(6,756)	(13,794)	(7,853)
Takeover costs	-	(3,543)	-
Profit before income tax	(28,681)	6,844	7,645
Income tax expense	-	-	-
Profit after income tax for the year	**(28,681)**	**6,844**	**7,645**
Total comprehensive income attributable to:			
Owners of the parent	(24,595)	6,151	7,645
Non-controlling interest	(4,086)	693	-
Total Comprehensive Income for the Period	**(28,681)**	**6,844**	**7,645**

Source: Audited financial statements for the years ended 30 June 2012 and 30 June 2011 and reviewed half-year ended 31 December 2012

We have not undertaken a review of Focus' unaudited accounts in accordance with Australian Auditing and Assurance Standard 2405 "Review of Historical Financial Information" and do not express an opinion on this financial information. However nothing has come to our attention as a result of our procedures that would suggest the financial information within the management accounts has not been prepared on a reasonable basis.

Commentary on Historical Financial Statements

On 20 June 2011 the Focus announced an off-market takeover bid to acquire the issued ordinary shares of Crescent. On 5 October 2011 the offer closed with Focus receiving acceptances totalling 81.57% of Crescent's issued ordinary shares. Focus issued 880,258,270 Focus shares in consideration for the acceptances received.

Cash decreased from $30.71 million as at 30 June 2011 to $2.60 million as at 30 June 2012. Over this period Focus has incurred mine capital development expenditure as well as continued its exploration programs. Focus also injected $17 million of its own cash to open up three new operating areas at the Laverton Project.

On 21 December 2012, Focus completed a $225 million raising via a placement to Shandong Gold. This has resulted in a significant strengthening of the Focus' cash balance as at 31 December 2012 compared to as at 30 June 2012. As at 31 December 2012 Focus also held $14.46 million in restricted cash, the majority of which related to short term deposits lodged as security.

Inventories as at 30 June 2012 totalled $25.56 million and relate to mined ore and gold in circuit. This balance has increased from $7.72 million as at 30 June 2011 as a result of the acquisition of Laverton in August 2011. Inventory balance of $25.56 million has been recorded at cost as at 30 June 2012. Inventory of $15.1 million was recorded as at 31 December 2012.

Financial assets have decreased from $4.2 million to $1.81 million between 30 June 2011 and 31 December 2012. The majority of this balance relates to a $1.2 million investment in Macphersons Resources Limited which is an ASX listed entity.

As at 30 June 2012 development expenditure and exploration and evaluation expenditure have both increased significantly on their respective 30 June 2011 balances. Contributing to this increase was the acquisition of Laverton as well as further exploration expenditure incurred. Development expenditure decreased by $20.7 million to 31 December 2012 which was partially due to the amortisation of the pre-strip of the Apollo pit complex in Laverton.

The majority of the $8.63 million non-current provisions balance as at 31 December 2012 relates to the restoration and rehabilitation provision regarding prospecting leases used for the production and exploration of gold and nickel.

Issued capital has increased from $203.91 million as at 30 June 2012 to $422.14 million as at 31 December 2012. The majority of this increase resulted from the issue of Focus shares as part of placement to Shandong Gold.

For the year ended 30 June 2012, Focus recorded a profit of $6.84 million in comparison to a profit of $7.65 million for the year ended 30 June 2011. Although revenue from both gold sales and silver sales increased for the year ended 30 June 2012, Focus incurred takeover costs, associated with the acquisition of Laverton, as well as significant depreciation and amortisation costs leading to a lower profit for the year ended 30 June 2012.

For the half year ended 31 December 2012, Focus recorded a loss of $28.7 million. The loss was partly attributed to the large amortisation expense of $26 million and $15 million in royalty payments.

6.5 Capital Structure

The share structure of Focus as at 31 January 2013 is outlined below:

	Number
Total ordinary shares on issue	8,822,771,352
Top 20 shareholders	6,415,849,218
Top 20 shareholders - % of shares on issue	72.72%

Source: Focus Minerals Limited

The range of shares held in Focus as at 31 January 2013 is as follows:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
Shandong Gold International	4,525,997,651	51.30%
JP Morgan Nominees Australia	795,145,138	9.01%
National Nominees Limited	371,706,209	4.21%
HSBC Custody Nominees	260,766,074	2.96%
Subtotal	5,953,615,072	67.48%
Others	2,869,156,280	32.52%
Total ordinary shares on Issue	**8,822,771,352**	**100.00%**

Source: Focus Minerals Limited

The ordinary shares held by the most significant shareholders as at 31 January 2013 are detailed below:

Range of Shares Held	Number of Ordinary Shareholders	Number of Ordinary Shares	Percentage of Issued Shares (%)
1 - 1,000	342	86,622	0.00%
1,001 - 5,000	544	1,774,301	0.02%
5,001 - 10,000	1,150	9,863,133	0.11%
10,001 - 100,000	537	288,094,080	3.27%
100,001 - and over	3,805	8,522,953,216	96.60%
TOTAL	**6,378**	**8,822,771,352**	**100.00%**

Source: Focus Minerals Limited

As at 31 January 2013, the following options were on issue:

Current Options on Issue	Number	Exercise price ($)	Cash raised if exercised ($)
Options exercisable at $0.123 on or before 30 June 2014	23,500,000	0.123	2,890,500

Source: Focus Minerals Limited

BDO

7. Economic analysis

Global growth is forecast to be a little below average for a time, but the downside risks appear to have lessened over recent months. The United States is experiencing a moderate expansion and financial strains in Europe are considerably reduced compared with the situation through much of last year. Growth in China has stabilised at a fairly robust pace. Around Asia generally, growth was dampened by the earlier slowing in China and the weakness in Europe, but again there are signs of stabilisation. Commodity prices are little changed recently, at reasonably high levels.

Sentiment in financial markets is much improved compared with the middle of last year. Risk spreads have narrowed and funding conditions for financial institutions are more favourable. Long-term interest rates faced by highly rated sovereigns, including Australia, remain at exceptionally low levels. Borrowing conditions for large corporations are very attractive. Share prices have risen substantially from their low points. However, the task of putting private and public finances on sustainable paths in several major countries is far from complete. Accordingly, as seen most recently in Europe, financial markets remain vulnerable to occasional setbacks.

In Australia, most indicators available for this meeting suggest that growth was close to trend over 2012, led by very large increases in capital spending in the resources sector, while some other sectors experienced weaker conditions. Looking ahead, the peak in resource investment is approaching. As it does, there will be more scope for some other areas of demand to strengthen.

Present indications are that moderate growth in private consumption spending is occurring, though a return to the very strong growth of some years ago is unlikely. The near-term outlook for non-residential building investment, and investment generally outside the resources sector, is relatively subdued, though recent data suggest some prospect of a modest increase during next financial year. Dwelling investment appears to be slowly increasing, with higher dwelling prices and rental yields. Exports of natural resources have been strengthening, though recent bad weather is affecting some shipments at present. Public spending, in contrast, is forecast to be constrained.

Inflation is consistent with the medium-term target, with both headline CPI and underlying measures at around 2¼ per cent on the latest reading. Looking ahead, with the labour market softening somewhat and unemployment edging higher, conditions are working to contain pressure on labour costs, as was confirmed in the most recent data. Moreover, businesses are focusing on lifting efficiency under conditions of moderate demand growth. These trends should help to keep inflation low, even as the effects on prices of the earlier exchange rate appreciation wane. The Reserve Bank of Australia's assessment remains that inflation will be consistent with the target over the next one to two years.

During 2012, there was a significant easing in monetary policy. Though the full impact of this will still take more time to become apparent, there are signs that the easier conditions are having some of the expected effects. On the other hand, the exchange rate remains higher than might have been expected, given the observed decline in export prices, and the demand for credit is low, as some households and firms continue to seek lower debt levels.

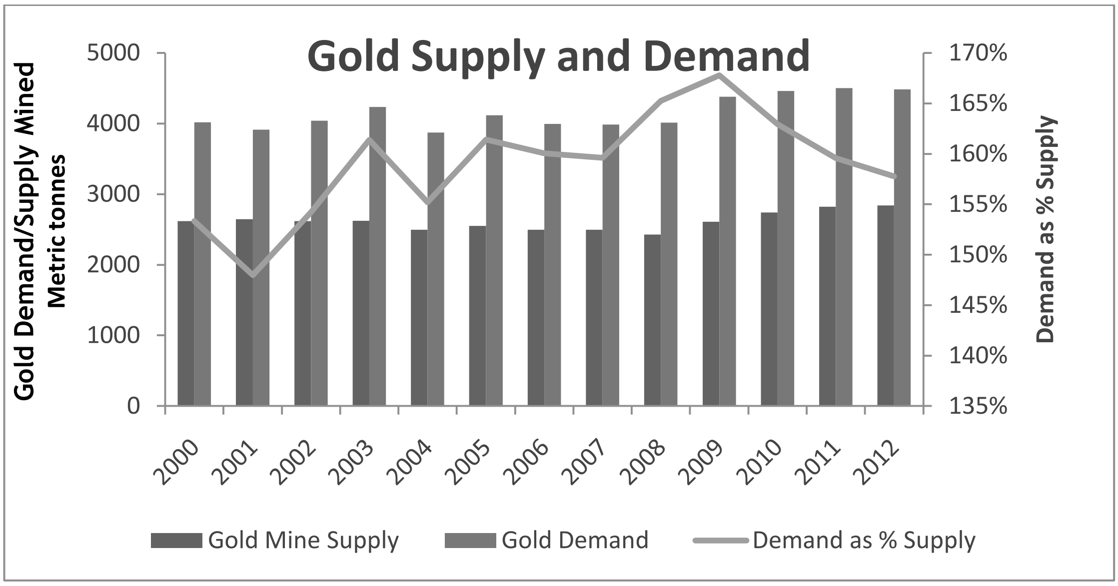
The Reserve Bank of Australia's view is that with inflation likely to be consistent with the target, and with growth likely to be a little below trend over the coming year, an accommodative stance of monetary policy is appropriate. The inflation outlook, as assessed at present, would afford scope to ease policy further, should that be necessary to support demand.

Source: www.rba.gov.au Statement by Glenn Stevens, Governor: Monetary Policy Decision 5 March 2013

8. Industry analysis

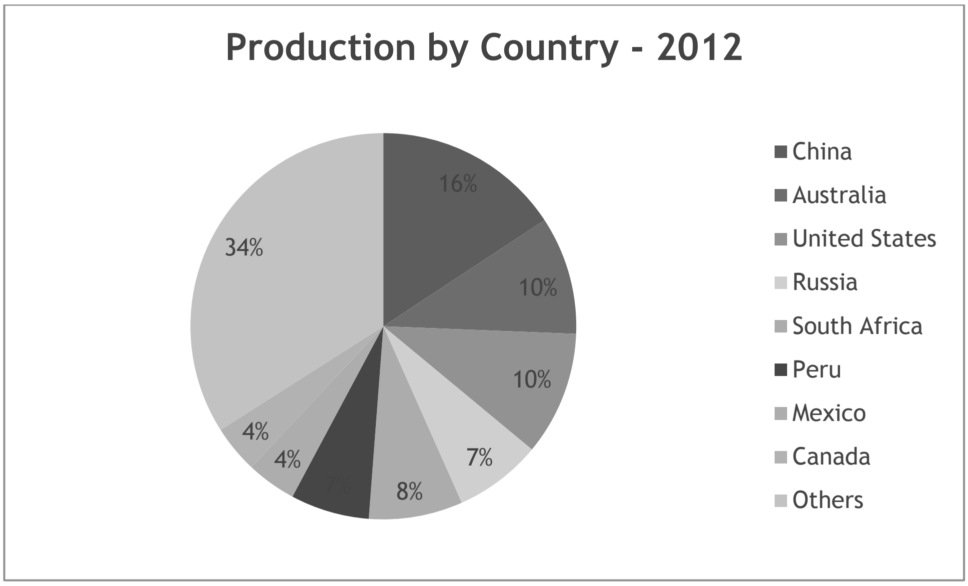
Gold is both a commodity and an international store of monetary value. Once mined, gold continues to exist indefinitely, often melted down and recycled to produce alternative or replacement products. This characteristic means that gold demand is supported by both mine production and gold recycling.

As illustrated in the chart below, gold mine production was approximately 2,842 metric tonnes in 2012 and gold consumption was 4,484 metric tonnes. Demand for gold has consistently exceeded supply over the last 10 years, and the escalated level of economic and financial uncertainly during the past three years has caused investors to move capital from risky assets to gold assets, which are perceived to be a good store of monetary value. As a result, total gold demand increased by approximately 12% between 2008 and 2012, with demand as a percentage of supply remaining at over 150% for the same period.



Source: Bloomberg and BDO Analysis

Until the late 1980's, South Africa produced approximately half of the total gold produced. More recently however, gold production has become geographically segmented, as shown in the chart below, with production dominated by China, Australia and the United States.



Source: Bloomberg and BDO Analysis

Gold prices

The price of gold fluctuates on a daily basis depending on global demand and supply factors. The price trend over the last two years is reflective of weak global economic conditions driving demand. As can be seen in the graph below, the value of gold peaked at US$1,900 per ounce on 5 September 2011. This peak was largely caused by the recent debt market crisis in Europe, but it was also driven by the Standard and Poor's downgrade of the US credit rating. This sent global stock markets tumbling and a flood of investors towards safer havens such as gold. Prices contracted in December 2011 reaching a low of US$1,545 per ounce; however 2012 a recovery of the gold price with it reaching US$1,790 on 4 October 2012, before declining to $1,675 at 31 December 2012. Price declined in January 2013 and February 2013 saw the gold price fall below US$1,600.

Gold prices are forecast to fall over the next three years to below US$1,600 per ounce in 2015. Nevertheless, growth in global money supply, U.S dollar depreciation and overall uncertainty in global financial markets may continue to drive investors toward using precious metals as a store of value. This could be further fuelled by the rapidly increasing appetite for precious metals from China.

Source: Bloomberg and BDO Analysis

Recent gold transactions

The emergence of a new generation of mid-tier miners and the resurgent gold price has been driving the increase in the number of announced gold acquisitions in 2012.

In the last half of 2012, several large deals have been announced to the market involving gold companies:

- On 29 June 2012 it was announced that Allied Gold Mining Plc and St Barbara Ltd had reached an agreement in which the two companies would merge, worth $594 million. This deal was completed on 7 September 2012.
- In August 2012, Zijin Mining Group announced that it had made a cash offer to acquire its remaining 83.02% share in Norton Gold Fields Ltd for $198 million. This deal was completed on 21 August 2012.
- On 6 August 2012, Silver Lake Resources announced it planned to merge with Integra Mining Ltd in a deal worth $417 million. The merger between Integra and Silver Lake was completed on 11 January 2013.
- On 9 August 2012, Regis Resources Limited announced it had executed a letter of agreement to acquire the McPhillamys Gold Project from joint venture owners, Newmont Exploration Pty Ltd and Alkane Resources Limited. The consideration to be paid is $150 million to be satisfied by the issue of Regis shares based on an issue price of $4.20 per share.
- On 19 September 2012, CGA Mining Limited and B2Gold Corp announced they had entered into a Merger Implementation Agreement to combine the two companies. The transaction was valued at $939 million.

- On 20 September 2012, Focus Minerals Ltd announced it had entered into an agreement with Shandong Gold International Mining Corporation Ltd, under which Shandong Gold International Mining Corporation Ltd agreed to subscribe to new fully paid shares to raise A$225.1 million.
- On 27 September 2012, Noble Mineral Resources Ltd announced that a major non-government Chinese mining and investment group, Zhongrun, will invest A$84.7 million in Noble Mineral Resources Ltd via a placement of shares.
- On 28 September 2012, Cortona Resources Ltd and Unity Mining Ltd announced they had agreed to a merger via a Scheme of Arrangement in which Cortona Resources Limited shareholders will receive 0.734 Unity Mining Ltd shares for every one share they hold.
- On 24 October 2012, Resolute Mining Ltd announced it executed conditional share sale agreements to acquire 19.99% of Noble Mineral Resources Ltd, in competition with Zhongrun, in a A$85 million financing offer.
- On 13 December 2012, Primero Mining Corp, a Canada based mining corporation announced that it had signed a definite agreement to acquire Cerro Resources, an Australian based mining company that specialised in global gold and silver exploration in a deal worth $111 million.

9. Valuation approach adopted

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings ("**FME**")
- Discounted cash flow ("**DCF**")
- Quoted market price basis ("**QMP**")
- Net asset value ("**NAV**")
- Market based assessment

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information. A summary of each of these methodologies is outlined in Appendix 2.

9.1. Valuation of Laverton prior to the Offer

In our assessment of the value of Laverton prior to the Offer we have chosen to employ the following methodologies set out below. We have adopted the sum-of-parts methodology as our primary valuation methodology.

- **Sum-of-parts**

We have estimated the fair market value of Laverton by aggregating the estimated fair market value of its underlying assets and liabilities. In determining the fair market value of its underlying assets, we have used the sum-of-parts basis of the fair market value of Laverton's projects and other assets and liabilities (including net cash).

We have assessed that the most appropriate methodology in valuing the Laverton Project is the DCF method for the following reasons:

- The Company has completed cash flow forecasts based on the life of mine for the Laverton Project;
- The Laverton Project is in production and has historical information available on which to reasonably base forecasts on;
- The majority of the capital expenditure has been incurred for the Laverton Project; and
- The Laverton Project has a finite life and is suited to applying the DCF approach.

We have instructed Quantitative Group Pty Ltd ("**QG**") to provide an independent technical assessment report to confirm that Laverton has a reasonable basis upon which to base the assumptions and mining inputs used in the cash flow forecasts of the Laverton Project. The technical assessment is in accordance with the Code of Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports ("**the Valmin Code**") and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("**JORC Code**").

In particular we have instructed QG to provide an assessment on the following:

- An assessment on the reasonableness of the resources used in the preparation of the financial model used to value the Laverton Project (with the exception of the Burtville mine pit, the Burtville stage 2 mine pit and the Burtville stage 3 mine pit which Ravensgate Minerals Industry Consultants ("**Ravensgate**") has assessed);
- Mining physicals (including tonnes, recovery and grade);
- Operating costs (mining operation, surface haulage, processing, accommodation and messing, royalties and general and administration); and
- Capital costs (mining capital costs, processing capital costs, resource definition, general and administration).

We have also instructed QG to value all of the resources at the Laverton Project under the Valmin Code that are not included in the Laverton Model.

We are satisfied with the valuation methodologies adopted by QG which are in accordance with industry practices and in accordance with the requirements of the Valmin Code.

A copy of QG's report is attached at Appendix 5.

Under the sum-of-parts methodology, a NAV multiple is applied to the DCF value of the Laverton Project as gold mining companies consistently trade at a market capitalisation greater than their DCF value. We then adjust the value of the mineral assets for other key assets and liabilities of the Company to arrive at the overall value of Laverton prior to the Offer.

- **Resource multiple: cross-check**

As a cross check to our sum-of-parts valuations, we have analysed the resource multiple observed for companies listed on the ASX with gold projects as their primary focus.

9.2. Valuation of Focus Minerals Limited following the Offer

In our assessment of the value of Focus following the Offer, we have chosen to employ the following methodologies set out below. We have adopted the sum-of parts methodology as our primary methodology.

- **Sum-of-parts**

We have estimated the fair market value of Focus following the Offer by aggregating the estimated fair market value of its underlying assets and liabilities. In determining the fair market value of its underlying assets, we have used the sum-of-parts basis of the fair market value of Focus' projects and other assets and liabilities (including net cash).

We have assessed that the most appropriate methodology in valuing the Coolgardie Project and the Laverton Project is the DCF method for the following reasons:

- Focus has completed cash flow forecasts based on the life of mine for both the Coolgardie Project and the Laverton Project;
- Both the Coolgardie Project and the Laverton Project are in production and have historical information available on which to reasonably base forecasts on;
- The majority of the capital expenditure has been incurred for both the Coolgardie Project and the Laverton Project; and
- The Coolgardie Project and the Laverton Project have finite lives and are suited to applying the DCF approach.

We have instructed QG to provide an independent technical assessment report to confirm that Focus has a reasonable basis upon which to base the assumptions and mining inputs used in the cash flow forecasts of both the Coolgardie Project and the Laverton Project. The technical assessment is in accordance with the Valmin Code and JORC Code.

In particular we have instructed QG to provide an assessment on the following:

- An assessment on the reasonableness of the resources used in the preparation of the financial model used to value the Coolgardie Project and the Laverton Project (with the exception of the Burtville mine pit, the Burtville stage 2 mine pit and the Burtville stage 3 mine pit which Ravensgate has assessed);
- Mining physicals (including tonnes, recovery and grade);
- Operating costs (mining operation, surface haulage, processing, accommodation and messing, royalties and general and administration); and
- Capital costs (mining capital costs, processing capital costs, resource definition, general and administration).

We have also instructed QG to value all of the resources at the Laverton Project and the Coolgardie Project under the Valmin Code that are not included in the Coolgardie and Laverton Models.

We are satisfied with the valuation methodologies adopted by QG which are in accordance with industry practices and in accordance with the requirements of the Valmin Code.

A copy of QG's report is attached at Appendix 5.

We have instructed Ravensgate to provide an independent valuation of Focus' Treasure Island Project in accordance with the Valmin Code and the JORC Code.

We are satisfied with the valuation methodologies adopted by Ravensgate which are in accordance with industry practices and in accordance with the requirements of the Valmin Code.

A copy of Ravensgate's report is attached in Appendix 4.

Under the sum-of-parts methodology, the value of the Coolgardie Project and the Laverton Project under the DCF approach are added to the value of the Treasure Island Project before applying a NAV multiple as gold mining companies consistently trade at a market capitalisation greater than their DCF value. We then adjust the value of the mineral assets for other key assets and liabilities of Focus to arrive at the overall value of Focus following the Offer.

10. Valuation of Laverton prior to the Offer

10.1 Sum-of-parts valuation of Laverton

We elected to use the DCF approach in valuing the Laverton Project (“**the Laverton Project**”). The DCF approach estimates the fair market value by discounting the future cash flows arising from the project to their net present value. Performing a DCF valuation requires the determination of the following:

- The expected future cash flows that the project is expected to generate; and
- An appropriate discount rate to apply to the cash flows of the project to convert them to present value equivalent.

A cash flow model for the Laverton Project was prepared by Focus and adopted by Laverton (**“Laverton Model”)**. The Laverton Model estimates the future cash flows expected from gold production at the Laverton Project based on determined JORC compliant reserves. The Laverton Model depicts forecasts of nominal, post-tax cash flows over the life of mine on a monthly basis.

The Laverton Model has been adjusted by us to reflect any changes to technical assumptions as a result of QG’s and Ravensgate’s reviews and any changes to the economic and other input assumptions from our research. We have adjusted the Laverton Model to reflect cash flows on an annual basis.

The Laverton Model was prepared based on:

- Estimates of production profile, operating costs and sustaining capital expenditure.

The main assumptions underlying the Laverton Model include:

- Mining and production volumes
- Commodity prices
- Operating costs
- Sustaining capital expenditure
- Foreign exchange rates
- Royalties
- Discount rate.

Limitations

Since forecasts relate to the future, they may be affected by unforeseen events and they depend, in part, on the effectiveness of management’s actions in implementing the plans on which the forecasts are based. Accordingly, actual results may vary materially from the forecasts, as it is often the case that some events and circumstances frequently do not occur as expected, or are not anticipated, and those differences may be material.

Revenue assumptions

Revenue has been estimated as the product of annual saleable gold and the forecast gold prices. The Laverton Model has been based on forecast gold prices and exchange rates.

Economic assumptions

Inflation

We have applied an inflation rate to convert the forecast real costs into nominal terms.

In our assessment of the inflation rate, we have considered forecasts prepared by economic analysts and other publicly available information including broker consensus to arrive at our inflation rate assumptions. From our analysis, target inflation is in the range of 2% to 3% which is consistent with the Reserve Bank of Australia's target inflation rate range. We have adopted an inflation rate of 3% to convert the cash flows expressed in real terms to nominal terms.

Foreign exchange rate

All commodity prices are stated in United States Dollars ("**USD**") and the forecasts in the Laverton Model are in Australian Dollars ("**AUD**"). USD to AUD conversions were undertaken using the following foreign exchange rate assumptions:

Period	1 AUD: X USD
FY2013	1.04
FY2014	1.03
FY2015	0.97
FY2016	0.93
FY2017	0.90
FY2018 onwards	0.90

Source: Bloomberg

Royalties and tax

Royalties

The following royalty expenses are included in the Laverton Model:

- 2.5% Western Australian State Government royalty
- 2% Indago Resources Limited royalty
- Western Mining Corporation Limited and Great Boulder Holdings Limited: A$1 is payable per tonne of ore mined and milled from any open pit mining operations and A$1.50 is payable per tonne of ore mined or milled from any underground mining operations. The royalty increases/decreases by A$0.10 per tonne of ore mined and milled for every A$10 increase in the gold price above A$525.

Corporate tax

The Laverton Model assumes a corporate tax rate of 30% over the period of the forecasts, after taking into account any tax losses carried forward.

DCF Valuation – Discount rate

We have selected a nominal after tax discount rate in the range of 9% to 12% to discount the forecasts to their present value.

The full workings can be found in Appendix 3.

Commodity prices

In obtaining projected gold prices we have considered:

- Historical spot and forward prices from Bloomberg; and
- Most recent Consensus Economics price forecasts.

Based on our analysis, we adopted the following projected gold prices (in nominal terms):

Period	Gold (US$/Ounce)
FY2013	1,680
FY2014	1,660
FY2015	1,610
FY2016	1,500
FY2017	1,390
FY2018 onwards	1,370

Source: Consensus Economics & Bloomberg

We note that the forecast gold prices have changed since we prepared our report for Focus in October 2012. FY2013 price per ounce has lowered and FY2014 – FY2018 has fluctuated both upwards and downwards.

The Laverton Project model

We undertook the following analysis on the Laverton Model:

- A review of the mathematical structure and internal consistency;
- Appointed QG as the technical expert to assess the reasonableness of the resources and mining inputs used in the preparation of the life of mine;
- Appointed Ravensgate to assess the reasonableness of the resources with respect to the Burtville mine pit, the Burtville stage 2 mine pit and the Burtville stage 3 mine pit, used in the preparation of the Laverton Model;
- Conducted independent research on certain economic and other inputs such as commodity prices, foreign exchange rates, inflation and discount rate applicable to the future cash flows of the Laverton Project;
- Held discussions with Focus' management regarding the preparation of the forecast cash flows in the Laverton Model and its views;

- Adjusted the Laverton Model to reflect any changes to the technical assumptions as a result of QG's review and any changes to the economic and other input assumptions from our research; and
- Performed a sensitivity analysis on the value of the Laverton Project as a result of flexing selected assumptions and inputs.

Appointment of a technical expert

QG, an independent mining expert, was engaged to prepare a report providing an assessment on the following inputs used in the preparation of the Laverton Model;

- The reasonableness of the resources used in the preparation of the Laverton Model (with the exception of the Burtville mine pit, the Burtville stage 2 mine pit and the Burtville stage 3 mine pit which Ravensgate has assessed);
- Mining physicals (including tonnes, recovery and grade);
- Operating costs (mining operation, surface haulage, processing, accommodation and messing, royalties and general and administration); and
- Capital costs (mining capital costs, processing capital costs, resource definition, general and administration).

Based on QG's report, we highlight the following conclusions on the Laverton Model:

- QG modified the production schedule in the LOM by excluding the production sources that are not currently classified as ore reserves or where there was no analysis supporting the economic viability of mining the production source.
- QG updated the LOM plan to only include material from the updated grade control model for Burtville developed by Focus.
- QG modified the mining costs and capital costs in the LOM. These changes were based on analysis of Focus' current operating strategy and performance at similar operations to allow for the changes to the number and timing of the production sources.

A copy of QG's report is included in Appendix 5.

Mining Physicals

Focus' mine planning is generally undertaken on a just-in-time basis, an approach widely applied across many different Australian mining operations. This methodology is utilised when confidence levels are high in relation to the resource base and means that the operator avoids over-capitalising on Reserve and Resource drilling and focuses on near term production. For this reason, there will be deficiencies in the schedules for longer term production, as further definition drilling will be required.

Focus is well funded to carry out exploration and development across the Laverton Project. Focus expects that future exploration programmes will assist in improving the profile of the mining schedule.

The Laverton Project has a significant remaining mine life based on a series of near-mill open pit and underground mines. The tables below show the forecast tonnes of ore to be milled annually over the remaining 9 year life of mine.

QG have provided us with a downside, preferred and upside scenario as shown below. We note that we have adopted the preferred case in our calculations as the downside returns a negative net present value for the project and the upside value is within our assessed range of the project.

Downside case

Laverton Project - downside case	Tonnes	Grade (g/t Au)	Ounces	Recovered Ounces
Laverton open pits	3,453,000	1.96	218,048	199,685
Laverton underground	2,293,000	4.50	331,808	268,053
Laverton low grade	946,000	0.77	23,506	21,155
Total	6,692,000	2.66	573,362	488,893

Preferred case

Laverton Project - preferred case	Tonnes	Grade (g/t Au)	Ounces	Recovered Ounces
Laverton open pits	3,450,000	2.05	227,131	207,860
Laverton underground	2,493,000	4.46	357,528	291,973
Laverton low grade	946,000	0.77	23,506	21,155
Total	6,889,000	2.75	608,165	520,988

Upside case

Laverton Project - upside case	Tonnes	Grade (g/t Au)	Ounces	Recovered Ounces
Laverton open pits	14,081,000	1.77	802,012	734,066
Laverton underground	3,801,000	4.28	523,359	446,196
Laverton low grade	1,701,000	0.80	43,666	39
Total	19,583,000	2.17	1,369,037	1,180,301

Source: QG's adjusted Laverton Model

QG noted that the main constraint in each scenario is the mining operations. Excess capacity exists in Focus' ore treatment plants indicating there is potential for the value of the assets to be improved if additional material can be either converted to ore reserves from known mineral resources or if there is exploration success at Laverton.

QG noted that due to the nature of the mineralisation at the Laverton Project and Focus' operating practices, only a relatively low proportion of the mineral resource has been analysed to a sufficient level for an ore reserve to be reported and therefore suitable to include in a DCF valuation under the Valmin Code. Therefore the Laverton Model only includes a small proportion of the known mineralisation at the Laverton Project.

See QG's report in Appendix 5 for further details.

Operating Costs

Operating costs included in the Laverton Model consist of mining operations, surface haulage, processing, accommodation and messing, royalties and general administrative costs. The table below shows the forecast operating costs per annum for the remaining life of mine.

Laverton Project	Forecast FY2013	Forecast FY2014	Forecast FY2015	Forecast FY2016	Forecast FY2017	Forecast FY2018	Forecast FY2019	Forecast FY2020	Forecast FY2021
Operating costs ($)	76,013,888	120,577,085	54,905,856	116,827,022	20,997,392	50,895,254	65,782,922	85,973,720	74,067,272

Source: QG's adjusted Laverton Model

Capital Expenditure

Capital expenditure for the Laverton Model can be broken down into mining, processing, resource definition and general administrative capital costs. Exploration expenditure of approximately $47 million over the LOM has been excluded as no potential value attributable to exploration results has been included in the forecast LOM. We have excluded the additional expenditure in order to show the maximum value for shareholders.

The table below shows the forecast capital costs per annum for the remaining life of mine.

Laverton Project	Forecast FY2013	Forecast FY2014	Forecast FY2015	Forecast FY2016	Forecast FY2017	Forecast FY2018	Forecast FY2019	Forecast FY2020	Forecast FY2021
Capital expenditure ($)	26,480,938	20,965,454	23,718,987	20,141,244	35,345,865	4,887,248	6,306,771	5,193,040	422,829

Source: QG's adjusted Laverton Model

DCF Valuation – sensitivities

The estimated value of the Laverton Project is derived under the DCF approach. Our valuation is most sensitive to changes in the forecast gold prices and exchange rate. We have therefore included an analysis to consider the value of the Laverton Project under various pricing scenarios and in applying:

- A change of +/- 10% to commodity prices
- A change of +/- 10% to exchange rate
- A change of +/- 10% to grade of the gold
- A change of +/- 10% to recovery percentage
- A change of +/- 10% to operating expense
- A change of +/- 10% to sustaining capital expenditure
- A discount rate in the range of 7.5% to 13.5%.

The following table sets out the valuation outcomes from our DCF analysis.

Sensitivity analysis							
Flex	NPV ($m)	NPV ($m)	NPV ($m)	NPV ($m)	NPV ($m)	NPV ($m)	NPV ($m)
	Commodity Price	Exchange rates	Ore processed	Grade	Recovery	Operating expense	Capital expenditure
-10%	(75.82)	30.91	(75.82)	(75.82)	N/A	17.62	(15.07)
-8%	(65.71)	18.70	(65.71)	(65.71)	N/A	9.04	(17.11)
-6%	(55.60)	7.00	(55.60)	(55.60)	N/A	0.46	(19.15)
-4%	(45.49)	(4.20)	(45.49)	(45.49)	(48.49)	(8.11)	(21.19)
-2%	(35.38)	(14.95)	(35.38)	(35.38)	(36.88)	(16.69)	(23.23)
0%	(25.27)	(25.27)	(25.27)	(25.27)	(25.27)	(25.27)	(25.27)
2%	(15.16)	(35.18)	(15.16)	(15.16)	(13.66)	(33.84)	(27.31)
4%	(5.04)	(44.71)	(5.04)	(5.04)	(2.04)	(42.42)	(29.35)
6%	5.07	(53.88)	5.07	5.07	N/A	(51.00)	(31.39)
8%	15.18	(62.72)	15.18	15.18	N/A	(59.57)	(33.43)
10%	25.29	(71.23)	25.29	25.29	N/A	(68.15)	(35.47)

Source: BDO Analysis

Discount rate sensitivity							
Discount rate (%)	7.5%	8.5%	9.5%	10.5%	11.5%	12.5%	13.5%
NPV ($m)	(19.43)	(21.59)	(23.53)	(25.27)	(26.82)	(28.20)	(29.43)

Source: BDO Analysis

Considering the valuation outcomes above, we estimate the fair market value of the Laverton Project to be in the range of nil to $25 million, with a preferred value of nil.

10.1.1 Value of the resources, not included in the Laverton Model

We have instructed QG to value all of the resources at the Laverton Project under the Valmin Code that are not included in the Laverton Model. QG has deemed that the most reliable method to value these resources in using the In Situ Resource methodology, which is based on applying a direct dollar value to resource identified on a property. The value of the resources at the Laverton Project not included in the Laverton Model is shown in the table below:

	Ownership	Low $m	Preferred $m	High $m
Value of the resources at the Laverton Project not included in the DCF	100%	23.90	28.50	33.40

QG has concluded that the value of the resources at the Laverton Project not included in the Laverton Model is between $23.9 million and $33.4 million, with a preferred value of $28.5 million. The additional value that is attributed to the resources at the Laverton Project indicates the potential for an increase in value of the overall Laverton Project if this resource an be converted to a reserve.

A copy of QG's report is included in Appendix 5.

10.1.2 NAV multiple

The value per share of gold mining companies when valued using the DCF valuation methodology, including the value of exploration assets, is often lower than the value of the trading price per share.

It is common practice to apply a NAV multiple to the DCF value and value of the exploration assets to arrive at the value of a company.

Possible reasons for a difference between the value of the mineral assets per share and the traded price are:

- The potential upside at existing operating or development sites that would allow for an extension of the life of mine and higher volumes, outside of the announced reserve and resource;
- The potential for actual gold prices exceeding the long-term forecast prices used in the DCF valuations;
- Gold being perceived as a safe asset investment; and
- The value attributable to the strong management of a company.

We have analysed a number of broker reports reporting on ASX listed gold companies with their main operations in Australia. The broker reports indicated that NAV multiples range between 0.85 and 1.53.

In determining an appropriate NAV multiple to apply to Laverton, we have had regard to:

- Laverton's history as a producing gold project;
- Strength of the current management team.

Based on the results of our analysis, we consider a NAV multiple range of 1.1 to 1.2 to be appropriate for valuing Laverton.

Focus Minerals (Laverton) Limited		Low value	Preferred value	High value
Summary of Assessment	Section			
DCF value of Laverton Project ($m)	10.1	-	-	25.00
Value of resources at Laverton Project not included in the DCF ($m)	10.1.1	23.90	28.50	33.40
Value of Laverton's mineral assets		**23.90**	**28.50**	**58.40**
NAV multiple	10.1.2	1.10	1.15	1.20
Total value of Laverton's mineral assets		**26.29**	**32.78**	**70.08**

10.1.3 Other Assets and Liabilities

Other assets and liabilities represent the assets and liabilities which have not been specifically adjusted. From review of these other assets and liabilities, outlined in the table below, we do not believe that there is a material difference between their book value and their fair value unless an adjustment has been noted below. The table below represents a summary of the assets and liabilities identified:

Focus Minerals (Laverton) Limited Statement of Financial Position	Note	Unaudited as at 31-Dec-12 $'000	Value of other assets & liabilities 31-Dec-12 $'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	a	5,339	2,100
Trade and other receivables		3,172	3,172
Inventories		9,701	9,701
Other current assets		70	70
TOTAL CURRENT ASSETS		18,282	15,043
NON-CURRENT ASSETS			
Cash and cash equivalents		12,769	12,769
Plant and equipment	b	19,681	-
Development assets	c	561	-
Exploration and evaluation assets	c	16,141	-
TOTAL NON-CURRENT ASSETS		49,152	12,769
TOTAL ASSETS		67,434	27,812
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		25,096	25,096
Interest bearing liabilities		29,284	29,284
Provisions		588	588
TOTAL CURRENT LIABILITIES		54,968	54,968
NON-CURRENT LIABILITIES			
Provisions	d	6,463	-
Other		1,045	1,045
TOTAL NON-CURRENT LIABILITIES		7,508	1,045
TOTAL LIABILITES		62,476	56,013
NET ASSETS		4,958	(28,201)

We have been advised that there has not been a significant change in the net assets of Laverton since 31 December 2012 and that the above value of assets and liabilities represent their fair market value apart from the adjustments discussed below:

Note a: Cash & cash equivalents and restricted cash

The cash balance as at 28 February 2013 was $2.1 million. We have adjusted the balance sheet to reflect the 28 February 2013 balances. We have been advised that there has not been a material change in the restricted cash balance since 28 February 2013.

Note b: Plant and Equipment

Plant and equipment relating to the Laverton Project has been excluded from the other assets and liabilities as it forms an integral part in the value of the project.

Note c: Development expenditure and exploration & evaluation expenditure

The majority of the Company's development expenditure and exploration and evaluation expenditure has been reflected through the DCF valuation under sections 10.1.1 and the other exploration assets valuation under sections 10.1.2 and has therefore been excluded in the valuation of other assets and liabilities.

Note d: Provisions

As at 31 December 2012, the Company has a provision for mine restoration of $6.46 million in regard to costs to be incurred for the restoration and rehabilitation of mining and prospecting leases. This balance has been excluded from the other assets and liabilities as it has been included in our valuation of the Laverton Project.

10.1.4 Corporate costs

For the half-year ended 31 December 2013, corporate costs for Laverton totalled approximately $2.8 million.

We calculated the corporate costs over the LOM based on $5.6 million per annum before inflation. The net present value of these corporate costs over the LOM is $35.0 million.

10.1.5 Shares on Issue

In determining a valuation per share for Laverton, we applied the number of Laverton shares on issue at the date of this report, being 1,237,484,253.

10.1.6 Sum-of-parts valuation of Laverton prior to the Offer

Focus Minerals (Laverton) Limited Summary of Assessment	Section	Low value	Preferred value	High value
DCF value of Laverton Project ($m)	10.1	-	-	25.00
Value of resources at Laverton Project not included in the DCF ($m)	10.1.1	23.90	28.50	33.40
Value of Laverton's mineral assets		**23.90**	**28.50**	**58.40**
NAV multiple	10.1.2	1.10	1.15	1.20
Total value of Laverton's mineral assets		**26.29**	**32.78**	**70.08**
Other assets ($m)	10.1.3	27.81	27.81	27.81
Other liabilities ($m)	10.1.3	(56.01)	(56.01)	(56.01)
Corporate costs ($m)	10.1.4	(35.00)	(35.00)	(35.00)
Value of Laverton under sum-of-parts method ($m)		(36.91)	(30.42)	6.88
Number of Laverton shares on issue	10.1.5	1,237,484,253	1,237,484,253	1,237,484,253
Value per share ($)		**(.03)**	**(.03)**	**.01**

Based on the results above we consider the value of a Laverton share on a control basis to be between nil and $0.01, with a preferred value of nil.

Laverton's primary asset is the Laverton Project. The value of the Laverton Project at present does not cover the value of the debt in Laverton. The Laverton Project may have an increased value in the future if factors that affect the value change; such as an increase in the gold price, delineation of an increased ore reserve or depreciation of the Australian dollar against the US dollar.

10.2 Resource multiple cross-check

As a cross check to the sum-of parts valuation, we have analysed the resource multiple observed for companies listed on the ASX with gold projects in Australia as their primary focus.

The table below shows that the median enterprise value per unit of inferred, indicated and measured resource is $123/ounce.

Resource multiple				
Company	**Locations**	**Enterprise value 14 March 2013 ($m)**	**Resources (million oz)**	**EV/resource multiple ($/oz)**
Focus Minerals Limited	Australia	(35.50)	3.89	(9.13)
Regis Resources Limited	Australia	2,155.42	7.55	285
Tanami Gold NL	Australia	167.01	3.13	53
Evolution Mining Limited	Australia	860.61	7.00	123
Medusa Mining Limited	Australia	771.48	3.10	249
Silver Lake Resources Limited	Australia	754.67	4.58	165
Perseus Mining Limited	West Africa	785.97	8.21	96
			Average	**137**
			Median	**123**

We have calculated Laverton's implied EV/resource multiple to be $11/ounce based on an implied share price of $0.01 as shown below.

Laverton (based on an implied share price of 1 cent)					
Share price	Shares on issue (million)	Net debt	Enterprise value ($m)	Resources (million oz)	EV/resource multiple ($/oz)
0.01	1,237.5	11.2	23.6	2.07	11

We note that Focus has a negative enterprise value and therefore a negative EV/resource multiple as its market capitalisation is currently less than its net cash. This shows that the market currently puts little, or no, value on Focus' projects. Given this it is reasonable to conclude that little, or no, value can be attributed to Laverton. This supports our assessed value of nil to $0.01 that was derived under the sum-of-parts method.

10.3 Assessment of Laverton's value

The results of the valuations performed are summarised in the table below:

	Low $	Preferred $	High $
Sum-of-parts valuation of a Laverton share	nil	nil	0.01

Based on the sum-of parts method, we consider the value of a Laverton share to be between nil and $0.01, with a preferred value of nil.

11. Valuation of Focus following the Offer

Assessing non-cash consideration in control transactions

When assessing non-cash consideration in control transactions, RG 111.31 suggests that a comparison should be made between the value of the securities being offered (allowing for a minority discount) and the value of the target entity's securities, assuming 100% of the securities are available for sale. This comparison reflects the fact that:

(a) the acquirer is obtaining or increasing control of the target; and

(b) the security holders in the target will be receiving scrip constituting minority interests in the combined entity.

Under RG 111.34 it is noted that if, in a scrip bid, the target is likely to become a controlled entity of the bidder, the bidder's securities can also be valued using a notionally combined entity. However, it should still be noted that the accepting holders are likely to hold minority interests in that combined entity. Therefore we have assessed the value of a Focus share following the Offer on a minority interest basis.

11.1 Sum-of-parts valuation of Focus

We elected to use the DCF approach in valuing the Coolgardie Project and the Laverton Project (**"the Projects"**). The DCF approach estimates the fair market value by discounting the future cash flows arising from the project to their net present value. Performing a DCF valuation requires the determination of the following:

- The expected future cash flows that the project is expected to generate; and
- An appropriate discount rate to apply to the cash flows of the project to convert them to present value equivalent.

Cash flow models for the Projects were prepared by Focus (**"Coolgardie Model"** and **"Laverton Model"**, collectively **"the Models"**). The Models estimate the future cash flows expected from gold production at the Projects based on determined JORC compliant reserves. The Models depict forecasts of nominal, post-tax cash flows over the life of mine on a monthly basis.

The Models have been adjusted by us to reflect any changes to technical assumptions as a result of QG's and Ravensgate's reviews and any changes to the economic and other input assumptions from our research. We have adjusted the Models to reflect cash flows on an annual basis.

The Models were prepared based on:

- Estimates of production profile, operating costs and sustaining capital expenditure.

The main assumptions underlying the Models include:

- Mining and production volumes
- Commodity prices
- Operating costs
- Sustaining capital expenditure
- Foreign exchange rates
- Royalties
- Discount rate.

Limitations

Since forecasts relate to the future, they may be affected by unforeseen events and they depend, in part, on the effectiveness of management's actions in implementing the plans on which the forecasts are based. Accordingly, actual results may vary materially from the forecasts, as it is often the case that some events and circumstances frequently do not occur as expected, or are not anticipated, and those differences may be material.

Revenue assumptions

Revenue has been estimated as the product of annual saleable gold and the forecast gold prices. The Models have been based on forecast gold prices and exchange rates.

Economic assumptions

Inflation

We have applied an inflation rate to convert the forecast real costs into nominal terms.

In our assessment of the inflation rate, we have considered forecasts prepared by economic analysts and other publicly available information including broker consensus to arrive at our inflation rate assumptions. From our analysis, target inflation is in the range of 2% to 3% which is consistent with the Reserve Bank of Australia's target inflation rate range. We have adopted an inflation rate of 3% to convert the cash flows expressed in real terms to nominal terms.

Foreign exchange rate

All commodity prices are stated in United States Dollars (“**USD**”) and the forecasts in the Models are in Australian Dollars (“**AUD**”). USD to AUD conversions were undertaken using the following foreign exchange rate assumptions:

Period	1 AUD: X USD
FY2013	1.04
FY2014	1.03
FY2015	0.97
FY2016	0.93
FY2017	0.90
FY2018 onwards	0.90

Source: Bloomberg

Royalties and tax

Royalties

The following royalty expenses are included in the Models:

Coolgardie Model

- 2.5% Western Australian State Government royalty

Laverton Model

- 2.5% Western Australian State Government royalty
- 2% Indago Resources Limited royalty
- Western Mining Corporation Limited and Great Boulder Holdings Limited: A$1 is payable per tonne of ore mined and milled from any open pit mining operations and A$1.50 is payable per tonne of ore mined or milled from any underground mining operations. The royalty increases/decreases by A$0.10 per tonne of ore mined and milled for every A$10 increase in the gold price above A$525.

Corporate tax

The Models assume a corporate tax rate of 30% over the period of the forecasts, after taking into account any tax losses carried forward.

DCF Valuation – Discount rate

We have selected a nominal after tax discount rate in the range of 9% to 12% to discount the forecasts to their present value.

In selecting this range of discount rates we considered the following:

- The rates of return for comparable listed Australian gold companies;
- The risk profile of Focus as compared to other listed Australian gold companies;

- The debt to equity ratio of Focus; and
- Focus' current cost of debt as advised by management

Details on our discount rate determination are provided in Appendix 3.

Commodity prices

In obtaining projected gold prices we have considered:

- Historical spot and forward prices from Bloomberg; and
- Most recent Consensus Economics price forecasts.

Based on our analysis, we adopted the following projected gold prices (in nominal terms):

Period	Gold (US$/Ounce)
FY2013	1,680
FY2014	1,660
FY2015	1,610
FY2016	1,500
FY2017	1,390
FY2018 onwards	1,370

Source: Consensus Economics & Bloomberg

We note that the forecast gold prices have changed since BDO prepared its report for Focus in October 2012. FY2013 price per ounce has lowered and FY2014 – FY2018 has fluctuated both upwards and downwards.

11.1.1 Valuation of the Coolgardie Project & the Laverton Project

DCF Valuation – Future cash flows

The Coolgardie Project model

We undertook the following analysis on the Coolgardie Model:

- A review of the mathematical structure and internal consistency;
- Appointed QG as the technical expert to assess the reasonableness of the resources and mining inputs used in the preparation of the life of mine;
- Conducted independent research on certain economic and other inputs such as commodity prices, foreign exchange rates, inflation and discount rate applicable to the future cash flows of the Coolgardie Project;
- Held discussions with Focus' management regarding the preparation of the forecasts in the Coolgardie Model and its views;
- Adjusted the Coolgardie Model to reflect any changes to the technical assumptions as a result of QG's review and any changes to the economic and other input assumptions from our research; and
- Performed a sensitivity analysis on the value of the Coolgardie Project as a result of flexing selected assumptions and inputs.

Appointment of a technical expert

QG, an independent mining expert, was engaged to prepare a report providing an assessment on the following inputs used in the preparation of the Coolgardie Model;

- The reasonableness of the resources used in the preparation of the Coolgardie Model;
- Mining physicals (including tonnes, recovery and grade);
- Operating costs (mining operation, surface haulage, processing, accommodation and messing, royalties and general and administration); and
- Capital costs (mining capital costs, processing capital costs, resource definition, general and administration).

Based on QG's report, we highlight the following conclusions on the Coolgardie Model:

- QG modified the production schedule in the life of mine by excluding the production sources that are not currently classified as ore reserves or where there was no analysis supporting the economic viability of mining the production source.
- QG modified the mining costs and capital costs in the LOM. These changes were based on analysis of Focus' current operating strategy and performance at similar operations to allow for the changes to the number and timing of the production sources.

A copy of QG's report is included in Appendix 5.

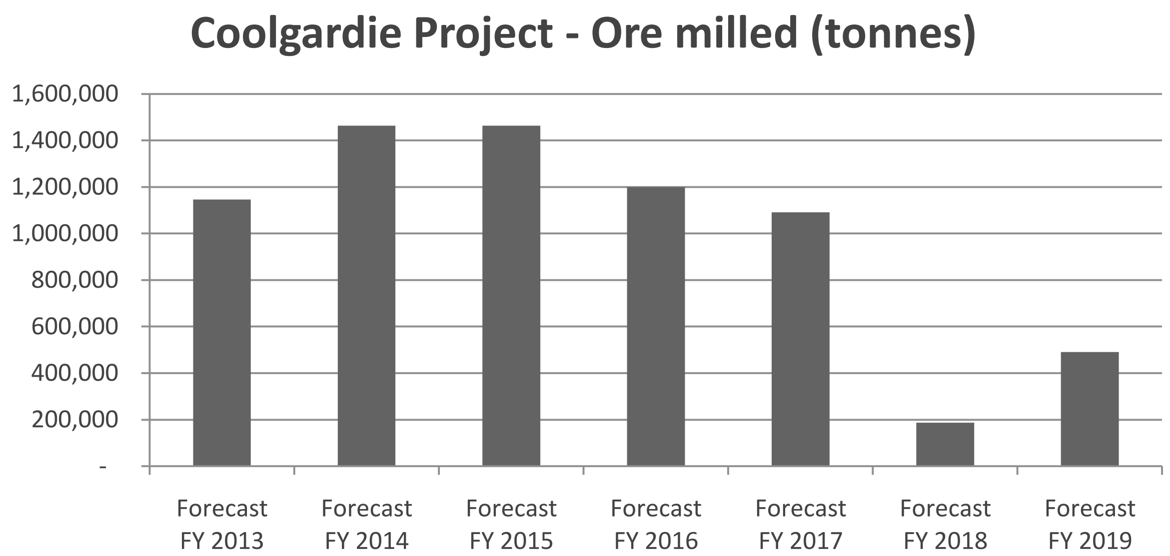
Mining Physicals

The Coolgardie Project has a significant remaining mine life based on a series of near-mill open pit and underground mines. The table below shows the forecast tonnes of ore to be milled annually over the remaining life of mine.

QG noted that due to the nature of the mineralisation at the Coolgardie Project and Focus' operating practices, only a relatively low proportion of the mineral resource has been analysed to a sufficient level for an ore reserve to be reported and therefore suitable to include in a DCF valuation under the Valmin Code. Therefore the Coolgardie Model only includes a small proportion of the known mineralisation at the Coolgardie Project. The balance has been valued separately by QG.

See QG's report in Appendix 5 for further details.

Coolgardie Project	Forecast FY2013	Forecast FY2014	Forecast FY2015	Forecast FY2016	Forecast FY2017	Forecast FY2018	Forecast FY2019
Ore milled (tonnes)	1,146,773	1,463,321	1,463,321	1,199,507	1,091,330	186,577	490,000
Grade (grams/tonne)	2.17	2.07	1.98	1.17	2.02	3.74	3.91
Recovery %	93%	93%	92%	92%	92%	95%	95%
Total production (ounces)	74,441	90,600	85,604	41,499	65,367	21,319	58,558



Source: QG's adjusted Coolgardie Model

Operating Costs

Operating costs included in the Coolgardie Model consist of mining operations, surface haulage, processing, royalties and general administrative costs. The table below shows the forecast operating costs per annum for the remaining life of mine.

Coolgardie Project	Forecast FY2013	Forecast FY2014	Forecast FY2015	Forecast FY2016	Forecast FY2017	Forecast FY2018	Forecast FY2019
Operating costs ($)	115,562,095	137,238,040	86,899,890	71,876,424	51,893,117	18,788,212	50,200,615

Source: QG's adjusted Coolgardie Model

Capital Expenditure

Capital expenditure for the Coolgardie Model can be broken down into mining, processing, resource definition and general administrative capital costs. The table below shows the forecast capital costs per annum for the remaining life of mine.

Coolgardie Project	Forecast FY2013	Forecast FY2014	Forecast FY2015	Forecast FY2016	Forecast FY2017	Forecast FY2018	Forecast FY2019
Capital expenditure ($)	21,376,296	12,864,433	10,465,928	8,308,521	6,365,655	11,183,064	11,480,000

Source: QG's adjusted Coolgardie Model

DCF Valuation – sensitivities

The estimated value of the Coolgardie Project is derived under the DCF approach. Our valuation is most sensitive to changes in the forecast gold prices and exchange rate. We have therefore included an analysis to consider the value of the Coolgardie Project under various pricing scenarios and in applying:

- A change of +/- 10% to commodity prices
- A change of +/- 10% to exchange rate
- A change of +/- 10% to grade of the gold
- A change of +/- 10% to recovery percentage
- A change of +/- 10% to operating expense
- A change of +/- 10% to sustaining capital expenditure
- A discount rate in the range of 7.5% to 13.5%.

The following table sets out the valuation outcomes from our DCF analysis.

Sensitivity analysis							
Flex	NPV ($m)	NPV ($m)	NPV ($m)	NPV ($m)	NPV ($m)	NPV ($m)	NPV ($m)
	Commodity Price	Exchange rates	Ore processed	Grade	Recovery	Operating expense	Capital expenditure
-10%	(3.47)	102.52	(3.47)	(3.47)	N/A	86.37	52.63
-8%	6.57	90.39	6.57	6.57	N/A	78.45	51.45
-6%	16.61	78.78	16.61	16.61	N/A	70.52	50.27
-4%	26.66	67.65	26.66	26.66	25.12	62.59	49.09
-2%	36.70	56.98	36.70	36.70	35.93	54.66	47.92
0%	46.74	46.74	46.74	46.74	46.74	46.74	46.74
2%	56.78	36.89	56.78	56.78	57.55	38.81	45.56
4%	66.82	27.43	66.82	66.82	68.36	30.88	44.38
6%	76.86	18.32	76.86	76.86	N/A	22.95	43.20
8%	86.90	9.55	86.90	86.90	N/A	15.03	42.02
10%	96.94	1.10	96.94	96.94	N/A	7.10	40.84

Source: BDO Analysis

Discount rate sensitivity							
Discount rate (%)	7.5%	8.5%	9.5%	10.5%	11.5%	12.5%	13.5%
NPV ($m)	54.91	52.02	49.30	46.74	44.32	42.03	39.87

Source: BDO Analysis

We consider the likelihood of a potential upside in the forecast long term gold price to be more likely than the potential downside.

Considering the valuation outcomes above, we estimate the fair market value of the Coolgardie Project to be in the range of $27 million to $80 million, with a preferred value of $47 million.

BDO had previously valued the Coolgardie Project for an independent expert's report for Focus in October 2012. Then the Coolgardie Project was valued between $70 million and $110 million. We note than the decrease in the value of the project from October 2012 to this report can be attributed to a decrease in the current and forecast gold price, changes to the current and forecast AUD/USD exchange rate and an increase in the forecast capital expenditure and operating expenses over the LOM.

DCF Valuation – Future cash flows

The Laverton Project model

Per the workings set out in section 10.1, we have assessed the value of the Laverton Project to be between nil and $25 million, with a preferred value of nil. Following the Offer, Focus will hold 100% of the Laverton Project.

		Low	Preferred	High
Laverton Project	Ownership	$m	$m	$m
DCF value of the Laverton Project	100%	-	-	25.0

11.1.2 Value of the resources, not included in the Laverton & Coolgardie Models

We have instructed QG to value all of the resources at the Laverton Project and the Coolgardie Project under the Valmin Code that are not included in the Laverton and Coolgardie Models. QG has deemed that the most reliable method to value these resources in using the In Situ Resource methodology, which is based on applying a direct dollar value to resource identified on a property. The value of the resources of both the Coolgardie Project and the Laverton Project not included in the Laverton and Coolgardie Models is shown in the table below:

		Low	Preferred	High
	Ownership	$m	$m	$m
Value of the resources at the Laverton Project not included in the DCF	100%	23.9	28.5	33.4
Value of the resources at the Coolgardie Project not included in the DCF	100%	27.2	29.3	33.2
Total value		**51.1**	**57.8**	**66.6**

QG have concluded that the value is between $51.1 million and $66.6 million, with a preferred value of $57.8 million.

Following the Offer, Focus will hold 100% of Laverton.

11.1.3 Other exploration assets

We instructed Ravensgate to provide an independent market valuation of the Treasure Island Project held by Focus. The table below provides a summary of this valuation:

Focus Minerals Limited Other exploration areas	Ownership	Low value $m	Preferred value $m	High value $m
Treasure Island Project - E15/986	100%	2.39	3.08	4.70
Treasure Island Project - E15/1224	0%	-	-	-
Total		**2.39**	**3.08**	**4.70**

The table above indicates a range of values between $2.39 million and $4.70 million, with a preferred value of $3.08 million.

In valuing Focus' Treasure Island Project, which consists of tenements E15/986 and E15/1224, Ravensgate has relied on the Comparable Transactions and Multiples of Exploration Expenditure valuation methods. For tenement E15/1224, Ravensgate has determined that Focus has a 0% interest as they have not taken up the option to acquire it, hence the nil value attributed to this tenement. We are satisfied with the valuation methodologies adopted by Ravensgate which are in accordance with industry practices and compliant with the requirements of the Valmin Code.

A copy of Ravensgate's report is attached at Appendix 4.

11.1.4 NAV multiple

The value per share of gold mining companies when valued using the DCF valuation methodology, including the value of exploration assets, is often lower than the value of the trading price per share.

It is common practice to apply a NAV multiple to the DCF value and value of the exploration assets to arrive at the value of a company.

Possible reasons for a difference between the value of the mineral assets per share and the traded price are:

- The potential upside at existing operating or development sites that would allow for an extension of the life of mine and higher volumes, outside of the announced reserve and resource;
- The potential for actual gold prices exceeding the long-term forecast prices used in the DCF valuations;
- Gold being perceived as a safe asset investment; and
- The value attributable to the strong management of a company.

We have analysed a number of broker reports reporting on ASX listed gold companies with their main operations in Australia. The broker reports indicated that NAV multiples range between 0.85 and 1.53.

In determining an appropriate NAV multiple to apply to Focus, we have had regard to:

- Focus' medium volatility and history as a producing gold company;
- Focus' ability to improve the operations at the Laverton Project in the 9 months since acquisition;

- Focus' low risk profile. Focus currently has less than 3% of debt and going forward will be funded via cashflows from operations; and
- Strength of the current management team.

Based on the results of our analysis, we consider a NAV multiple range of 1.1 to 1.2 to be appropriate for valuing Focus.

Focus Minerals Limited		Low value	Preferred value	High value
Summary of Assessment	Section	$m	$m	$m
DCF value of Coolgardie Project	11.1.1	27.00	47.00	80.00
DCF value of Laverton Project	10.1.1	-	-	25.00
Value of resources at Coolgardie Project not included in the DCF	11.1.2	27.20	29.30	33.20
Value of resources at Laverton Project not included in the DCF	11.1.2	23.90	28.50	33.40
Value of Treasure Island Project	11.1.3	2.39	3.08	4.70
Value of Focus' mineral assets		**80.49**	**107.88**	**176.30**
NAV multiple	11.1.4	1.10	1.15	1.20
Total value of Focus' mineral assets		**88.54**	**124.06**	**211.56**

11.1.5 Other Assets and Liabilities

Other assets and liabilities represent the assets and liabilities which have not been specifically adjusted. From review of these other assets and liabilities, outlined in the table below, we do not believe that there is a material difference between their book value and their fair value unless an adjustment has been noted below. The table below represents a summary of the assets and liabilities identified:

Statement of Financial Position	Note	Reviewed as at 31-Dec-12 $'000	Value of other assets & liabilities as at 31-Dec-12 $'000
CURRENT ASSETS			
Cash and cash equivalents	a	208,196	190,000
Restricted cash		381	381
Trade and other receivables		7,752	7,752
Inventories		15,149	15,149
Other current assets		126	126
Financial assets	b	1,806	1,697
TOTAL CURRENT ASSETS		233,410	215,105
NON-CURRENT ASSETS			
Restricted cash		14,461	14,461
Plant and equipment	c	51,458	377
Development expenditure	d	32,286	-
Exploration and evaluation expenditure	d	146,756	1,000
TOTAL NON-CURRENT ASSETS		244,961	15,838
TOTAL ASSETS		478,371	230,943
CURRENT LIABILITIES			
Trade and other payables		51,817	51,817
Interest bearing liabilities		9,455	9,455
TOTAL CURRENT LIABILITIES		61,272	61,272
NON-CURRENT LIABILITIES			
Provisions	e	8,631	-
Interest bearing liabilities		1,626	1,626
TOTAL NON-CURRENT LIABILITIES		10,257	1,626
TOTAL LIABILITES		71,529	62,898
NET ASSETS		406,842	168,045

We have been advised that there has not been a significant change in the net assets of Focus since 31 December 2012 and that the above value of assets and liabilities represent their fair market value apart from the adjustments discussed below:

Note a: Cash & cash equivalents

The cash balance as at 28 February 2013 was $190 million. We have been advised that there has not been a material change in the restricted cash balance since 31 December 2012.

Note b: Financial assets

Approximately $1.2 million of this balance relates to an investment in the ASX-listed entity Macphersons Resources Limited (**"Macphersons"**). Focus holds approximately 3.33 million shares which we have valued as at 5 March 2013 using Macpherson's 30 day volume weighted average price (**"VWAP"**) of $0.359 per share. Therefore we have valued this investment at $1.2 million. The remaining $0.5 million relates to a foreign exchange contract which, for these purposes, we have assumed represents its fair value. The total fair value of financial assets is therefore $1.7 million.

Note c: Plant and Equipment

Plant and equipment relating to the Laverton Project and the Coolgardie Project has been excluded from the other assets and liabilities as it forms an integral part in the value of each project. The plant and equipment remaining in the balance relate to furniture and equipment in the corporate office.

Note d: Development expenditure and Exploration and evaluation expenditure

The majority of the Focus' development expenditure and exploration and evaluation expenditure has been reflected through the DCF valuations and the other exploration assets valuations and has therefore been excluded in the valuation of other assets and liabilities.

We have been advised by the Focus that $1 million of the exploration expenditure relates to the Nepean Project. We have included the book value of the Nepean Project in our other assets and liabilities calculation shown in the table above.

Note e: Provisions

As at 31 December 2012, Focus has a provision for mine restoration of $8.63 million in regard to costs to be incurred for the restoration and rehabilitation of mining and prospecting leases. This balance has been excluded from the other assets and liabilities as it has been included in our valuations of the Focus' projects.

11.1.6 Corporate costs

We have been advised by management that the annual corporate costs going forward are $10.3 million per annum.

We calculated the corporate costs over the LOM based on $10.3 million per annum before inflation. The net present value of the corporate costs over the LOM is $53.37 million.

11.1.7 Shares on Issue

In determining a valuation per share for Focus, we applied the number of Focus shares to be on issue following the Offer, being 9,137,533,046.

11.1.8 Sum-of-parts valuation for Focus following the Offer

Focus Minerals Limited Summary of Assessment	Section		Low value $m		Preferred value $m		High value $m
DCF value of Coolgardie Project	11.1.1		27.00		47.00		80.00
DCF value of Laverton Project	10.1.1		-		-		25.00
Value of resources at Coolgardie Project not included in the DCF	11.1.2		27.20		29.30		33.20
Value of resources at Laverton Project not included in the DCF	11.1.2		23.90		28.50		33.40
Value of Treasure Island Project	11.1.3		2.39		3.08		4.70
Value of Focus' mineral assets			**80.49**		**107.88**		**176.30**
NAV multiple	11.1.4		1.10		1.15		1.20
Total value of Focus' mineral assets			**88.54**		**124.06**		**211.56**
Other assets	11.1.5		230.94		230.94		230.94
Other liabilities	11.1.5		(62.90)		(62.90)		(62.90)
Corporate costs	11.1.6		(53.37)		(53.37)		(53.37)
Value of Focus under sum-of-parts method			203.21		238.73		326.23
Number of Focus shares on issue following the Offer	11.1.7		9,137,375,744		9,137,375,744		9,137,375,744
Value per share		**$**	**0.022**	**$**	**0.026**	**$**	**0.036**
Minority discount			26%		23%		20%
Minority interest value per share		**$**	**0.016**	**$**	**0.020**	**$**	**0.029**

Minority interest

If Laverton shareholders accept the Offer, they will become minority shareholders of Focus. To value the consideration on a minority interest basis, we have applied a minority discount to the value per share derived under the sum-of-parts value.

The control premium study below is based on observed premiums paid by acquirers of gold mining companies listed on the ASX over the last five years. We have applied a minority discount of between 20% and 26%, being the inverse of a control premium between 25% and 35%.

Year	Number of Transactions	Average Deal Value (A$m)	Average Control Premium (%)
2012	9	247.99	34.03
2011	8	1119.33	22.56
2010	10	1364.83	56.11
2009	13	128.61	21.39
2008	3	446.27	28.54
Median		**446.27**	**28.54**
Mean		**661.40**	**32.53**

12. Offer consideration

The consideration offered is 1 Focus share for every 0.725 Laverton shares. Therefore for every 1 Laverton share, Shareholders will receive 1.38 Focus shares.

Value of the Offer consideration	Low $	Preferred $	High $
Assessed value of a Focus share	0.016	0.020	0.029
Value of the consideration per 1 Laverton share			
1.38 Focus shares	0.022	0.028	0.040

13. Is the Offer fair?

The value of a Laverton share prior to the Offer is compared to the value of the consideration offered per share by Focus, as shown below:

Value of the Offer consideration	Low $	Preferred $	High $
Value of a Laverton share	nil	nil	.010
Value of the consideration offered per share	0.022	0.028	0.040

We note from the table above that the value of the Offer consideration per Laverton share is greater than the value of a Laverton share. Therefore, we consider that the Offer is fair.

14. Is the Offer reasonable?

14.1 Alternative Proposal

We are unaware of any alternative proposal that might offer the Shareholders of Laverton a premium over the value ascribed to, resulting from the Offer. As Focus currently holds over 81% of the shares in Laverton, it is very unlikely that an alternative takeover offer will be received.

14.2 Prior Focus takeover bid

Focus acquired 81.57% of Laverton under a takeover bid announced in June 2011. Under that takeover bid, Focus offered shareholders 1 Focus share for every 1.18 Laverton shares (0.85 Focus shares for 1 Laverton share). On the assumption that the value of a share in Laverton and Focus have not changed materially since June 2011, the Offer provides a 62% increase in the offer consideration compared to the June 2011 takeover consideration.

14.3 Practical Level of Control

If all shareholders accept the Offer, Focus will hold 100% of the shares in Laverton. Laverton shareholders will hold 3.44% of the issued capital of Focus.

14.4 Consequences of not accepting the Offer

Stone Mining Limited ("**Stone Mining**") currently holds 14.42% of the issued capital of Laverton. If Stone Mining accepts the Offer, Focus will hold over 90% if the issued capital of Laverton and therefore be entitled to compulsory acquire any Laverton shares not accepted under the Offer.

14.5 Advantages of approving the Offer

We have considered the following advantages when assessing whether the Offer is reasonable.

Advantage	Description
The Offer is fair	As set out in Section 12, the Offer is fair. RG 111 states that an offer is reasonable if it is fair.
Shares in Focus will be provide greater liquidity than currently available to Shareholders	Laverton is currently an unlisted public company with two shareholders holding approximately 96% of the issued capital. If Shareholders' accept the Offer they will hold shares in Focus, an ASX listed company. Being a shareholder of Focus will provide them with greater liquidity than currently available to them as they will have the option of selling their shares on the ASX.
Shareholders may benefit from the potential upside of Focus' projects	As well as its interest in the Laverton Project, Focus owns a number of tenements and projects in and around Coolgardie in Western Australia. Laverton shareholders may benefit from the potential upside of these additional projects.

Potentially greater capacity to unlock the value of Laverton's assets with Focus owning 100%	With Focus' available cash and experience, it may be able to unlock potential future value of the Laverton Project if it were to own 100%.

14.6 Disadvantages of accepting the Offer

If the Offer is approved, in our opinion, the potential disadvantages to Shareholders include those listed in the table below:

Disadvantage	Description
Shareholders' interests in the Laverton Project will decrease	If all Laverton shareholders accept the Offer, they will have an effective interest of 3.44% of the Laverton Project compared to its current interest of 18.43%.

15. Conclusion

We have considered the terms of the Offer as outlined in the body of this report and have concluded that the Offer is fair and reasonable to the Shareholders of Laverton.

16. Sources of information

This report has been based on the following information:

- Draft Target's Statement on or about the date of this report;
- Audited financial statements of Focus for the years ended 30 June 2011 and 30 June 2012 and reviewed half-year financial statements for the period end 31 December 2012;
- Laverton's audited financial statements for the years ended 30 June 2011 and 30 June 2012 and unaudited half-year statements for the period end 31 December 2012;
- Cash flow model based on Life of Mine for Coolgardie Project prepared by management of Focus;
- Cash flow model based on Life of Mine for Laverton Project prepared by management of Focus and adopted by the management of Laverton;
- Independent Technical Assessment Report of Laverton Gold Project and Coolgardie Project dated 14 March 2013 performed by Quantitative Group Pty Ltd;
- Independent Valuation Report of Focus' Treasure Island Project dated 12 March 2013 performed by Ravensgate Minerals Industry Consultants;
- Share registry information;
- Information in the public domain; and
- Discussions with Directors and Management of Laverton.

17. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of $30,000 (excluding GST and reimbursement of out of pocket expenses). The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by Laverton in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by Laverton, including the non provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to Laverton and any of their respective associates with reference to ASIC Regulatory Guide 112 "Independence of Experts". In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of Laverton and their respective associates.

A draft of this report was provided to Laverton and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

BDO is the brand name for the BDO International network and for each of the BDO Member firms.

BDO (Australia) Ltd, an Australian company limited by guarantee, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of Independent Member Firms. BDO in Australia, is a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International).

18. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes and Evelyn Tan of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Member of the Institute of Chartered Accountants in Australia. He has over twenty five years experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 200 public company independent expert's reports under the Corporations Act or ASX Listing Rules. These experts' reports cover a wide range of industries in Australia with a focus on companies in the natural resources sector. Sherif Andrawes is the Chairman of BDO in Western Australia, Corporate Finance Practice Group Leader of BDO in Western Australia and the Natural Resources Leader for BDO in Australia.

Evelyn Tan is a CFA charter holder and is a member of the CFA Institute. Evelyn has over 15 years of experience in corporate finance and banking. Evelyn has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

19. Disclaimers and consents

This report has been prepared at the request of Laverton for inclusion in the Target's Statement which will be sent to all Laverton Shareholders. Laverton engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider Focus' takeover offer for all the shares in Laverton that it does not already own

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Target's Statement. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Target's Statement other than this report.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to Focus. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

The forecasts provided to BDO Corporate Finance (WA) Pty Ltd by Laverton, Focus and its advisers are based upon assumptions about events and circumstances that have not yet occurred. Accordingly, BDO Corporate Finance (WA) Pty Ltd cannot provide any assurance that the forecasts will be representative of results that will actual be achieved. BDO Corporate Finance (WA) Pty Ltd disclaims any possible liability in respect of these forecasts. We note that the forecasts provided do not include estimates as to the effect of any future emissions trading scheme should it be introduced as it is unable to estimate the effects of such a scheme at this time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Offer, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of Laverton, or any other party.

BDO Corporate Finance (WA) Pty Ltd has also considered and relied upon independent valuations for mineral assets held by Focus and Laverton.

The valuers engaged for the mineral asset valuations, Ravensgate and QG, possess the appropriate qualifications and experience in the industry to make such assessments. The approaches adopted and assumptions made in arriving at their valuations are appropriate for this report. We have received consent from the valuers for the use of their valuation reports in the preparation of this report and to append a copy of their reports to this report.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd has no obligation to update this report for events occurring subsequent to the date of this report.

Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD

Sherif Andrawes	**Evelyn Tan**
Director	Associate Director

APPENDIX 1 – GLOSSARY OF TERMS

Reference	Definition
The Act	The Corporations Act
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
Au	Gold
AUD	Australian dollars
BDO	BDO Corporate Finance (WA) Pty Ltd
Coolgardie Model	Cash flow model for the Coolgardie Project prepared by Focus
The Company	Focus Minerals (Laverton) Limited
Crescent	Crescent Gold Limited
DCF	Discounted Future Cash Flows
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
Focus	Focus Minerals Limited
FME	Future Maintainable Earnings
The JORC Code	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
Km	Kilometre
Laverton	Focus Minerals (Laverton) Limited
Laverton Project	Cash flow model for the Laverton Project prepared by Focus and adopted by Laverton
LOM	Life of mine
NAV	Net Asset Value

The Offer	Focus Minerals Limited's takeover offer for all the shares in Laverton that it does not already own.
OPA	Ore Purchase Agreement
Oz	Ounce
Our Report	This Independent Expert's Report prepared by BDO
QG	Quantitative Group Pty Ltd
QMP	Quoted Market Price
Ravensgate	Ravensgate Minerals Industry Consultants
RG111	Content of expert reports (March 2011)
RG112	Independence of experts (March 2011)
Shareholders	Shareholders of Laverton not associated with Focus
Stone Mining	Stone Mining Limited
The Valmin Code	Code of Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports
VWAP	Volume Weighted Average Price
Valuation Engagement	An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.

APPENDIX 2 – VALUATION METHODOLOGIES

Methodologies commonly used for valuing assets and businesses are as follows:

1 *Net asset value ("NAV")*

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

2 *Quoted Market Price Basis ("QMP")*

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a "deep" market in that security.

3 *Capitalisation of future maintainable earnings ("FME")*

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax (“**EBIT**”) or earnings before interest, tax, depreciation and amortisation (“**EBITDA**”). The capitalisation rate or "earnings multiple" is adjusted to reflect which base is being used for FME.

4 *Discounted future cash flows (“DCF”)*

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start up phase, or experience irregular cash flows.

5 *Market Based Assessment*

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.

APPENDIX 3 – DISCOUNT RATE ASSESSMENT

Determining the correct discount rate, or cost of capital, for a business requires the identification and consideration of a number of factors that affect the returns and risks of a business, as well as the application of widely accepted methodologies for determining the returns of a business.

The discount rate applied to the forecast cash flows from a business represents the financial return that will be before an investor would be prepared to acquire (or invest in) the business.

The capital asset pricing model ("**CAPM**") is commonly used in determining the market rates of return for equity type investments and project evaluations. In determining a business' weighted average cost of capital ("**WACC**") the CAPM results are combined with the cost of debt funding. WACC represents the return required on the business, whilst CAPM provides the required return on an equity investment.

Cost of Equity and Capital Asset Pricing Model

CAPM is based on the theory that a rational investor would price an investment so that the expected return is equal to the risk free rate of return plus an appropriate premium for risk. CAPM assumes that there is a positive relationship between risk and return, that is, investors are risk averse and demand a higher return for accepting a higher level of risk.

CAPM calculates the cost of equity and is calculated as follows:

CAPM	
K_e	$= R_f + ß \times (R_m - R_f)$
Where:	
K_e	= expected equity investment return or cost of equity in nominal terms
R_f	= risk free rate of return
R_m	= expected market return
$R_m - R_f$	= market risk premium
ß	= equity beta

The individual components of CAPM are discussed below.

Risk Free Rate (R_f)

The risk free rate is normally approximated by reference to a long term government bond with a maturity equivalent to the timeframe over which the returns from the assets are expected to be received. Having regard to the period of the operations we have used the current yield to maturity on the 10 year Commonwealth Government Bond which was 3.54% per annum as at 20 February 2013.

Market Risk Premium ($R_m - R_f$)

The market risk premium represents the additional return that investors expect from an investment in a well-diversified portfolio of assets. It is common to use a historical risk premium, as expectations are not observable in practice.

We have noted that the current market risk premium is 8%. This has been sourced from Bloomberg. The market risk premium is derived on the basis of capital weighted average return of all members of the S&P 200 Index minus the risk free rate is dependent on the ten year government bond rates. For the purpose of our report we have adopted a market risk premium of 6% to 8%.

Equity Beta

Beta is a measure of the expected correlation of an investment's return over and above the risk free rate, relative to the return over and above the risk free rate of the market as a whole. A beta greater than one implies that an investment's return will outperform the market's average return in a rising market and underperform the market's average return in a falling market. On the other hand, a beta less than one implies that the business' performance compared to that of a business whose beta is greater than one will provide an inverse relationship in terms of the market's average return.

Equity betas are normally either an historical beta or an adjusted beta. The historical beta is obtained from the linear regression of a stock's historical data and is based on the observed relationship between the security's return and the returns on an index. An adjusted beta is calculated based on the assumption that the relative risk of the past will continue into the future, and hence derived from the historical data. It is then modified by the assumption that a stock will move towards the market over time, taking into consideration the industry risk factors which make the operating risk of the investment project greater or less risky than comparable listed companies when assessing the equity beta for an investment project.

It is important to note that it is not possible to compare the equity betas of different companies without having regard to their gearing levels. Thus, a more valid analysis of betas can be achieved by "ungearing" the equity beta ($ß_a$) by applying the following formula:

$ß_a = ß / (1+(D/E \times (1-t))$

In order to assess the appropriate equity beta for the Projects we have taken two steps:

a) We have had regard to the equity beta of Focus. The geared beta below has been calculated using weekly data over a two-year period.

Company	Market Capitalisation ($)	Geared Beta (ß)	Gross Debt/Equity (%)	Ungeared Beta (ßa)
FOCUS MINERALS LTD	211,746,521	1.09	3%	1.05

b) We have had regard to the equity betas of listed companies involved in similar activities in similar industry sectors. The geared betas below have been calculated using weekly data over a two-year period.

Company	Market Capitalisation ($)	Geared Beta (ß)	Gross Debt/Equity (%)	Ungeared Beta (ßa)
NEWCREST MINING	16,359,770,508	0.99	15.95%	0.89
ST BARBARA LTD	610,092,590	1.27	0.75%	1.27
REGIS RESOURCES	2,121,337,402	0.96	12.64%	0.88
SARACEN MIN HLDG	205,365,799	1.17	1.47%	1.16
TANAMI GOLD NL	141,011,642	0.64	36.82%	0.51
RAMELIUS RESOURC	111,328,690	1.06	2.09%	1.05
RAND MINING LTD	20,686,010	0.55	14.32%	0.50
CANYON RESOURCES	8,978,315	1.03	0.00%	1.03
	Mean	**0.96**	**10.51%**	**0.91**
	Median	**1.01**	**7.37%**	**0.96**
	Weighted Average			**0.90**

Selected Beta (ß)

In selecting an appropriate Beta for the Projects, we have considered the similarities between the Projects and the comparable companies selected above. The comparable similarities and differences noted are:

- the comparable companies' mining and exploration assets have varying risk profiles depending on the maturity of the assets and the stages and location of production;
- several companies having been producing for a considerable time period; and
- several comparable companies are still in the prefeasibility and evaluation stage.

Having regard to the above we consider that an appropriate ungeared beta to apply to the Projects is between 0.95 and 1.05. We consider it reasonable that a forward looking ungeared beta for Focus will reflect that of the Focus' peers.

Focus

We understand that the current capital structure of Focus reflects approximately 3% debt and 97% equity. We consider it reasonable to assume that the shareholders of Focus determine their required rate of return, for a particular Company project, by viewing the risks associated with the Company's portfolio of assets as a whole. Focus currently has approximately 3% debt on its balance sheet. Therefore we have regeared the project beta to 0.97 to 1.07.

Laverton

We understand that the current capital structure of Laverton reflects approximately 85% debt and 15% equity. Therefore we have regeared the project beta to 4.81 to 5.31.

Cost of Equity

Focus

On this basis we have assessed the cost of equity to be:

Input	Value Adopted	
	Low	High
Risk free rate of return	3.54%	3.54%
Equity market risk premium	6.00%	8.00%
Beta (geared)	0.97	1.07
Cost of Equity	**9.36%**	**12.10%**

Laverton

On this basis we have assessed the cost of equity to be:

Input	Value Adopted Low	High
Risk free rate of return	3.54%	3.54%
Equity market risk premium	6.00%	8.00%
Beta (geared)	4.81	5.31
Cost of Equity	**32.40%**	**46.02%**

Weighted Average Cost of Capital

The WACC represents the market return required on the total assets of the undertaking by debt and equity providers. WACC is used to assess the appropriate commercial rate of return on the capital invested in the business, acknowledging that normally funds invested consist of a mixture of debt and equity funds. Accordingly, the discount rate should reflect the proportionate levels of debt and equity relative to the level of security and risk attributable to the investment.

In calculating WACC there are a number of different formulae which are based on the definition of cash flows (i.e., pre-tax or post-tax), the treatment of the tax benefit arising through the deductibility of interest expenses (included in either the cash flow or discount rate), and the manner and extent to which they adjust for the effects of dividend imputation. The commonly used WACC formula is the post-tax WACC, without adjustment for dividend imputation, which is detailed in the below table.

CAPM	
WACC	$= \frac{E}{E+D} K_e + \frac{D}{D+E} K_d (1-t)$
Where:	
K_e	= expected return or discount rate on equity
K_d	= interest rate on debt (pre-tax)
T	= corporate tax rate
E	= market value of equity
D	= market value of debt
(1- t)	= tax adjustment

Gearing

Before WACC can be determined, the proportion of funding provided by debt and equity (i.e., gearing ratio) must be determined. The gearing ratio adopted should represent the level of debt that the asset can reasonably sustain (i.e., the higher the expected volatility of cash flows, the lower the debt levels which can be supported). The optimum level of gearing will differentiate between assets and will include:

- the variability in earnings streams;
- working capital requirements;
- the level of investment in tangible assets; and
- the nature and risk profile of the tangible assets.

As described earlier, we understand the capital of structure of Focus to be made up of approximately 3% debt and 97% equity. We have been informed by the Focus that the current cost of debt is approximately 6.4%.

We understand the capital of structure of Laverton to be made up of approximately 85% debt and 15% equity. We have been informed by the Company that the current cost of debt is approximately 8%.

Calculation of WACC

Focus

Based on the above inputs we have calculated the WACC of Focus to be between 9.00% and 12.00%.

WACC	Value Adopted	
	Low	High
Cost of equity, K_e	9.36%	12.10%
Cost of debt, K_d	6.40%	6.40%
Proportion of equity ((E/(E+D))	97.2%	97.2%
Proportion of debt ((D/(E+D))	2.8%	2.8%
Weighted average cost of capital	**9.23%**	**11.94%**

Laverton

Based on the above inputs we have calculated the WACC of Laverton to be between 9.00% and 12.00%.

WACC	Value Adopted	
	Low	High
Cost of equity, K_e	32.40%	46.02%
Cost of debt, K_d	8.00%	8.00%
Proportion of equity ((E/(E+D))	14.71%	14.71%
Proportion of debt ((D/(E+D))	84.29%	84.29%
Weighted average cost of capital	**9.54%**	**11.54%**

Company Name	Description
Newcrest Mining Limited	Newcrest Mining Limited is a gold mining, exploration and production company. The Company's exploration projects include Telfer and Boddington which are located in Western Australia. The Company also is developing and exploring at the Cadia Hill and Ridgeway projects in New South Wales and the Gosowong project in Indonesia.
Regis Resources Ltd	Regis Resources Limited is a mineral exploration and gold production company. Regis mines for gold, nickel and copper and currently has two producing gold mines being the Moolart Well Project and the Garden Well Project. Both these project are located in Western Australia.
St. Barbara Limited	St. Barbara Limited is a gold exploration and production company. The Company's exploration projects include its Southern Cross and Leonora Operations which are located in Western Australia.
Saracen Mineral Holdings Ltd.	Saracen Mineral Holdings Ltd. explores for and produces gold. The Company produces gold from its Carosue Dam mine located northeast of Kalgoorlie, Western Australia.
Tanami Gold NL	Tanami Gold NL acquires, explores for and produces gold in central Western Australia and the Northern Territory. The Company's prospects include Highland Rocks, the West Australian Joint Venture and Harts Range.
Ramelius Resources Limited	Ramelius Resources Limited is a gold exploration and production company with exploration activities focused in Western Australia. The Company also explores for base metals.
Rand Mining Ltd.	Rand Mining Ltd. explores for and produces gold through its exploration projects in Western Australia.
Canyon Resources Ltd	Canyon Resources Ltd is a mining company which produces gold from its operations in the Western Australia.

APPENDIX 4 - INDEPENDENT SPECIALIST REPORT PREPARED BY RAVENSGATE

Ravensgate
Mining Industry Consultants

TECHNICAL PROJECT REVIEW

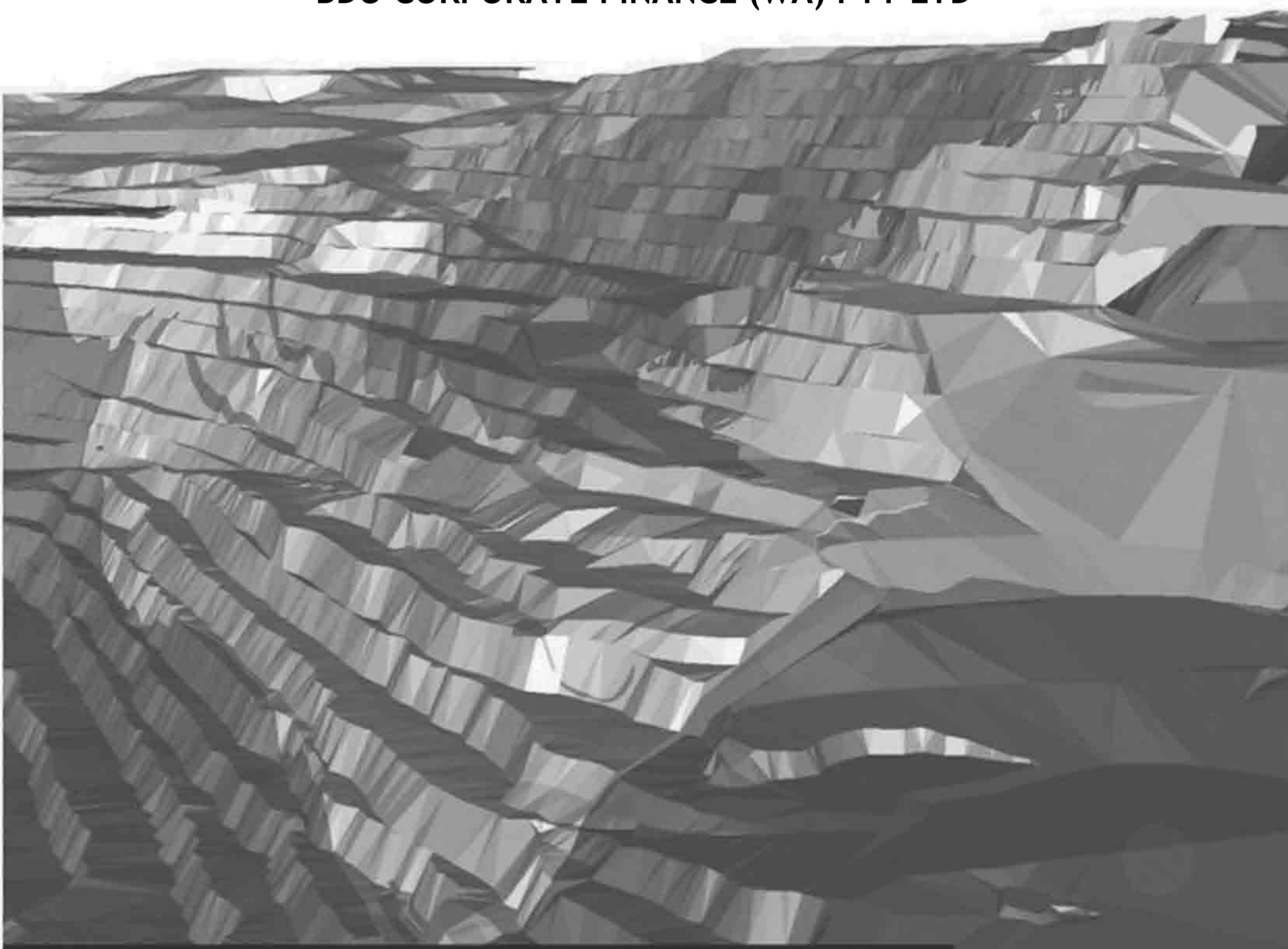
and

INDEPENDENT VALUATION REPORT

FOCUS MINERALS LIMITED
TREASURE ISLAND MINERAL ASSET

for

BDO CORPORATE FINANCE (WA) PTY LTD



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Ravensgate
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TECHNICAL PROJECT REVIEW

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INDEPENDENT VALUATION REPORT

FOCUS MINERALS LIMITED
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BDO CORPORATE FINANCE (WA) PTY LTD

12 March 2013

Ravensgate Perth
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TECHNICAL PROJECT REVIEW

and

INDEPENDENT TECHNICAL VALUATION

Prepared by RAVENSGATE on behalf of:

BDO Corporate Finance (WA) Pty Ltd

Author(s):	Sam Ulrich	Principal Consultant	BSc (Hons) Geology, MAusIMM, MAIG GDipAppFin, FFin
	Stephen Hyland	Principal Consultant	BSc (Geology), FAusIMM, GAA, CIM, MAICD
Reviewer:	Don Maclean	Principal Consultant	MSc (Hons) Geology, MAIG, MSEG
Date:	12 March 2013		
Copies:	BDO	(2)	
	Ravensgate	(1)	

Sam Ulrich
For and on behalf of:
RAVENSGATE

Stephen Hyland
For and on behalf of:
RAVENSGATE

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1. EXECUTIVE SUMMARY

1.1 Background

Corvidae Pty Ltd ATF Ravensgate Unit Trust T/As Ravensgate (Ravensgate) has been commissioned by BDO Corporate Finance (WA) Pty Ltd (BDO) and Focus Minerals (Laverton) Limited (Laverton) to:

(1) provide a Technical Project Review on Focus Minerals Limited's (Focus') Treasure Island Mineral Asset;

(2) undertake an Independent Technical Valuation of the Treasure Island Project; and

(3) review the reasonableness of the JORC (2004) Mineral Resource Estimate for the Burtville mine pit, the Burtville stage 2 mine pit and the Burtville stage 3 mine pit. This Resource Estimate will be used in the preparation of the financial model used to value the Laverton Project.

This Technical Project Review, Independent Valuation Report and assessment on the reasonableness of Mineral Resources was prepared by Ravensgate for inclusion in the Independent Expert's Report (IER) prepared by BDO Corporate Finance (WA) Pty Ltd (BDO). The IER will be included in Laverton's Target's Statement.

1.2 Focus' Treasure Island Project Australia (Gold) 0% and 100%

Focus' Treasure Island project is divided into tenements that are owned 100% by Focus and tenements that are under an option agreement. Any Focus tenement applications in progress have not been included in this valuation of Mineral Assets. The projects included in this report are as listed below:

Mineral Asset		Focus Ownership %
• E15/986	Treasure Island Project, Western Australia	100%
• E15/1224	Treasure Island Project, Western Australia	0%

Focus' Treasure Island project is located in the Eastern Gold Fields, 120 km south of Kalgoorlie, in Western Australia. Tenement details have been compiled and are tabled in Section 6 of this report. Further exploration work remains to be carried out in order to help improve geological understanding, to generate or investigate exploration targets and to update Mineral Resources and associated ongoing economic studies (where defined and as further work progresses) within the project areas. Ravensgate's considered opinion is that the projects are of merit and worthy of further exploration.

Ravensgate carried out a site visit to the Treasure Island project on 26 September 2012 for a separate Independent Experts Report. Ravensgate considers this previous site visit sufficient as no material changes or significant works have been completed at the Treasure Island project since that visit. As part of the site visit Ravensgate completed a review of the project technical aspects, including previous work, geology, planned exploration and exploration potential in order to assist in the valuation. Ravensgate is of the opinion that on limited review, the site visit reasonably covered all significant areas for the purposes of this report. Ravensgate has concluded that Focus' Treasure Island project is of technical merit and is worthy of conducting further review and exploration.

The valuation presented in this report was completed on behalf of BDO. The valuation has been completed with information provided by and with the full support of Focus. The applicable valuation date is 12 March 2013. The Mineral Assets within Focus' Treasure Island project vary from Exploration Areas through to Advanced Exploration Area Mineral Assets. A reported Mineral Resource as defined by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code - 2004 Edition) has not been defined for the Treasure Island project.

A summary of the Focus' Treasure Island project valuation in its respective ownership percentage terms is provided in Table 1 below. The applicable valuation report date is 12 March 2013 and is derived from an analysis of the resource bases in conjunction with the Comparable Transactions valuation method. The value of Focus' Treasure Island project is considered to lie in a range from \$2.386M to \$4.696M, within which Ravensgate has selected a preferred value of \$3.079M.

Table 1 Focus – Summary Project Technical Valuation in Respective Ownership Terms

Treasure Island Project	Mineral Asset	Ownership %	Valuation		
			Low \$M	High \$M	Preferred \$M
E15/986	Advanced Exploration Area	100%	2.386	4.696	3.079
E15/1224	Exploration Area	0%	0.000	0.000	0.000
TOTAL	**Various**	**0% & 100%**	**2.386**	**4.696**	**3.079**

The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.

1.3 Burtville Resource Assessment (Gold)

It was observed by Ravensgate following a brief review in October 2012 that there has been a significant increase in the total mineral resource reported at the Burtville Project since the introduction of Leapfrog Software to aid with the interpretation of the mineralised domains.

It appears that the interpretation of the mineralised domains used in the mineral resource estimate for Burtville are less complex than is shown in both the historic and newly acquired grade control data. Therefore it is possible that the mining schedule forecasts may not be achievable with respect to tonnages expected. In addition it is uncertain what the expected effect will be with respect to the average grades of mineralised material that is mined, given mining dilution is likely underestimated because of inherent mineralisation complexity. The volumes reported appear a little optimistic particularly within the material designated as Inferred, which will likely have some deleterious effect on mine operation economics.

In the October 2012 review, it was noted the production plan contained in the Company Model as reviewed, totalled 109Koz for the Burtville, Burtville stage 2 and the Burtville stage 3 pits. The total mineral resource at Burtville at a 0.8g/t cut-off value totals 235Koz, of which 53Koz are classified as Indicated mineral resources.

Since that time some in-pit production has taken place, and whilst it is premature to make firm long term predictions, it is noted that there are differences observed when reconciliation from original resource model and the actual production.

Of further significance a recent detailed resource model re-review carried out by Focus and Xstract Consultants (Xstract) constructed a new calibrated block model using the available grade control data which has been extended below the current pit surface using all the available remaining resource drilling data.

This Xstract review potentially reveals a significant difference in reported resources, which is possibly due to a better understanding of the geology and mineralisation as well as some inadvertent effects from a modelling technique which may not adequately account for some of the deposit variability.

The following table (Table 2) describes the potential differences observed as is stated in the January 2013 Monthly Production Report up-date.

Table 2 Burtville Revised In-Pit Material Summary - Total Ore (LG + HG)								
Ore Type	**Resource**				**Grade Control**			
	Volume	**Tonnes (Mt)**	**Grade**	**Oz Au**	**Volume**	**Tonnes (Mt)**	**Grade**	**Oz Au**
LG	172,250	362,927	0.91	10,665	334,056	743,965	0.77	18,328
HG	843,000	1,834,315	1.36	79,956	293,987	666,219	2.00	42,796
Total	**1,015,250**	**2,197,242**	**1.28**	**90,620**	**628,043**	**1,410,184**	**1.35**	**61,124**

Note: LG – Low Grade, HG – High Grade

It is noted that whilst the tonnages have decreased significantly, reported average grades have increased with the refined modelling. This represents an approximate reduction of 33% on a contained metal basis, which could be of concern. This change may reflect increased mineralisation zone complexity, which would affect practical aspects of extraction including the relative ease of mining and ore dilution.

It is Ravensgate's opinion that a comprehensive review of the deposit mineralisation geometries is required so that a clear set of mineralised vein system directions or controls can be identified allowing for a refined resource model to be developed. The refined model can then be used for a re-adjustment of the total mine production schedule. This sort of reassessment may ultimately require some curtailing the forecast Burtville production component from the long term mine production schedule.

It is still likely that a large proportion of the Indicated mineral resources will be extracted as planned within acceptable limits. However there remains a significant risk that the remaining Inferred mineral resources are inadequately constrained which could then result in greater than planned mineralised tonnages being forecast in the mining schedule.

With respect to the problems observed with the Burtville resource model, Ravensgate reviewed an updated Life of Mine (LOM) plan by Quantitative Group (QG), which only included material from the updated grade control model for Burtville developed by Focus and Xstract. Ravensgate considers this approach reasonable.

2. INTRODUCTION

2.1 Terms of Reference

Corvidae Pty Ltd ATF Ravensgate Unit Trust T/As Ravensgate (Ravensgate) has been commissioned by BDO Corporate Finance (WA) Pty Ltd (BDO) and Focus Minerals (Laverton) Limited (Laverton) to:

(1) provide a Technical Project Review on Focus' Treasure Island Mineral Asset;

(2) undertake an Independent Technical Valuation of the Treasure Island Project; and

(3) review the reasonableness of the JORC (2004) Mineral Resource Estimate for the Burtville mine pit, the Burtville stage 2 mine pit and the Burtville stage 3 mine pit. This Resource Estimate will be used in the preparation of the financial model used to value the Laverton Project.

The Technical Project Review, Independent Valuation Report and assessment on the reasonableness of resources was prepared by Ravensgate for inclusion in the Independent Expert's Report (IER) prepared by BDO Corporate Finance (WA) Pty Ltd (BDO). Focus' Treasure Island project is divided into tenements owned 100% by Focus and those that are under an option agreement. Tenement applications currently in progress (i.e. pending) by Focus have not been included in this valuation of Mineral Assets owned by Focus. Ravensgate has been advised that all the project tenements in Australia are held in good standing.

Ravensgate has not independently verified the status of the tenement(s) that are referred to in this report as set out in the Tenement Schedule in Table 14 this report, which is a matter for independent legal experts. BDO commissioned an independent review of Focus' mineral tenement status. Legal firm Murcia Pestell Hillard (MPH) completed this review and identified no material issues that would impact on Ravensgate's valuation. Ravensgate is satisfied, based on MPH's review, that the tenements are in good standing and the values assigned to the tenements correctly reflect Focus' ownership.

The objective of this report is to firstly provide a Technical Project Review of Focus' Treasure Island project. The second objective of this report is to provide a valuation and technical assessment of the projects prepared in accordance with the guidelines of the VALMIN Code. The third objective is to provide an assessment on the reasonableness of the resources with respect to the Burtville mine pit, the Burtville stage 2 mine pit used and the Burtville stage 3 mine pit used in the preparation of the financial model used to value the Laverton Project. The work has been commissioned by BDO and Laverton. The IER will be included in Laverton's Target's Statement.

Ravensgate carried out a site visit to the Treasure Island project on 26 September 2012 for a separate Independent Experts Report. Ravensgate considers this previous site visit sufficient as no material changes or significant works have been completed at the Treasure Island project since that visit. As part of the site visit Ravensgate completed a review of the project technical aspects, including previous work, geology, planned exploration and exploration potential in order to assist in the valuation. Ravensgate is of the opinion that based on its limited review the site visit reasonably covered all significant areas for the purposes of this report. Ravensgate has concluded that the Treasure Island projects is of technical merit and is worthy of conducting further review and exploration.

This report does not provide a valuation of Focus as a whole, nor does it make any comment on the fairness and reasonableness of any proposed transaction between any two companies. The conclusions expressed in this Technical Project Review and Independent Technical Valuation are valid as at the Valuation Date (12 March 2012). The review and valuation is therefore only valid for this date and may change with time in response to changes in economic, market, legal or political factors, in addition to ongoing exploration results. All monetary values included in this report are expressed in Australian dollars (A$) unless otherwise stated.

This report has been prepared in accordance with the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (The VALMIN Code) as adopted by the Australasian Institute of Mining and Metallurgy (AusIMM) in April 2005. The report has also been prepared in accordance with ASIC Regulatory Guides 111 (Contents of Expert Reports) and 112 (Independence of Experts). The Technical Project Review and Independent Technical Valuation report has been compiled based on information available up to and including the date of this report.

2.2 Qualifications, Experience and Independence

Ravensgate has been consulting to the mining industry since 1997 with its services that include valuations, independent technical reporting, exploration management and resource estimation. Our capabilities include reporting for all the major securities exchanges and encompass a diverse variety of commodity types.

Author: Sam Ulrich, Principal Consultant. BSc (Hons) Geology, GDipAppFin, MAusIMM, MAIG, FFin.

Sam Ulrich is a geologist with over 15 years experience in near mine and regional mineral exploration, resource development and the management of exploration programs. He has worked in a variety of geological environments in Australia, Indonesia, Laos and China primarily in gold, base metals and uranium. Prior to joining Ravensgate Sam worked for Manhattan Corporation Ltd a uranium exploration and resource development company in a senior management position. Mr Ulrich holds the relevant qualifications and experience as well as professional associations required by the ASX, JORC and VALMIN Codes in Australia 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'. He is a Qualified Person under the rules and requirements of the Canadian Reporting Instrument NI43-101.

Co-author: Stephen Hyland, Principal Consultant and Director. BSc Geology, FAusIMM, CIMM, GAA, MAICD.

Stephen Hyland has had extensive experience of over 25 years in exploration geology and resource modelling and has worked extensively within Australia as well as offshore in Africa, Eastern and Western Europe, Central and South East Asia, modelling base metals, gold, precious metals and industrial minerals. Stephen's extensive resource modelling experience commenced whilst working with Eagle Mining Corporation NL in the diverse and complex Yandal Gold Province where for three and half years he was their Principal Resource Geologist. The majority of his time there was spent developing the historically successful Nimary Mine. He also assisted the regional exploration group with preliminary resource assessment of Eagle's numerous exploration and mining leases. Since 1997, Stephen has been a full time consultant with the mining industry consulting firm Ravensgate where he is responsible for all geological modelling and reviews, mineral deposit evaluation, computational modelling, resource estimation, resource reporting for ASX / JORC and other regulatory compliance areas. Primarily, Stephen specialises in Geological and resource block modelling generally with the widely used MEDSystem / MineSight® 3D mine-evaluation and design software. Stephen Hyland holds the relevant qualifications and experience as well as professional associations required by the ASX, JORC and VALMIN Codes in Australia. He is a Qualified Person under the rules and requirements of the Canadian Reporting Instrument NI43-101.

Peer Reviewer: Don Maclean, Principal Consultant, MSc (Hons) Geology, MAIG, MSEG.

Don Maclean is a geologist with more than 18 years experience in the minerals industry. Don has worked in a number of different geological environments in Australasia, Africa, Central and Southeast Asia and Europe. He has a broad skill base, having worked in regional and near mine exploration, resource development and estimation, open pit and underground geology as well as in senior global management roles. Mr Maclean holds the relevant qualifications and experience as well as professional associations required by the ASX, JORC and VALMIN Codes in Australia 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'. He is a Qualified Person under the rules and requirements of the Canadian Reporting Instrument NI43-101.

2.3 Disclaimer

The Authors of this report and Ravensgate are independent of Focus, its directors, senior management and advisors and have no economic or beneficial interest (present or contingent) in any of the mineral assets being reported on. Ravensgate is remunerated for this report by way of a professional fee determined in accordance with a standard schedule of commercial rates, which is calculated based on time charges for review work carried out, and is not contingent on the outcome of this report. Fees arising from the preparation of this report are in the order of $10,000 to $15,000.

The relationship with Focus is solely one of professional association between client and independent consultant. None of the individuals employed or contracted by Ravensgate are officers, employees or proposed officers of Focus or any group, holding or associated companies of Focus.

The report has been prepared in compliance with the Corporations Act and ASIC Regulatory Guides 111 and 112 with respect to Ravensgate's independence as experts. Ravensgate regards RG112.31 to be in compliance whereby there is no business or professional relationships or interests which would affect the expert's ability to present an unbiased opinion within this report.

This report has been compiled based on information available up to and including the date of this report. The statements and opinions are based on the reference date of 12 March 2013 and could alter over time depending on exploration results, mineral prices and other relevant market factors.

2.4 Consent

Ravensgate consents to this report being distributed, in full, in the form and context in which the technical assessment is provided, for the purpose for which this report was commissioned. Ravensgate provides its consent on the understanding that the assessment expressed in the individual sections of this report will be considered with, and not independently of, the information set out in full in this report.

2.5 Principal Sources of Information

The principal sources of information used to compile this report comprise technical reports and data variously compiled by Focus Minerals (Laverton) Limited (Laverton) and Focus Minerals Limited (Focus) and their partners or consultants, publically available information such as ASX releases, government reports and discussions with Focus' technical and corporate management personnel. With the consent of Focus, other general report contents describing the regional geology, historical exploration and current exploration has been reproduced verbatim from a number of Focus internal and publically available reports. A listing of the principal sources of information is included in the references attached to this report

Ravensgate has endeavoured, by making all reasonable enquiries, to confirm the authenticity, accuracy and completeness of the technical data upon which this report is based. A final draft of this report was also provided to Focus prior to finalisation by Ravensgate, requesting that Focus identify any material errors or omissions prior to its final submission. Ravensgate does not accept responsibility for any errors or omissions in the data and information upon which the opinions and conclusions in this report are based, and does not accept any consequential liability arising from commercial decisions or actions resulting from errors or omissions in that data or information.

2.6 Competent Persons Statement

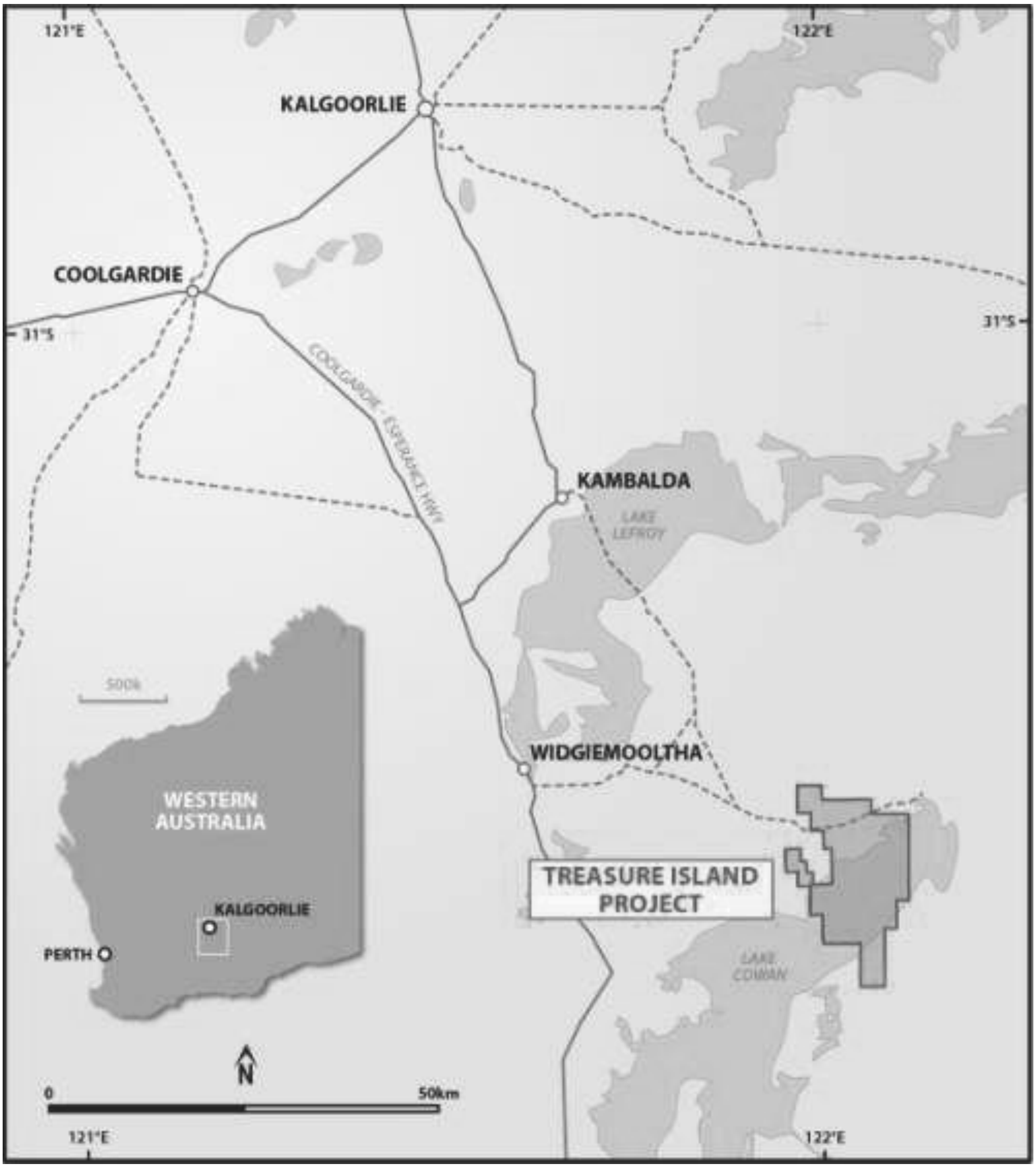
The information in this report that relates to Exploration Results at Treasure Island as described in Section 3 is based on information compiled by Dr Garry Adams who is a member of the Australian Institute of Geoscientists. Dr Adams is a full time employee of Focus Minerals Limited and has sufficient 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 the report of the matters based on the information in the form and content in which it appears.

The information in this report that relates to Exploration Results and Minerals Resources at Burtville as described in Section 5 is based on information compiled by Dr Garry Adams a member of the Australian Institute of Geoscientists and a fulltime employee of Focus Minerals Limited and Mr Tim Journeaux of Quantitative Group (QG) who is a member of the Australasian Institute of Mining and Metallurgy. Both Dr Adams and Mr Journeaux have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Persons as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Adams and Mr Journeaux consent to the inclusion in the report of the matters based on the information in the form and content in which it appears.

2.7 Background Information

The projects discussed in this report are located in Australia. A locality map of the Treasure Island project is presented in Figure 1 below. A summary of the tenement details is listed in Table 14 at the end of this report. Report file references and a glossary of terms are also included at the end of this report. Ravensgate understands that the project tenements in Australia are held in good standing. A brief overview of the projects is outlined in Section 3. The Independent Valuation of Focus' Treasure Island project is outlined in Section 4. The assessment of the reasonableness of the resources with respect to the Burtville mine pit, the Burtville stage 2 mine pit and the Burtville stage 3 mine pit is provided in Section 5.

Figure 1 Locality Map of Focus Mineral Limited's Treasure Island Project



3. TREASURE ISLAND PROJECT, WESTERN AUSTRALIA

Note Competent Person statements are listed in Section 2.6.

3.1 Introduction

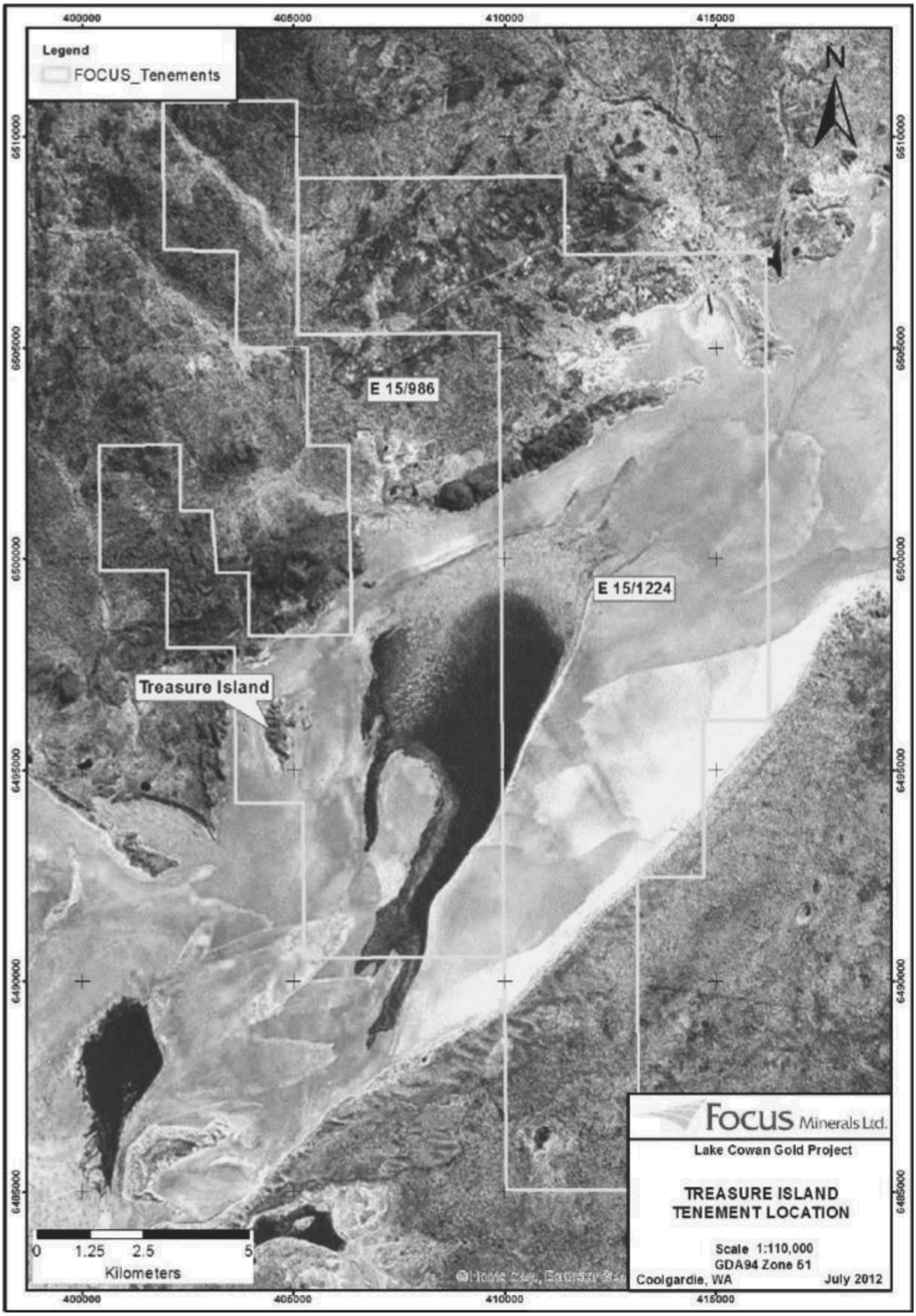
The Treasure Island project, originally known as the Lake Cowan project, commenced in 2010 with the signing of a purchase/joint-venture agreement with Semro Pty Ltd. The project is located 560km east of Perth, 120km south of Kalgoorlie, and 35km south-southeast of Kambalda (Figure 1). The project area falls within the Norseman Mineral Field and is covered by the Widgiemooltha (SH51-14) 1:250,000 map sheet and Cowan (3234) and Yardina (3334) 1:100,000 map sheets. The project tenements cover the Madoonia Downs Station and vacant crown land. The project can be accessed via sealed and gravel roads. Major access is off the Coolgardie-Esperance Highway, down the Binneringie Road then along station tracks to the project. Kalgoorlie is a 1 hour, 40 minute drive north-north east of the project.

The physiography is dominated by Lake Cowan which is a salt lake about 260m above sea level. The remainder of the project area is quite flat; relief rises gradually to the north and the south away from Lake Cowan. Drainages and the salt lake are dry for most of the year, except during periods of locally heavy rainfall, which typically occurs mainly during the autumn to winter period from April to July. It is possible to gain access to most of the project by quad bike and four-wheel drive vehicle, except during wet periods when the normally hard packed clay of the lake bed turns very soft and muddy.

3.2 Tenure

The Treasure Island gold project covers the exploration licenses E15/986 and E15/1224 which are held by Semro Pty Ltd, with Focus being the operator. Total area of the tenements is 227km^2. Tenure location is shown is Figure 2.

Figure 2 Tenement Location Map



3.3 Geology

3.3.1 Regional Geology

The Treasure Island project sits on the western margin of the north-northwest trending Norseman-Wiluna greenstone belt, in the Kambalda Domain of the Eastern Goldfields in Western Australia. This Archaean terrain has a significant gold endowment, hosting large gold deposits including the Golden Mile, New Celebration and St Ives. This belt of greenschist facies metamorphosed rocks is characterized by abundant tholeiites and komatiites, overlain by felsic volcanic and sedimentary rocks and intruded by granitic rocks. The broad stratigraphy of the Kambalda Domain is summarized in Table 3.

Table 3 Archaean Stratigraphy of the Kambalda - St Ives District (after Watchorn, 1998)

The submarine volcanic succession comprises, from youngest to oldest:		
Black Flag group	black shales, greywackes, volcaniclastic rocks	
Condensor/Junction Dolerite	intrusive sill above the Paringa Basalt	2680 ± 8Ma
Paringa Basalt	pillowed to massive magnesian lavas	
Defiance Dolerite	intrusive sill at the Kapai Slate	2680 ± 8Ma
Kapai Slate	sulfidic and tuffaceous shale, marker horizon	
Devon Consoles Basalt	pillowed to massive magnesian lavas	
Kambalda Komatiite	ultramafic flows	2709 ± 4 Ma
Lunnon Basalt	ultramafic flows	2720 Ma
Cross-cutting intrusives into the volcanic succession:		
Rhyolite porphyry	intrusive dykes and stocks	2678 ± 8 Ma

Deformation of the volcano-sedimentary succession in the Kalgoorlie-Kambalda area is subdivided by Swager (1989) into four events: D1 recumbent folding and nappe-style thrusting, D2 upright folding producing regional north-west trending folds, D3 sinistral wrench faulting in a transpressional regime, with the major faults trending north-northwest, and D4 dextral wrench faulting, with most faults trending north-northeast. D3 is younger than ca. 2660 Ma. Some authors do not recognise early recumbent folding and thrusting in the Kalgoorlie district but agree with Swager on the timing and nature of the three remaining deformation phases, which have been considered part of a progressive deformational event (Weinberg et al, 2005).

The north-northwest trending Boulder-Lefroy shear zone is a major shear zone, over 200km in length, located within the greenstone sequence of the Kalgoorlie terrane in the southern part of the 600km long Norseman-Wiluna belt. The shear zone can be traced from the Paddington gold mine, north of Kalgoorlie, to south of Kambalda. Through its southern section, the trend of the Boulder-Lefroy shear zone is parallel to the main regional fabric, but its main trace is relatively poorly defined because of lack of exposure combined with a number of strands and splays. Many authors separate the Boulder shear zone, to the north, from the Lefroy shear zone to the south (Weinberg et.al, 2005).

3.3.2 Local Geology

Recent exploration by Focus, including detailed mapping, aeromagnetic interpretation, aircore drilling and diamond drilling, has greatly improved definition of local geology within the tenements.

The tenement area is dominated by a shallow cover of young sediments and alluvial deposits which mask underlying basement rocks which host the gold mineralisation. The basement consists of a sequence of strongly folded and faulted metamorphosed Archaean volcanics and intrusives, which have been intruded by Archaean granitoids and Proterozoic gabbro/dolerite dykes. Figure 3 illustrates the interpreted basement geology. The Binneringie Dyke, which strikes east-west through the centre of the project area, is one of the largest Proterozoic dykes in the region. The Boulder-Lefroy shear zone, a north-northwest trending regional structure, runs through the project area. This structure lies close to a number of the region's largest gold deposits further to the north as indicated on Figure 10 and is considered to be closely linked to the formation of the deposits (Adams et al, 2011[*] and Adams, 2012[*]).

[*] *Dr Garry Adams the author of Adams, 2012 and lead author for Adams et al, 2011 has given written consent for Ravensgate to quote from these two reports.*

Figure 3 Geological Map of the Project Area

In the northern part of the tenement, several palaeochannels filled with Tertiary aged sediments up to 55m thick cover the Archaean basement rocks. The extents of the palaeochannels have been defined by drilling undertaken by Focus. In the central part of the tenement, lacustrine sediments deposited under Lake Cowan cover the Archaean rocks. Aircore and diamond drilling by Focus are gradually elucidating the detailed local geology of the underlying basement.

The geological mapping of the Treasure Island area has defined three main interpreted stratigraphic units – Defiance Dolerite, Paringa Basalt and the Black Flag Beds. On the island, a thick +150m granophyric horizon exists near the top of the Defiance Dolerite. This granophyric zone contains characteristic blue eye quartz, spinel group minerals and minor magnetite. It hosts the quartz vein gold mineralisation at the Black Dog, Blind Pew and Black Spot prospects. Along the shore line of Lake Cowan, west of Treasure Island, mapping has identified felsic volcaniclastic sediments and rhyolite flows of the lower Black Flag Group. This unit is known in the Kambalda area as the Newtown Felsics. These rocks sit conformably over the high-magnesium basalt sequence which makes up nearly half of Treasure Island. Mapping in north-east of the island just north of the Binneringie Dyke has defined a 1000m wide east-west orientated palaeochannel (Adams et al 2011[*] and Adams, 2012[*]).

Structurally, the geology strikes 010°, slightly east of north against the regional grain of 340°, all the way from Treasure Island to the Binneringie Dyke. This is an unusual geological orientation for the region and correlates with an increasing structural complexity and degree of veining in alteration. The Boulder-Lefroy fault is interpreted to exist some 300m east of the island marking a major thrust repeat of the stratigraphy (Adams et al, 2011[*]).

Diamond drilling at Treasure Island has intersected veins hosted in the granophyric horizon of the Defiance Dolerite. This particular zone is located near the top of the differentiated dolerite containing blue-eye quartz, spinel group minerals and coarse grained amphiboles and feldspar. Most holes intersected narrow quartz veining with minor disseminated sulphides including pyrrhotite, pyrite and chalcopyrite. A particularly interesting rock type logged in diamond drilling is lamprophyre, a lithology commonly spatially associated with orogenic gold mineralisation in the Kalgoorlie-Kambalda region.

The Treasure Island project is located 35km south-southeast along strike from the major gold camp of Kambalda – St Ives.

3.4 Exploration

3.4.1 Historic Exploration

No recorded production from the project area has been reported, nor have any historical workings been found. The nearest historic workings are at the nearby abandoned Paris mine, located 9km north of Lake Cowan, where copper-gold mineralisation is hosted in chalcopyrite and arsenopyrite rich west-northwest trending quartz veins in a metagabbro. Recorded production at Paris is approximately 22,000 ounces of gold at an average grade of 11.1g/t (Adams et al 2011[*]).

Initial rock chip sampling on Treasure Island in the early 1990s by Renton Holdings encountered malachite stained quartz carbonate vein system. Renton planned to follow up with drilling; however the company was unable to get a rig onto the island due to difficult weather conditions (Adams et al, 2011[*]).

From 1992 to 1996 the Lefroy joint venture between Resolute Samantha Ltd, Geographic Resources Ltd and Great Southern Mines NL, explored exploration licence E15/291 which covered the western most portion of the project area and areas off tenement to the West. Exploration targeted Archaean hosted shear zone gold deposits. Extensive soil geochemistry defined a 1km long geochemical target to which was tested with 12 rotary air blast holes for 366m. No significant results were received and the tenement was subsequently relinquished. Resolute stated they intended to test the anomaly with RC drilling, but this never eventuated.

[*] *Dr Garry Adams the author of Adams, 2012 and lead author for Adams et al, 2011 has given written consent for Ravensgate to quote from these two reports.*

Tenements were pegged over the project area in 1994 by ASX listed company Welcome Stranger, which carried out additional geochemical and chip sampling as well as detailed mapping. Mapping on the island delineated a north-south shear with associated 290-310° trending quartz carbonate veins; gossanous ironstones with malachite and azurite staining. The shear is located on the contact of a gabbro and volcanic exhalative shale dolomite sequence and is approximately 40m wide. The sequence has been intruded by small dolerite bodies. Rock chip sampling was undertaken. A wide spaced soil geochemical sampling program undertaken by Welcome Stranger identified a wide zone of interest. Welcome Stranger also attempted to drill test these geochemical anomalies. After several attempts to get a rig to the location over a three year period, a small RC rig was mobilised to the island and drilled 12 holes to a maximum depth of 30 metres. The rig could only get to within 50m of the island due to water. Eight of these holes were drilled parallel to the shear structure and missed the mineralisation. The remaining four intersected the structure and encountered copper and zinc levels above 20ppm (Adams et al, 2011*).

A local group of prospectors (Semro Pty Ltd) acquired tenure over the project in late 2007 and subsequently conducted rock chip sampling and geochemical sampling was undertaken. No other work was conducted by Semro. In mid-June 2010 Focus reached an agreement with Semro to acquire a 75% stake in the Treasure Island project. In early March 2011 Focus acquired the remaining 25% of the project (Adams et al, 2011[*]).

3.4.2 Current Exploration (2010 onwards)

Since acquisition of the project in 2010, work completed by Focus has included purchasing publically available aeromagnetic images data, data review, data validation and compilation, aerial photography, geological mapping, aeromagnetics, soil geochemistry, MMI geochemistry, rock chip sampling, aircore drilling, diamond drilling and associated analytical testing of geochemical and drill samples. Geophysical work conducted has included a detailed low level airborne magnetic survey over the entire tenement package. Geological mapping at 1:5,000 scale has covered Treasure Island and parts of the lake shoreline. Rock chip and soil sampling was carried out mainly over the Island, with a recently completed (December 2012) hand soil auger program completed over the northern half of E15/986. Aircore drilling was undertaken on the lake and in the north. Diamond drilling was conducted on the lake bed following up quartz veining outcropping on the Island and aircore anomalies. A new round of diamond drilling was initiated in January 2013, at present results are pending from this drill program.

3.4.2.1 Aerial Photography

Fugro Spacial Solutions flew aerial photography over the entire tenement area in 2010, obtained orthoimagery from Landgate that was derived from 1:25,000 photography flown in 2005 and from these sets of 1:25,000 scale and 1:5,000 scale, orthoimages were produced.

3.4.2.2 Geological mapping and Interpretation

Geological mapping at 1:5,000 scale was carried out by Focus geologists over four 1:5,000 scale sheets covering the Treasure Island and parts of the mainland using orthoimages for control. Factual and interpretive geological maps were developed and used to guide further exploration. Figure 4 provides an example of that part of the interpretive geology map covering Treasure Island. Limited detailed 1:5,000 scale mapping was carried out in areas away from Treasure Island including just north of the Binneringie Dyke where a 1000m wide east-west orientated palaeochannel was mapped.

Detailed mapping has delineated the main strike of the stratigraphic units and identified three main orientations of quartz veining (striking 320 degrees, 008 degrees and 170 degrees). All three quartz vein orientation sets appear mineralised with abundant oxidised sulphides and minor copper oxides present.

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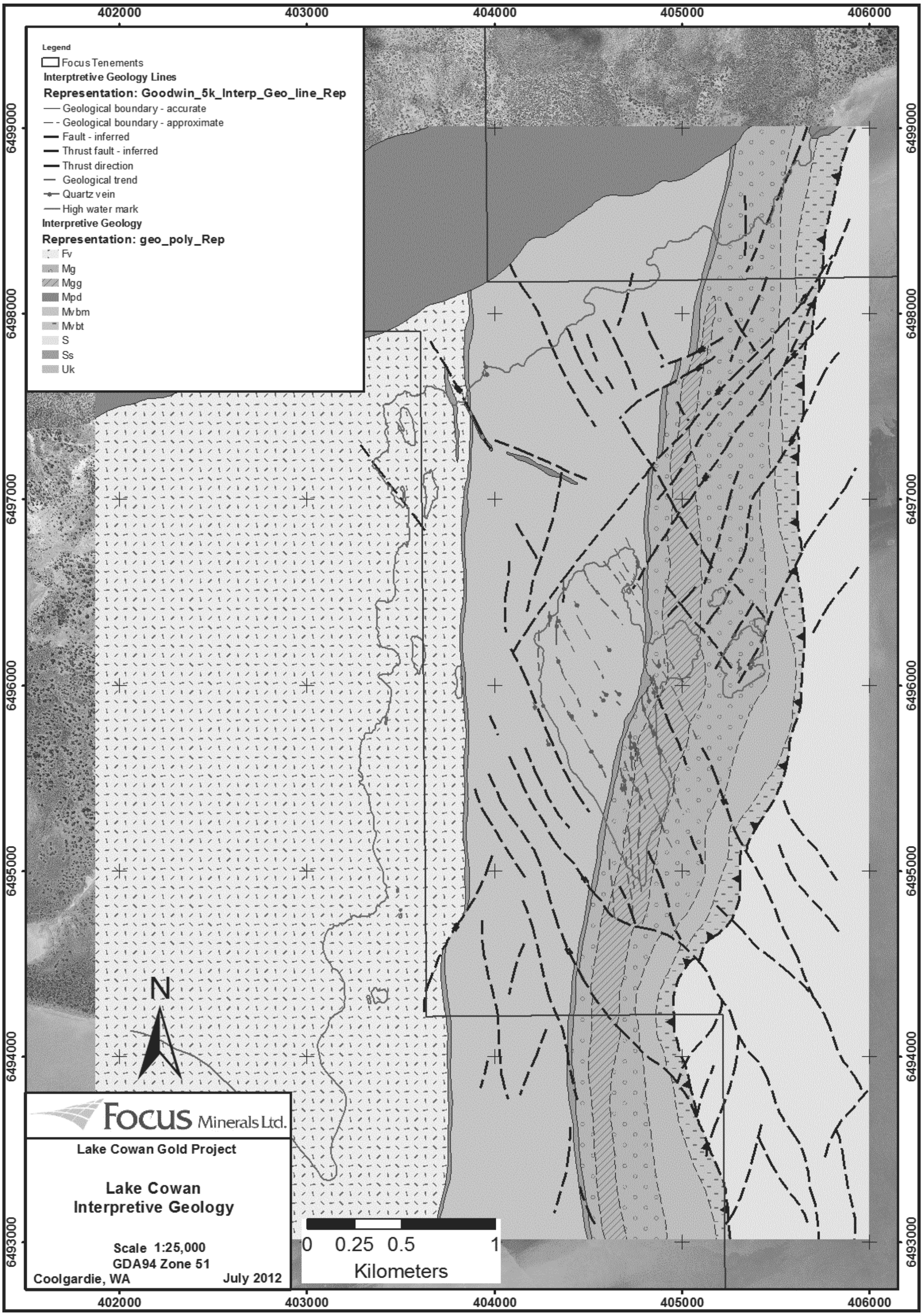
[*] *Dr Garry Adams the author of Adams, 2012 and lead author for Adams et al, 2011 has given written consent for Ravensgate to quote from these two reports.*

Figure 4 Detailed Geological Map of Treasure Island



3.4.2.3 Geophysics

All available aeromagnetic imagery over the tenements was procured by Focus. A detailed low level aeromagnetic survey was conducted over the project area by GPX (50m flight height, 50m spaced east-west lines, 3,761km). SGC processed the raw data to produce a set of high quality aeromagnetic maps at a variety of scales and depictions including TMI and 1VD (Figure 5). Significant lithological and structural information was gleaned from these magnetic images through detailed interpretation by focus geologists. These were used in conjunction with the regional mapping to aid in target generation under the lake.

Figure 5   Geophysical Image of Aeromagnetic Data – First Vertical Derivative

3.4.2.4 Geochemistry

Focus have utilised a variety of geochemical techniques to aid in exploration of the tenements. In Ravensgate's opinion appropriate field sampling methods were employed with samples submitted for analysis to ALS Laboratory Group and Intertec Genalysis which are accredited laboratories. Quality assurance and quality control procedures have been put in place by Focus to check the reliability of the results.

A surface soil sampling program was conducted over the entire area of Treasure Island on a 100m x 40m grid at 20cm depth, with 230 samples of -2mm fraction submitted for low level ppb Au analysis. No anomalous results were received.

An orientation MMI (mobile metal ions) survey on the lakes surface was carried out in the immediate area surrounding Treasure Island. Results were disappointing and it was concluded that the MMI geochemical technique would not be viable in such an active environment.

Rock chip samples were collected by Focus geologists in conjunction with the detailed 1:5,000 scale mapping of Treasure Island and its surrounds (Figure 6). The majority of the 262 samples collected were of quartz veining with 40 samples returning gold values above 1g/t Au, with the best returning 58.90g/t Au (Adams et al 2011[*]) Detailed tables of the analytical results of the rock chip sampling are provided by Focus in a series of publicly available reports to the ASX (Focus 2010 and Focus 2011).

The results from the southern end of the island at Blind Pew (Figure 6), which include 33.3g/t, 18.0g/t and 15.3g/t (Figure 8), are from three separate north-south striking quartz veins that strike to the south under the lake. The veins are consistently 0.5–1m thick and contain fine visible gold associated with oxidised sulphide grain boundaries striking for 50-70m before disappearing beneath the lake surface (Adams et al, 2011[*]).

On the eastern side of the island at Black Dog (Figure 6 and Figure 9) the quartz veins containing rock chip results of 58.9g/t, 45.7g/t and 9.4g/t come from the same vein array made up of at least three separate veins ranging in average thickness from 0.5-2m and interpreted to strike nearly 300m in length before running under the lake surface. The thickest of the veins have been observed to contain visible gold as pinheads and fine disseminations associated with the oxidised sulphides along its entire 300m strike length. Oxidised sulphides occur on both the footwall and hanging wall contacts within the host gabbro rock unit are also disseminated throughout the vein thickness. The main vein in places approaches 4-5m in thickness with the whole array approaching 20m. Of note is that these outcropping auriferous veins have no sign of historic workings which is surprising given the project's location and proximity to historically mined areas. Nearer the lake, there are further parallel veins with small link veins running between them. All contain oxidised sulphide grains, fractures and fine grains of visible gold were observed in specimens (Adams et al, 2011[*]).

The Billy Bones prospect located 300m north of Black Dog consists of a 50m long north-striking quartz reef (Figure 6). The vein was systematically sampled yielding encouraging results, including 45.4g/t, 9.9g/t and 7g/t Au (Adams et al, 2011[*]).

The presence of visible gold in the quartz veins on Treasure Island was confirmed by a Ravensgate geologist during the site inspection conducted in September 2012 for a previous independent valuation.

Focus in December 2012 completed a first pass hand auger soil sampling program over the northern half of E15/986. Results of this program have revealed small patches of low order gold anomalism, which appear coincident with a weak northerly striking aeromagnetic feature.

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Figure 6 Rock Chip Sample Locations

3.4.2.5 Drilling

Diamond drilling was the first drilling technique employed by Focus in 2011 to follow up the rock chip sampling results obtained from the quartz reefs on Treasure Island which were greater than 1g/t Au. Conventionally RC drilling would have been utilised for such an investigation, but heavy RC rigs cannot access across the boggy lake bed separating the Island from the mainland, necessitating the use of more expensive coring techniques. However the resulting drill core did provide excellent geological and structural information and confirmed the presence of gold mineralisation down dip. Surface geochemical techniques proved ineffective in testing for gold in the Archaean rocks buried below the lake sediments therefore Focus employed the aircore drilling technique to provide samples of regolith and bedrock from below the base of the lake sediments for geochemical analysis. This technique proved successful and several programs were completed. Further diamond drilling programmes were also undertaken by Focus. Results of the various drilling campaigns are summarised in the following sections.

Ausdrill were contracted for drilling on the lake bed using a combination diamond-aircore drill rig specifically fitted out for manoeuvring on salt lakes. Mondrill were contracted for aircore drilling on the palaeochannel system using a tyre mounted drill rig.

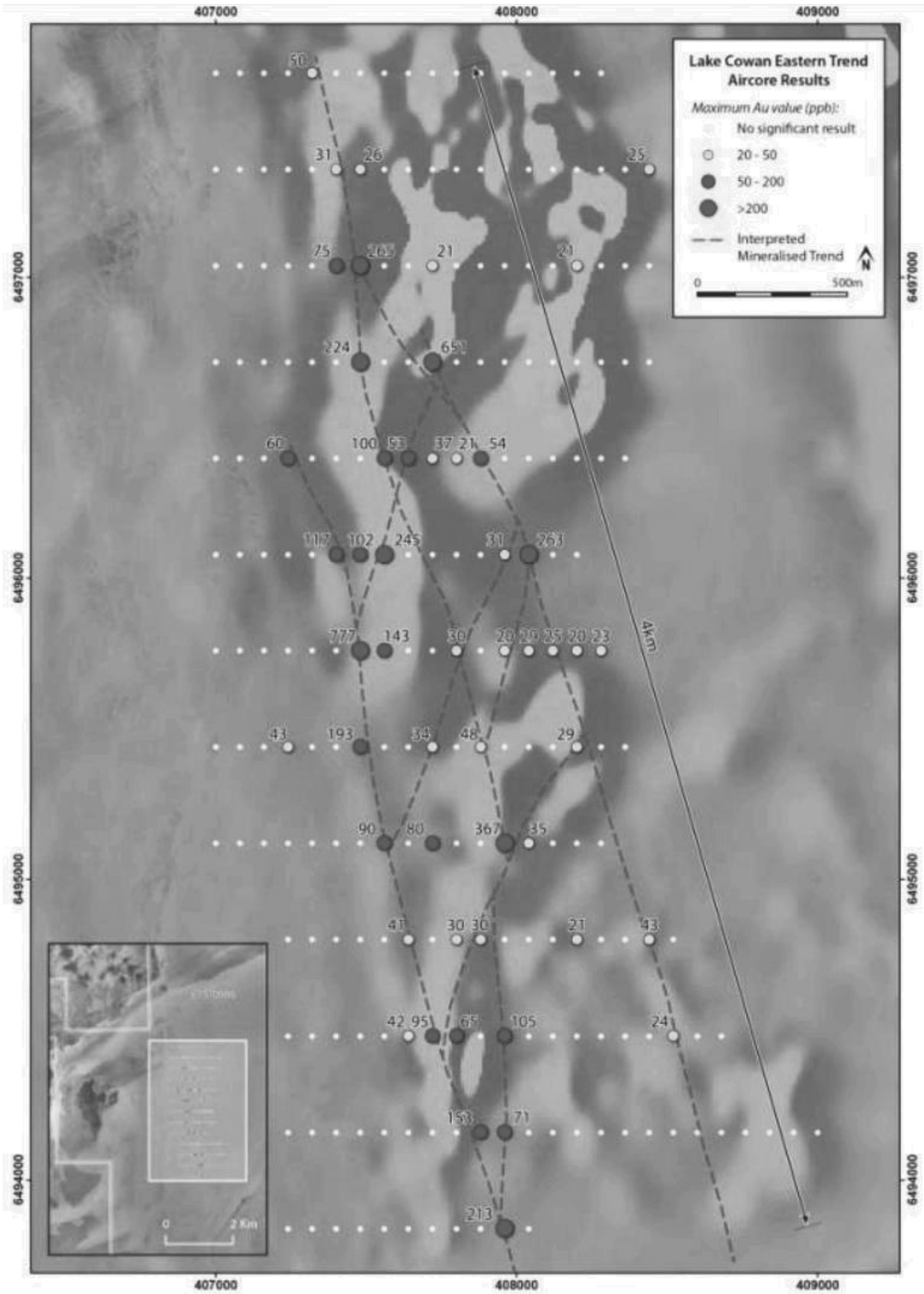
3.4.2.6 Aircore Drilling

Aircore drilling was conducted across three areas: Eastern Zone (3km to the east of Treasure Island); the Treasure Island trend; and, the palaeochannel (immediately to the north of Lake Cowan). The samples were logged and then sampled based on geology on 4m composite intervals. All samples were assayed by Genalysis using the 10g aqua assay method or the 50g fire assay method.

Eastern Zone

The Eastern Zone prospect was identified from aeromagnetics, where Focus interpreted a structurally complex repeat of the Treasure Island stratigraphy buried under lake sediments 3km to the east of the island. Aircore drilling was conducted at reconnaissance spacing of 320m x 80m, with anomalous (>50ppb Au) zones being infilled at an 80m x 40m pattern with 19,034m in 382 holes testing the Eastern zone. Drilling completed to date has identified a new gold bearing system that extends over a 4km strike length (Figure 7), and remains open along strike in both directions. The system is structurally complex with favourable geology similar to that found to the west on Treasure Island. Logging indicates a thick package of Black Flag sediments with abundant quartz veining. In the western part of the drilling area a magnesium rich basalt and gabbro-dolerite unit occurs in close proximity, similar to the Paringa basalt and Defiance dolerite of Treasure Island. A 200m plus thick gabbro-dolerite unit, containing a granophyric horizon, has been logged. In Ravensgate's opinion further extensional and infill aircore drilling is warranted to further test this zone.

Figure 7 Eastern Zone Aircore Drilling Gold Results in PPB



Treasure Island Trend

Reconnaissance aircore drilling was conducted along the stratigraphic trend to the north and south of Treasure Island. The drilling concentrated on the interpreted position of the dolerite/gabbro sequence mapped on the Island. Aircore drilling was conducted at reconnaissance spacing of 320m x 80m, with anomalous zones being infilled at an 80m x 40m pattern with 6,023m in 285 holes completed to date. The program produced seven holes with values greater than 50ppb Au. However Focus geologists (Adams et al, 2011*) consider that it has not adequately tested the trend, as the weathering profile is very shallow, compared to what has been seen along the Eastern Zone trend. As a result, any potential primary gold structure would not develop a large gold halo (as is commonly the case in the Eastern goldfields where a thick regolith profile has developed). Aircore drilling has confirmed the continuation of the dolerite/gabbro package seen on Treasure Island. Ravensgate concurs with Focus' interpretation and is of the opinion that further drill testing is warranted.

Palaeochannel

A palaeochannel system was identified through interpretation of the aeromagnetic immediately to the north of Lake Cowan. The system drains into Lake Cowan through a break in the Binneringie Dyke. A total of 3,642m in 93 holes have been drilled at reconnaissance spacing of 320m x 80m to test for deep leads in the base of the channel and the Archaean basement below the channel. There were no significant results from the aircore drill program. The drilling identified a grit horizon of coarse sands, rounded quartz pebbles, lignite and sulphides including pyrite and marcasite. This horizon is 2-5m thick at an average depth of 35m.

3.4.2.7 Diamond Drilling

A substantial amount of diamond drilling has been undertaken by Focus with 48 holes drilled across the Blind Pew, Black Dog, Billy Bones, Spy Glass and Eastern Zone prospects for 7,218m of core.

Ausdrill were contracted for drilling on the lake bed at Lake Cowan using a specialised lake diamond and aircore drill rig. Aircore drilling was conducted along two identified trends – the Treasure Island trend and the Eastern Zone trend (approximately 3km to the east of Treasure Island). Diamond core drilling was used to target mineralised vein systems identified on Treasure Island, and to target anomalies on the Eastern Zone trend identified from the aircore drilling. Drill size was dominantly NQ2 with some HQ2. The path of all holes was recorded by down hole surveys and the orientation of core was determined for each run. All core was logged in detail by an experienced geologist including a detailed structural log. Half core samples were obtained by diamond blade sawing and dispatched to Genalysis (50g fire assay) or ALS Laboratory Group (40g fire assay) except for samples containing visible gold, for which 500g screen fire assay was used. Any samples for which the fire assay result was over 100g/t Au were also re-assayed by 500g screen fire assay. Drilling data including collar, survey, assay, logging and down hole data were verified by geologists and preserved digitally by loading into a database.

Detailed tables of the significant analytical results of the diamond drill core sampling are provided in Table 4 and by Focus in a series of publicly available reports to the ASX.

Focus started a new diamond drilling campaign in January 2013, firstly targeting the Eastern Zone and then moving on to the Blind Pew prospect, this drilling is continuing with the results pending. Details of this current program have not been described below.

Blind Pew

Several phases of drilling at Blind Pew intersected sporadic but high grade mineralisation (1.78 – 24.38g/t Au) in narrow quartz veins with sulphides and fine visible gold. Hole locations, traces and best intersections are shown in Figure 8 and Table 4. The drill holes testing the auriferous veins mapped on the surface, all intersected narrow quartz veins containing sulphides and fine visible gold. The veins represent two parallel systems some 40m apart beneath the island not

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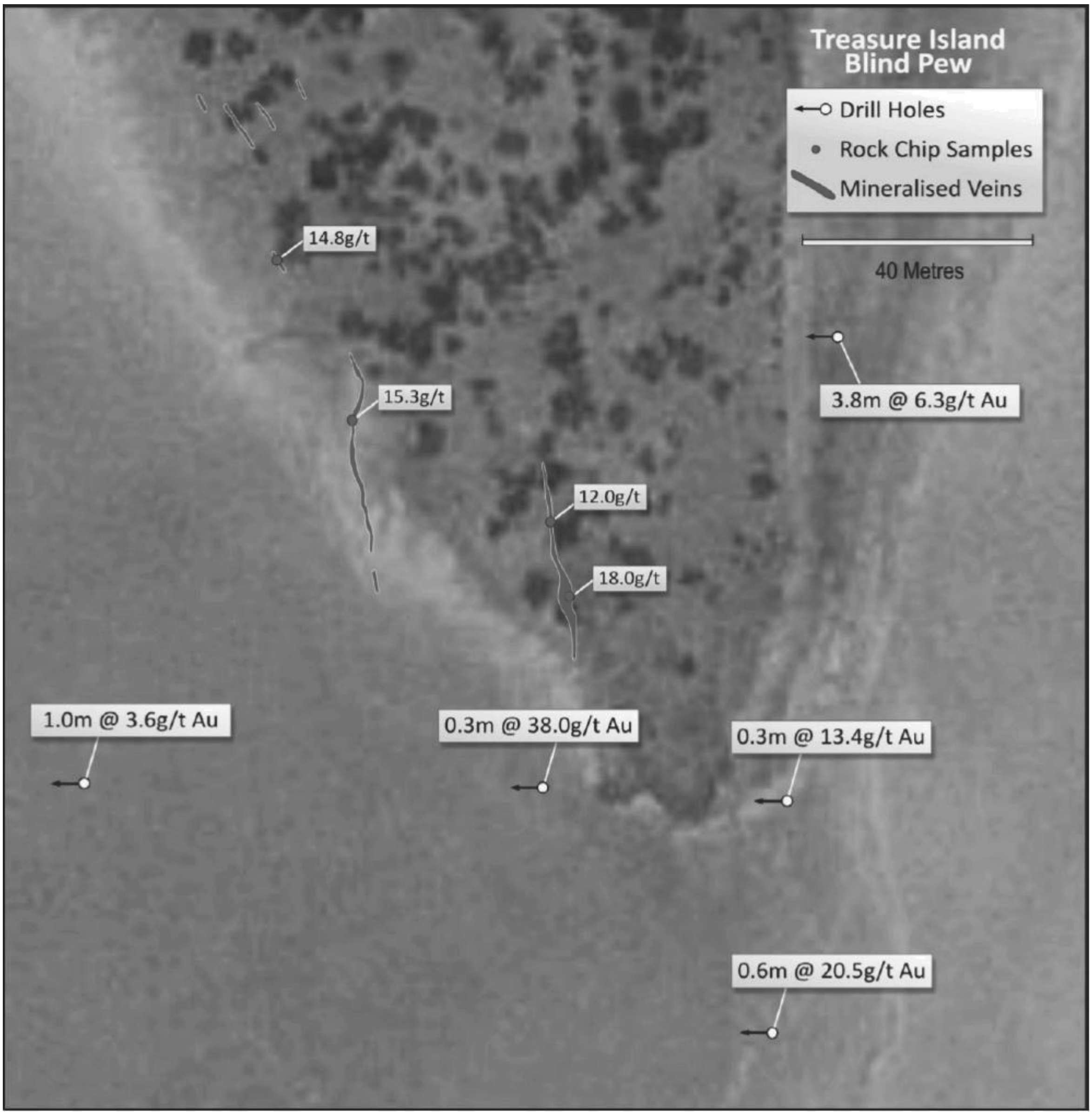
visible at the surface because of covering windblown sands. Drilling to date at Blind Pew has shown the vein to have a strike length in excess of 200m, with a down dip extent of 80m vertical; however spacing is too wide to define a resource at this stage of exploration. The veins are hosted in the granophyric horizon of the Defiance Dolerite; a unit which hosts much gold mineralisation in both the Kalgoorlie and Kambalda areas. Further drilling is required to test the overall strike extent of the system.

Two holes were drilled to test the interpreted position of the Boulder-Lefroy fault to the south and east of Treasure Island. Both holes intersected significant shearing associated with chlorite-biotite alteration, significant quartz-carbonate veining and some finely disseminated sulphides; however geology in the holes suggests the Boulder-Lefroy Fault lies further to the east.

Figure 8 Blind Pew – Vein Rock Chips and Diamond Drilling, results > 3g/t Au



Black Dog

Diamond drilling was also conducted at Black Dog to initially test several outcropping high grade (>1g/t) gold mineralised quartz veins mapped at the surface (Figure 6 and Figure 9) and subsequently to test the depth and strike potential around significant intercepts. Several holes intersected mineralised quartz veins with fine visible gold with associated disseminated and blebby sulphides within the favourable granophyric horizon. Hole locations, traces and best intersections are shown in Table 4 and Figure 9. The veins remain open at depth and along strike to the south. The quartz vein system at Black Dog now has an approximate strike length of 400m, with a vertical down dip extent of over 60m and with vein widths up to 2.3m. Ravensgate consider that further close space RC drilling is warranted to define the potential of this prospect.

Table 4 List of Diamond Drill Core Assays > 1.0g/t Au

Hole Number	From (m)	To (m)	Interval (m)	Grade g/t (Au)
Blind Pew				
BPDD001	61.00	62.00	1.00	6.56
	162.43	163.00	0.57	20.50
BPDD002	32.54	32.96	0.42	8.43
	145.18	145.48	0.30	13.40
	93.61	94.00	0.39	6.92
BPDD003	170.00	171.00	1.00	1.63
BPDD004	33.00	33.60	0.60	1.50
	106.60	107.15	0.55	1.43
	173.48	174.00	0.52	1.51
BPDD005	11.95	12.25	0.30	37.90
	15.00	15.50	0.50	6.61
	142.00	142.30	0.30	1.46
BPDD007	88.00	89.00	1.00	3.64
BPDD008	78.66	82.44	3.78	6.30
BPDD010A	81.60	81.90	0.30	2.74
	187.00	188.00	1.00	1.64
	191.46	192.32	0.86	1.32
BPDD015	54.76	55.30	0.54	1.78
	58.90	59.25	0.35	2.82
	148.00	150.00	2.00	14.90
BPDD016	39.00	39.50	0.50	24.38
BPDD017	44.30	44.76	0.46	3.55
Black Dog				
BDDD003	42.28	42.66	0.38	13.90
BDDD007	20.62	21.05	0.43	12.11
BDDD009	14.10	15.00	0.90	3.28

Table 4 List of Diamond Drill Core Assays > 1.0g/t Au				
Hole Number	**From (m)**	**To (m)**	**Interval (m)**	**Grade g/t (Au)**
BDDD011	49.50	52.04	2.54	10.80
BDDD013	41.00	41.30	0.30	10.82
BDDD014	57.45	57.76	0.31	1.77
BDDD017	28.50	28.70	0.20	1.15
BDDD018	39.51	39.81	0.30	2.45
BDDD021	31.76	32.40	0.64	1.36
BDDD022	27.70	28.30	0.60	2.64
Billy Bones				
BBDD001	109.00	110.00	1.00	1.96
	124.10	124.60	0.50	1.63
Eastern Zone				
LCDD001	116.55	117.00	0.45	2.06

Billy Bones

Diamond drilling was conducted at Billy Bones to test along strike to the south from several outcropping high grade gold mineralised quartz veins mapped at the surface. The outcrop is on top of the island to the north where access is difficult. The three holes were sited 200m to the south-east of the outcrop on the lake bed. Results from the drilling were disappointing however in Ravensgate's opinion, drill testing immediately below the outcropping mineralised quartz veins is warranted.

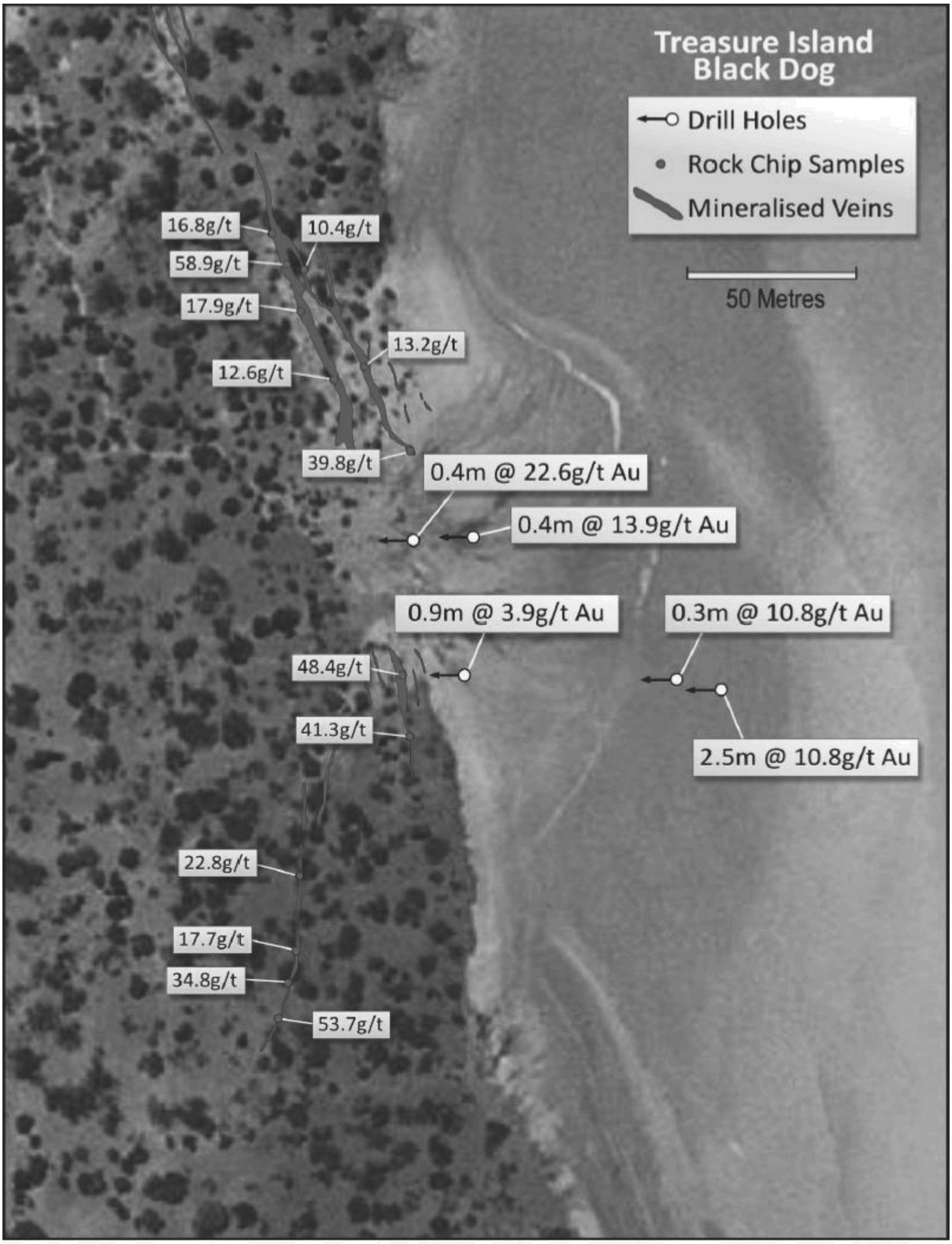
Spy Glass

Diamond drilling was conducted at Spy Glass at the northern end of Treasure Island to test below numerous copper rich quartz-carbonate sulphide outcropping veins. Holes were drilled from the north and south to test for various dip scenarios. Both holes failed to intersect significant mineralisation with only minor veins intersected close to the surface. It is quite possible that the veins exhibit a shallow plunge component that is not evident at the surface. Further drilling is warranted.

Eastern Zone

Preliminary diamond drilling was conducted on the Eastern Zone in order to determine the stratigraphy of the prospect area and targeting an area based on the aircore results (Section 3.4.2.6). An initial hole passed through sediments, high-magnesium basalt, thin flow ultramafics and finally into footwall basalt. Some minor zones of quartz veining with alteration were intersected; the strongest was adjacent to the sediment - basalt contact. This zone, containing several quartz veins up to 1m thick with minor sulphides including pyrite, pyrrhotite and galena, strong shearing with abundant biotite and chlorite alteration. The only significant assay result Table 4 was returned from within this zone. The second hole was drilled up dip of the first, but no significant quartz veining or alteration was observed. This would suggest that the sediment – basalt contact is not the source of the anomalism intersected in the aircore holes. Focus is planning to undertake further diamond drilling along the trend.

Figure 9 Black Dog - Vein Rock Chips and Diamond Drilling, > 3g/t Au



3.4.2.8 QAQC

Focus have undertaken a substantial QAQC program to check and substantiate the integrity of the analytical work, including the submission certified reference samples including blanks and standards with batches of samples. The external laboratories also reported their internal standards and blanks. In Ravensgate's opinion Focus' QAQC program is appropriate for the stage of the project and indicates an acceptable standard of analytical precision has been maintained.

3.5 Treasure Island Project Potential

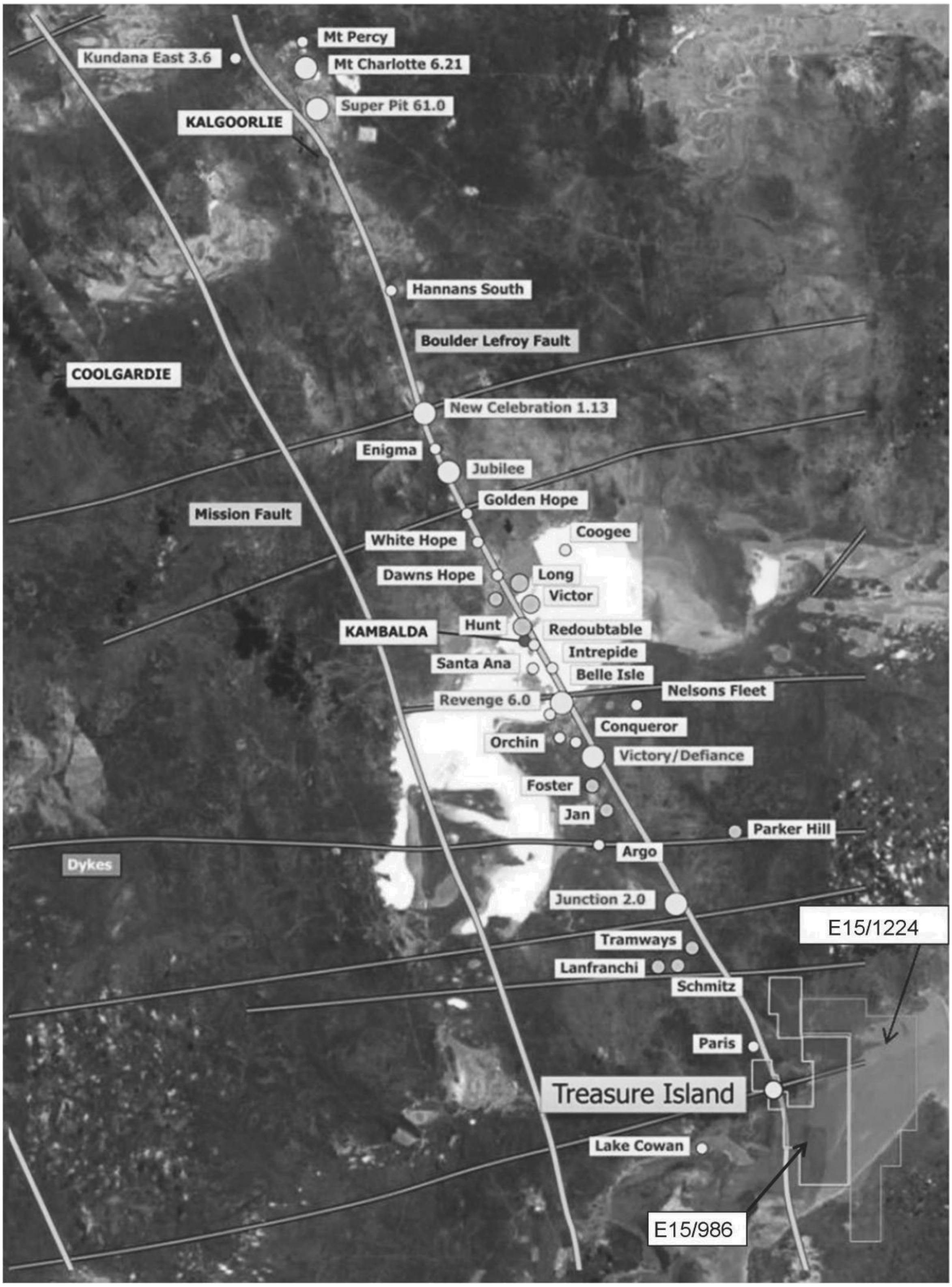
Based on the technical review of project data and its site visit, Ravensgate is of the opinion that the Treasure Island has good prospectivity for gold. The various prospectivity factors which Ravensgate examined while reaching this conclusion are summarised in the following sections.

3.5.1 Positive Prospectivity Factors

The project is positioned in a prospective location in terms of a regional geological and gold mineralisation setting. It lies in one of the most well-endowed gold regions in the world (Yilgarn Terrain) within the most richly endowed greenstone belt (Norseman-Wiluna) in that terrain. Treasure Island is located on the southern extension of a major crustal feature (Boulder-Lefroy Shear Zone) which is spatially associated with numerous large gold deposits including the Golden Mile, New Celebration, Paddington and St Ives lying along strike to the north. The area shares the similar stratigraphic sequences to those which host these large gold deposits.

Recent published research on the kinematic history of the Boulder-Lefroy shear zone system and controls on Yilgarn gold mineralisation (Weinberg et al, 2005, Weinberg et al, 2004), point to a structural and genetic relationship between the Boulder Lefroy shear zone and numerous gold deposits (Figure 10).

Figure 10 Kalgoorlie Kambalda Region Showing Gold Distribution



The distribution of gold deposits along the Boulder-Lefroy shear zone follows a remarkable pattern (Figure 11) where the major mining districts characterised by peaks in gold endowment are spaced approximately 35 km apart (Weinberg et al., 2005).

Figure 11 Gold Endowment Along The Boulder Lefroy Shear Zone

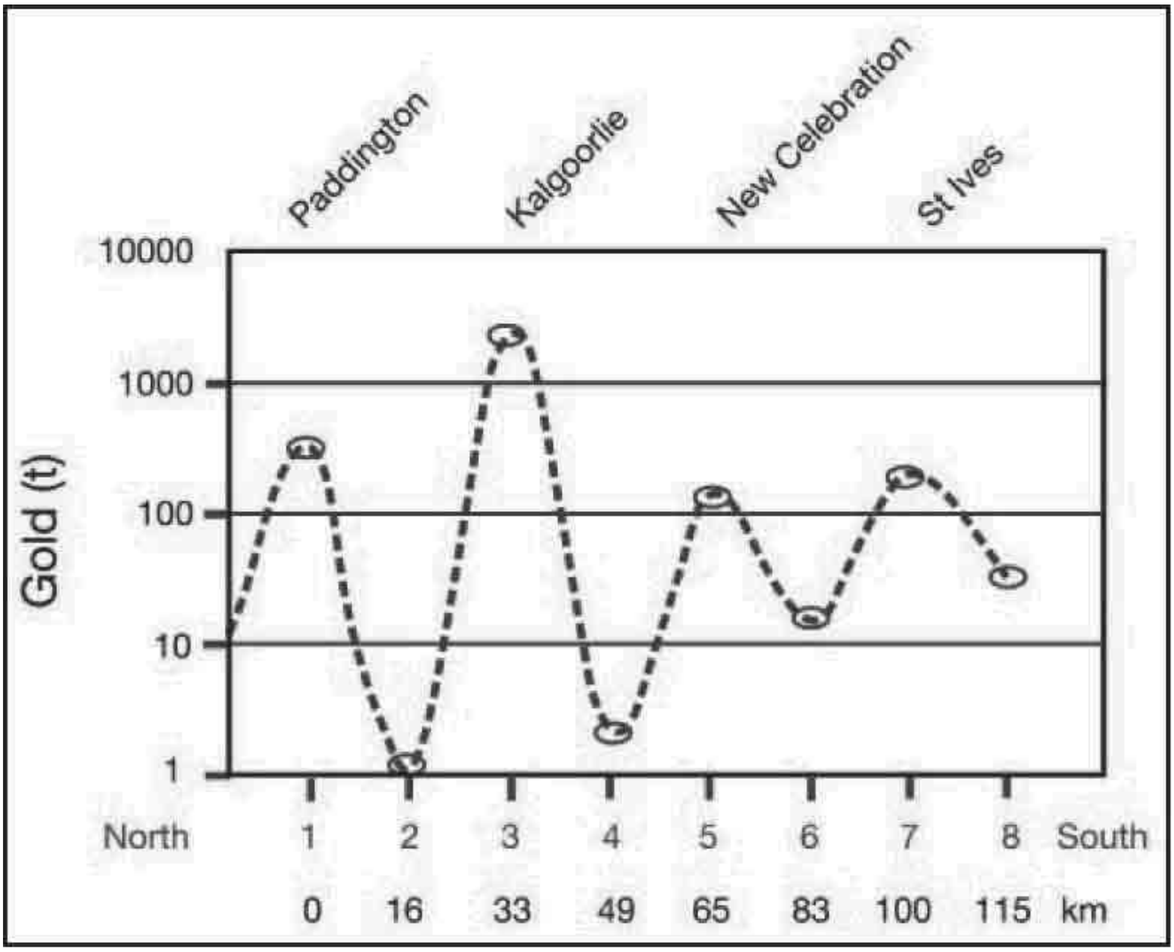


Figure 11 (after Weinberg et al., 2005) graphs gold endowment measured in boxes 17km long and 10km wide, centred at the Boulder-Lefroy shear zone and aligned parallel to it, covering its length from north of Paddington to south of St Ives. Endowment includes all gold produced and known reserves within each box. Gold peaks occur at regular intervals of approximately 35 ± 5 km. Interestingly the more endowed a district is, the less endowed are the adjacent zones along strike (Weinberg et al, 2005).

Ravensgate notes that the Treasure Island project is located 35km south-southeast along the shear zone strike from the next major gold camp St Ives (Figure 10) and that the Boulder-Lefroy shear zone has been interpreted in the project area.

Other factors which enhance prospectivity of the project include:

- Gold mineralisation has been identified nearby - the structural setting, local geology and mineralisation style of the historic Paris mine located 8km to the north is similar to that at Treasure Island. The Paris mine produced some 22,000 ounces of gold at an average grade of 11g/t.

- The project area stratigraphy is known to host gold deposits – the geology of the Treasure Island area is interpreted to be comprised of three main stratigraphic units which are the Defiance Dolerite, Paringa Basalt and volcaniclastic rocks of the Black Flag Beds. A thick (+150m) granophyric horizon exists near the top of the interpreted Defiance Dolerite. This granophyric zone contains characteristic blue eye quartz, spinel group minerals and minor magnetite. It hosts the quartz vein mineralisation with visible gold at Black Dog, Blind Pew and Black Spot. The zone can be interpreted/traced using detailed aeromagnetics north and south of the island for some 6kms. This particular horizon is the main host unit to gold mineralisation at both the Kambalda and the Golden Mile Gold deposits.
- Presence of lamprophyre – a core hole at Black Dog has intersected a lamprophyre, an intrusive rock commonly spatially associated with lode gold deposits in Archaean terranes around the world, including the Yilgarn.
- High-grade visible gold in quartz veins at the surface - detailed systematic rock chip sampling of quartz vein and zones of veining on Treasure Island have returned 40 gold grades above 1.0g/t. The samples revealed visible gold in quartz for a number of different vein sets. The veins display consistent thickness and contain visible gold associated with oxidised sulphides. The main race strike about 100m with each vein striking for 50m to 70m. The array of veins (striking 320 degrees, 008 degrees and 170 degrees) is similar to those seen at St Ives, and indicate a primary stress field the same as the D3 event, which was the main gold mineralising event.
- High-grade visible gold in quartz veins intersected in diamond core - drilling at three prospects (Blind Pew, Black Dog and Billy Bones) has confirmed be down dip continuity of the auriferous vein systems Table 4; however spacing is too wide to define a resource at this stage of exploration.
- The Boulder-Lefroy shear zone - interpreted to exist some 300m east of the island marking a major thrust repeat of the stratigraphy.
- Complex Structural Setting - regionally rocks of the Kalgoorlie domain strike on average at 340 degrees, the regional grain. At Treasure Island the geology strikes 010 degrees, slightly east of north against the regional grain. Because of this angle difference in the major structures this may have created a favourable structural setting for mineralising fluids to transport and deposit gold. This unique geological orientation exists all the way north of the island to the Binneringie Dyke. On the northern side of the Binneringie dyke the geology swings back to 340 degrees.
- Alteration and Shearing - diamond holes at Black Dog and Eastern Zone intersected significant shearing associated with chlorite-biotite alteration, significant quartz-carbonate veining and some finely disseminated sulphides. The amount of shearing and alteration seen in these holes is substantial and may indicate a major structure nearby.
- Proterozoic dykes - an empirical observation is that large intrusive dolerite dykes of Proterozoic age cut across the Boulder Lefroy shear zone near several large gold deposits. It is postulated that they exploit pre-existing crustal weaknesses which also controlled earlier gold mineralisation events. A large Proterozoic dyke cuts across the project area.

3.5.2 Negative Prospectivity Factors

Exploration under salt lakes is more difficult and more expensive than equivalent work on land, but has been successfully undertaken at many locations throughout the Goldfields. The depth of lake sediment in the tenement area is quite shallow especially within several kilometres of the island and most of the eastern zone (5 -15 metres). Depths increase to 50m or 60m in places but this is still manageable. Exploration has been hindered by unseasonal rain events which have caused flooding of the normally dry Lake Cowan. It can be expected that exploration will continue to be delayed by similar episodic rainfall events into the future. The cost of undertaking potential development and mining of mineral deposits discovered under Lake Cowan would be higher than for equivalent deposits on dry land.

Standard practice in the Goldfields is to use reverse circulation (RC) drilling methods to test and define gold mineralisation at depths shallower than 150m. Heavy RC rigs cannot traverse the soft sediments of the lake floor, explaining why no RC has been undertaken. It is Ravensgate's opinion that close spaced RC drilling under the three main prospects (Blind Pew, Black Dog, Billy Bones, Spy Glass) would be of benefit to assist in advancing the project. RC drilling would be possible with the construction of a causeway from the mainland and raised drill pads.

At the Palaeochannel Prospect the results from the aircore program were disappointing. The channel has now been tested over a 2km strike length. However a further 1.5km remains to be tested to the south before it enters Lake Cowan.

3.5.3 Exploration Strategy and Methodology

Ravensgate considers that Focus have appropriately experienced personnel and exploration programs in place to effectively explore the project area. Key members of the Focus exploration team have considerable experience successfully exploring for gold in the Yilgarn Terrain. Exploration over the last two years has been systematic, based on appropriate geological concepts and has used effective methods.

3.5.3.1 Targets

Treasure Island Zone - there is significant opportunity to explore to the north, to the south and down dip throughout the Treasure Island zone.

Eastern Zone – exploration in 2011 discovered a second gold bearing system concealed under lake sediments some 3km to the east of the island through a program of aircore drilling. This target zone was identified by interpretation of detailed airborne geophysical magnetic data which identified a structural pattern very similar to the structure and stratigraphy of the Treasure Island area. Aircore and diamond drilling confirmed the presence of a second thrust fault at the project; suggesting that the Boulder-Lefroy fault system could have split in two through the project area. The drilling revealed a thick package of Black Flag sediments with abundant quartz veining. In the western part basalt and gabbro-dolerite unit occurs in close proximity, similar to the Paringa basalt and Defiance dolerite of Treasure Island. A 200m plus thick gabbro-dolerite unit, containing a granophyric horizon, has been identified within the sediments. This unit may be stratigraphically equivalent to the Junction dolerite at the St Ives gold camp. This eastern package appears to be structurally complex and contains widespread quartz veining and disseminated sulphides which are important ingredients for gold mineralisation. Interpretation of this zone has revealed several high priority exploration targets under the lake.

E15/1224 - reconnaissance phase exploration of this particularly underexplored but highly prospective tenement represents an excellent opportunity to generate further targets using the same proven exploration methodology employed to date on the project. Most of the tenement is covered by salt lake. A syenite body in the south eastern portion of the tenement provides the opportunity for a different exploration strategy focusing on intrusion controlled gold mineralisation.

E15/986 - parts of the main tenement remain underexplored and further reconnaissance phase exploration represents further opportunities to generate high priority targets.

3.5.3.2 Nickel Prospectivity

A hole drilled at the Blind Pew prospect intersected a thick 200m sequence of talc-carbonate ultramafics before passing into pillowed mafic basalt that appears to be a magnesium tholeiitic basalt. The hole finished at 363m ending in pillowed basalts. The geology in this hole is significant as it indicates that the footwall basalt exists in the stratigraphic sequence. This is a good target for nickel sulphide mineralisation as stratigraphically equivalent units host nickel deposits in the Kambalda area 30 to 40km north. Continued gold exploration will provide further geological data which will aid interpreting the nickel prospectivity of the tenement. At this stage however, the value of the tenement lies nearly entirely with its gold potential.

4. VALUATION

4.1 Introduction

There are a number of recognised methods used in valuing "mineral assets". The most appropriate application of these various methods depends on several factors, including the level of maturity of the mineral asset, and the quantity and type of information available in relation to the asset. All monetary values included in this report are expressed in Australian dollars (A$) unless otherwise stated.

The VALMIN Code, which is binding upon "Experts" and "Specialists" involved in the valuation of mineral assets and mineral securities, classifies mineral assets in the following categories:

- Exploration Areas refer to properties where mineralisation may or may not have been identified, but where specifically a Mineral Resource has not been identified.
- Advanced Exploration Areas refer to properties where considerable exploration has been undertaken and specific targets have been identified that warrant further detailed evaluation, usually by some form of detailed geological sampling. A Mineral Resource may or may not have been estimated but sufficient work will have been undertaken that provides a good understanding of mineralisation and that further work will elevate a prospect to the resource category. Ravensgate considers any identified Mineral Resources in this category would tend to be of relatively lower geological confidence.
- Pre-Development Projects are those where Mineral Resources have been identified and their extent estimated, but where a positive development decision has not been made. This includes projects at an early assessment stage, on care and maintenance or where a decision has been made not to proceed with immediate development.
- Development Projects refers to properties which have been committed to production, but which have not been commissioned or are not operating at design levels.
- Operating Mines are those mineral properties, which have been fully commissioned and are in production.

Various recognised valuation methods are designed to provide the most accurate estimate of the asset value in each of these categories of project maturity. In some instances, a particular mineral property or project may include assets that comprise one or more of these categories. When valuing Exploration Areas and therefore by default where the potential is inherently more speculative than more advanced projects, the valuation is largely dependent on the informed, professional opinion of the valuer. There are a number of methods available to the valuer when appraising Exploration Areas.

The Multiple of Exploration Expenditure ("MEE") method can be used to derive project value, when recent exploration expenditure is known or can be reasonably estimated. This method involves applying a premium or discount to the exploration expenditure or Expenditure Base ("EB") through application of a Prospectivity Enhancement Multiplier ("PEM"). This factor directly relates to the success or failure of exploration completed to date, and to an assessment of the future potential of the asset. The method is based on the premise that a "grass roots" project commences with a nominal value that increases with positive exploration results from increasing exploration expenditure. Conversely, where exploration results are consistently negative, exploration expenditure will decrease along with the value. The following guidelines are presented on selection of the PEM:

- PEM = 1. Exploration activities and evaluation of mineralisation potential justifies continuing exploration.
- PEM = 2. Exploration activities and evaluation of mineralisation potential has identified encouraging drill intersections or anomalies, with targets of noteworthy interest generated.
- PEM = 3. Exploration activities and evaluation of mineralisation potential has identified significant grade intersections and mineralisation continuity.

Where transactions including sales and joint ventures relating to mineral assets that are comparable in terms of location, timing, mineralisation style and commodity, and where the terms of the sale are suitably “arm’s length” in accordance with the VALMIN Code, such transactions may be used as a guide to, or a means of, valuation. This method (termed Comparable Transactions) is considered highly appropriate in a volatile financial environment where other “cost based” methods may tend to overstate value.

The Joint Venture Terms valuation method may be used to determine value where a Joint Venture Agreement has been negotiated at “arm’s length” between two parties. When calculating the value of an agreement that includes future expenditure, cash and/or shares payments, it is considered appropriate to discount expenditure or future payments by applying a discount rate to the mid-point of the term of the earn-in phase. Discount factors are also applied to each earn-in stage to reflect the degree of confidence that the full expenditure specified to completion of any stage will occur. The value assigned to the second and any subsequent earn-in stages always involves increased risk that each subsequent stage of the agreement will not be completed, from technical, economic and market factors. Therefore, when deriving a technical value using the Joint Venture Terms method, Ravensgate considers it appropriate to only value the first stage of an earn-in Joint Venture Agreement. Ravensgate have applied a discount rate of 10.0% per annum to reflect an average company’s cost of capital and the effect of inflation on required exploration spends over the timeframe required.

The total project value of the initial earn-in period can be estimated by assigning a 100% value, based on the deemed equity of the farminor, as follows:

$$V_{100} = \frac{100}{D}\left[CP + \left(CE * \frac{1}{(1+I)^{\frac{t}{2}}}\right) + \left(EE * \frac{1}{(1+I)^{\frac{t}{2}}} * P\right)\right]$$

where:

V_{100}	=	Value of 100% equity in the project ($)
D	=	Deemed equity of the farminor (%)
CP	=	Cash equivalent of initial payments of cash and/or stock ($)
CE	=	Cash equivalent of committed, but future, exploration expenditure and payments of cash and/or stock ($)
EE	=	Uncommitted, notional exploration expenditure proposed in the agreement and/or uncommitted future cash payments ($)
I	=	Discount rate (% per annum)
t	=	Term of the Stage (years)
P	=	Probability factor between 0 and 1, assigned by the valuer, and reflecting the likelihood that the Stage will proceed to completion.

Where Mineral Resources remain in the Inferred category, reflecting a lower level of technical confidence, the application of mining parameters using the more conventional DCF/NPV approach may be problematic or inappropriate and technical development studies may be at scoping study level. In these instances it is considered appropriate to use the ‘in-situ’ Resource method of valuation for these assets. This technique involves application of a heavily discounted valuation of the total in-situ metal or commodity contained within the resource. The level of discount applied will vary based on a range of factors including physiography and proximity to infrastructure or processing facilities. Typically and as a guideline, the discounted value is between 1% and 5% of the in-ground value of the metal in the Mineral Resource.

In the case of Pre-development, Development and Mining Projects, where Measured and Indicated Mineral Resources have been estimated and mining and processing considerations are known or can be reasonably determined, valuations can be derived with a reasonable degree of confidence by compiling a discounted cash flow (DCF) and determining the net present value (NPV).

The Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC code, 2004) sets out minimum standards, recommendations and guidelines. A Mineral Resource defines a mineral deposit with reasonable prospects of economic extraction. Mineral Resources are sub-divided into Inferred, Indicated and Measured to represent increasing geological confidence from known, estimated or interpreted specific geological evidence and knowledge. An Ore Reserve is the economically minable part of a Measured or Indicated Resource after appropriate studies. An Inferred Resource reflecting insufficient geological knowledge, cannot translate into an Ore Reserve. Measured Resources may become Proved (highest confidence) or Probable Reserves. Indicated Resources may only become Probable Reserves.

4.2 Previous Mineral Asset Valuations

Ravensgate is not aware, nor have we been made aware, of any valuations over Focus' Treasure Island Project. Exploration tenements have not been included in the valuation where tenure or permits have not been granted to the relevant company and the company does not therefore have any ownership over tenement mineral assets or any exploration value within the tenements.

4.3 Material Agreements

Ravensgate has been commissioned by BDO Corporate Finance (WA) Pty Ltd and Focus Minerals (Laverton) Limited (Focus) to provide an Independent Technical Project Review and Valuation Report. The Technical Project Review and Valuation report encompasses Focus' Treasure Island Project. The Technical Valuation report provides an assessment of the Australian "Exploration Area" and "Advanced Exploration Area" mineral assets listed below which either are owned 100% by Focus or under an option agreement. Brief details of the ownership and option agreement can be listed as follows.

Mineral Asset	Focus Ownership %
• Treasure Island Project E15/986, Western Australia	100%
• Treasure Island Project E15/1224, Western Australia	0% (option to acquire 100%)
Focus' Treasure Island Project, Western Australia	**0% & 100%**

On the 4 March 2011 Focus announced it had entered into an option to purchase agreement with Semro Pty Ltd (Semro) over tenement E15/1224 at the Treasure Island project. The key commercial terms of the agreement are as follows:

- Under the terms of the option Focus will grant Semro 1,000,000 fully paid ordinary shares ($325,000). On exercising the option Focus will issue Semro a further 15 million Focus options in return for 100% ownership of E15/1224. The options will be issued in three tranches, with the first exercisable at 10 cents within two year, the second at 15 cents within three years and the third at 20 cents within four years.

Ravensgate understands all active mining and exploration tenements are granted at this point in time and are in good standing.

Ravensgate is not aware, nor have been made aware, of any other agreements that have a material effect on the provisional valuations of the mineral assets, and on this basis have made no adjustments on this account.

4.4 Comparable Transactions

Ravensgate has completed a search for publicly available market transactions involving gold projects, without resources within Western Australia. Transactions reflect comparable tenement holdings in geological provinces that are considered prospective for similar commodities, and that are of similar prospectivity to the minerals assets being valued. In Ravensgate's opinion and experience, it is understood that individual market transactions are rarely completely identical to the relevant project area or may not necessarily contain all the required information for compilation. In practice, a range of implied values on a dollar per metal unit or dollar per square kilometre of tenement holding will be defined as suitable for use. The transactions identified along with the implied cash-equivalent values are summarised in Section 4.4.1 by commodity and region.

Publically available market transactions have been separated to reflect transactions on a dollar per square kilometre of tenement holding or on a dollar per metal unit for a more advanced Exploration Target or Mineral Resource. This was undertaken to reflect the varying levels of geological exploration carried out within the various project tenements. In general terms, exploration projects may start with a relatively large tenement holding where a lack of detailed geological sampling and knowledge renders the use of the "in-situ" yardstick valuation method inappropriate (i.e. an "Exploration Area Mineral Asset"). For these particularly early-stage exploration areas comparable transactions on a dollar per square kilometre basis are more relevant. As the project advances and as geological sampling and knowledge increase, tenement areas tend to decrease to match a narrowing focus on more prospective areas. For these areas where specific, drill sample supported Exploration Targets have been identified that warrant further detailed evaluation or Mineral Resources require estimation, comparable transactions on a dollar per metal unit basis may be more appropriate (i.e. an "Advanced Exploration Area Mineral Asset or Pre-Development Project at early assessment").

4.4.1 Reported Market Transactions

4.4.1.1 Reported Market Transactions Involving Exploration and Advanced Exploration Area Gold Projects in Western Australia

Ravensgate's analysis of Western Australian market transactions for Exploration and Advanced Exploration Area Mineral Asset gold projects (Table 5) indicates an implied value between $303 and $456,116 per km^2 for Exploration and Advanced Exploration Area Mineral Assets, with no estimated Mineral Resources in accordance of the JORC Code 2004. The implied value per km^2 is dependent on the type of licence, whether it is an Exploration Licence, Prospecting Licence or Mining Licence. With lower implied values per km^2 for Exploration Licences compared to Prospecting Licences and lower implied values per km^2 for Prospecting Licences compared to Mining Licences. The implied value was also affected by the strategic importance of the licences and the presence of known gold mineralisation upon them and the grade of the gold mineralisation.

Table 5 Market Transactions Involving Gold Projects at the Exploration Stage in Western Australia

Project	Transaction Details & Type	Area (km^2)	Purchase Price 100% Basis (A$)	Implied Value / km^2 (A$)
Calypso Project, Western Australia	January 2013: InterMet Resources Limited entered into an option to acquire agreement with Rossiter Minerals Limited for 80% of the Calypso Project for an initial payment of $0.05M followed by $0.55M in shares and a minimum exploration spend of $0.10M in 6 months. The project is prospective for nickel and gold and has an area of 40km^2. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is $0.86M (notional $21,397 A$/km^2 on 100% terms).	40	$0.86M	$21,397
Kambalda & Lake Wells, Western Australia	December 2012: Mining Projects Group Limited entered into a joint venture/farm-in agreement with Oroya Mining Limited to earn a 75% interest in two projects in the Kambalda and Lake Wells region for an initial payment of $0.50M in shares and a minimum exploration spend of $0.80M within 12 months. The projects are prospective for gold and nickel and have an area of 509km^2. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is $1.42M (notional $2,782 A$/km^2 on 100% terms).	509	$1.42M	$2,782
Mt Andrew Project, Western Australia	November 2012: Ashburton Minerals Limited entered into a joint venture/farm-in agreement with a private vendor to earn a 50% interest in the Mt Andrew Project for an initial payment of $0.04M in cash and shares and a minimum exploration spend of $0.10M within 12 months with an additional payment of $0.10M in shares. The project is prospective for gold, nickel and copper and has an area of 290km^2. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is $0.46M (notional $1,591 A$/km^2 on 100% terms).	290	$0.46M	$1,591

Table 5 Market Transactions Involving Gold Projects at the Exploration Stage in Western Australia				
Project	**Transaction Details & Type**	**Area (km^2)**	**Purchase Price 100% Basis (A$)**	**Implied Value / km^2 (A$)**
Fraser Range, Western Australia	November 2012: Mining Projects Group Limited entered into an option to acquire agreement with Epi Energy Pty Ltd for 70% of the Fraser Range Project for an initial payment of $0.15M in shares and then $0.60M in cash and shares on tenement licence grant. The tenements are prospective for gold, copper and nickel and have an area of 566km^2. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is $1.03M (notional $1,823 A$/km^2 on 100% terms).	566	$1.03M	$1,823
Albany-Fraser, Western Australia	October 2012: Ram Resources Limited entered into an acquisition agreement with Regency Mines Australia Pty Ltd for 80% of the Fraser Range Project for $1.82M in shares. The project is prospective for gold and base metals and has an area of 271km^2. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is $2.27M (notional $8,372 A$/km^2 on 100% terms).	271	$2.27M	$8,372
Fairwater Project, Western Australia	October 2012: Pioneer Resources Limited entered into an acquisition agreement with National Minerals Pty Ltd for 75% of the Fairwater Project for $0.42M in cash and shares. The project is prospective for gold and nickel and has an area of 338km^2. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is $0.56M (notional $1,655 A$/km^2 on 100% terms).	338	$0.56M	$1,655
Spargos Reward, Western Australia	September 2012: Mithril Resources Limited entered into an acquisition agreement with Breakaway Resources Limited for 100% of the Spargos Reward Project for $0.20M in cash. The project is prospective for gold and has an area of 10.45km^2. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is $0.20M (notional $19,139 A$/km^2 on 100% terms).	10.45	$0.20M	$19,139

Table 5 Market Transactions Involving Gold Projects at the Exploration Stage in Western Australia				
Project	**Transaction Details & Type**	**Area (km^2)**	**Purchase Price 100% Basis (A$)**	**Implied Value / km^2 (A$)**
Golden Ridge Project, Western Australia	July 2012: Pioneer Resources Limited entered into an acquisition agreement with Australian Mines Limited for the remaining 44% of the Golden Ridge project for $0.91M in cash. The project is prospective for gold and nickel and has an area of $120km^2$. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is $2.06M (notional $17,178 A$/km^2 on 100% terms).	120	$2.06M	$17,178
Darlot North, Western Australia	July 2012: Stratos Resources Limited entered into an acquisition agreement with Interglobal Investments Ltd for 100% of the Darlot North Gold project for $0.80M in shares. The project is prospective for gold and has an area of $104km^2$. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is $0.80M (notional $7,692 A$/km^2 on 100% terms).	104	$0.80M	$7,692
Holleton, Western Australia	June 2012: Evolution Mining Limited entered into an acquisition agreement with Independence Group NL for 100% of the Holleton Gold Project for $0.74M in shares. The project is prospective for gold and has an area of $650km^2$. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is $0.74M (notional $1,142 A$/km^2 on 100% terms).	650	$0.74M	$1,142

Table 5 Market Transactions Involving Gold Projects at the Exploration Stage in Western Australia				
Project	**Transaction Details & Type**	**Area (km^2)**	**Purchase Price 100% Basis (A$)**	**Implied Value / km^2 (A$)**
Eastern Goldfields, Western Australia	May 2012: Peel Mining Limited entered into an acquisition agreement with Birimian Gold Limited for 100% of the Apollo Hill Mining Lease for $60,000 in shares. The project is prospective for gold and has an area of 0.24km^2. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is $0.06M (notional $247,219 A$/km^2 on 100% terms).	0.24	$0.06M	$247,219
Leonora, Western Australia	April 2012: Midas Resources Limited entered into a joint venture/farm-in agreement with Cazador Resources Limited to earn a 75% interest in the project with an exploration spend of $0.50M over three years. The project is prospective for gold and has an area of 156km^2. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is $0.58M (notional $3,704 A$/km^2 on 100% terms).	156	$0.58M	$3,704
Widgiemooltha, Kambalda, Western Australia	March 2012: Mutiny Gold Limited entered into an acquisition agreement with a Private Person for 100% of the Widgie South Tenement for $0.20M in cash and shares. The project is prospective for nickel and has an area of 1.19km^2. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is $0.20M (notional $168,634 A$/km^2 on 100% terms).	1.19	$0.20M	$168,634
West Kambalda, Western Australia	February 2012: Ramelius Resources Limited entered into an acquisition agreement with Breakaway Resources Limited for 100% of the West Kambalda Project excluding the nickel rights for $0.30M in cash. The project is prospective for gold and nickel and has an area of 20.81km^2. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is $0.30M (notional $14,419 A$/km^2 on 100% terms).	20.81	$0.30M	$14,419

Table 5 Market Transactions Involving Gold Projects at the Exploration Stage in Western Australia				
Project	**Transaction Details & Type**	**Area (km^2)**	**Purchase Price 100% Basis (A$)**	**Implied Value / km^2 (A$)**
Geko Gold Project, Western Australia	January 2012: GGG Resources Plc. and Auzex Resources Limited entered into an acquisition agreement with an unknown party for 100% of the Geko Gold Project, comprising of one mining lease for an option payment of $0.20M and an additional $3.00M in cash and shares in 6 months' time. The project is prospective for gold and has an area of 10km^2. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is $3.13M (notional $312,936 A$/km^2 on 100% terms).	10.0	$3.13M	$312,936
Kambalda, Western Australia	January 2012: Mincor Resources NL entered into an acquisition agreement with Jupiter Mines Limited for 100% of an exploration licence for $0.2M. The project is prospective for nickel and gold and has an area of 56.4km^2. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is $0.20M (notional $3,546 A$/km^2 on 100% terms).	56.4	$0.20M	$3,546
Nimbus, Western Australia	December 2011: Macphersons Reward Gold Limited entered into an acquisition agreement with Northern Mining Limited for 100% of a single strategic prospecting licence for $0.50M. The project is prospective for gold and has an area of 1.075km^2. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is $0.50M (notional $465,116 A$/km^2 on 100% terms).	1.075	$0.50M	$465,116
Nimbus, Western Australia	December 2011: Macphersons Reward Gold Limited entered into an acquisition agreement with Cazaly Resources Limited for 100% of a number of prospecting licences for initially $0.30M in cash and shares and a further cash payment of $0.70M in three years. The project is prospective for gold and has an area of 30.1km^2. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is $0.83M (notional $27,439 A$/km^2 on 100% terms).	30.1	$0.83M	$27,439

Table 5 Market Transactions Involving Gold Projects at the Exploration Stage in Western Australia				
Project	**Transaction Details & Type**	**Area (km^2)**	**Purchase Price 100% Basis (A$)**	**Implied Value / km^2 (A$)**
Nimbus, Western Australia	December 2011: Macphersons Reward Gold Limited entered into an acquisition agreement with a private individual for 100% of five prospecting licences for $0.10M in cash and shares. The project is prospective for gold and has an area of 8.06km². Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is $0.10M (notional $12,405 A$/km² on 100% terms).	8.06	$0.10M	$12,405
Nimbus, Western Australia	December 2011: Macphersons Reward Gold Limited entered into an acquisition agreement with a private individual for 100% of one prospecting licence for $0.005M in cash and shares. The project is prospective for gold and has an area of 8.06km². Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is $0.005M (notional $6,595 A$/km² on 100% terms).	0.76	$0.005	$6,595
Red October, Western Australia	November 2011: Saracen Mineral Holdings Limited entered into an acquisition agreement with Rubicon Resources Limited for 100% of exploration tenements for $0.85M in cash. The project is prospective for gold and has an area of 1,147km². Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is $0.85M (notional $741 A$/km² on 100% terms).	1,147	$0.85M	$741
Linden, Western Australia	November 2011: Exterra Resources Limited entered into an acquisition agreement with an unknown party for 100% of an exploration licence for $0.05M in cash. The project is prospective for gold and has an area of 9.04km². Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is $0.05M (notional $5,533 A$/km² on 100% terms).	9.04	$0.05M	$5,533

Table 5 Market Transactions Involving Gold Projects at the Exploration Stage in Western Australia				
Project	**Transaction Details & Type**	**Area (km^2)**	**Purchase Price 100% Basis (A$)**	**Implied Value / km^2 (A$)**
Earaheedy, Western Australia	November 2011: Aurium Resources Limited entered into an acquisition agreement with a private party for 100% of an exploration licence for $15,000 in cash. The project is prospective and has an area of 3.00km^2. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is $0.015M (notional $5,000 A$/km^2 on 100% terms).	3.00	$0.015M	$5,000
Zelica Project, Western Australia	September 2011: Exterra Resources Limited entered into an acquisition agreement with an unknown party for 100% of a prospecting licence for $50,000. The prospecting licence is prospective for gold and has an area of 1.75km^2. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is $0.05M (notional $28,571 A$/km^2 on 100% terms).	1.75	$0.05M	$28,571
Linden and Pelt Well Projects, Western Australia	September 2011: Power Resources Limited entered into an acquisition agreement with a private party for a 90% interest in the Linden and Pelt Well projects for $20,000 cash. The projects are prospective for gold mineralisation and have a combined total area of 3.42km^2. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is $0.022M (notional $6,498 A$/km^2 on 100% terms).	3.42	$0.022M	$6,498
Beatons Creek Project, Western Australia	August 2011: Novo Resources Corp entered into a joint venture farm-in agreement with Millennium Minerals Limited for a 70% interest in three mining licences for an initial payment of $0.5M in shares and a minimum expenditure of $1.0M over two years. The tenements are prospective for gold and have an area of 8.36km^2. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is $2.01M (notional $240,730 A$/km^2 on 100% terms).	8.36	$2.01M	$240,730

Table 5 Market Transactions Involving Gold Projects at the Exploration Stage in Western Australia				
Project	**Transaction Details & Type**	**Area (km^2)**	**Purchase Price 100% Basis (A$)**	**Implied Value / km^2 (A$)**
Tuckanarra Project, Western Australia	August 2011: Phosphate Australia Limited entered into an acquisition agreement with Gold & Minerals Resources Pty Ltd for 100% of the Tuckanarra gold project for $130,000. The licences are prospective for gold and have an area of 270km^2. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is $0.13M (notional $481 A$/km^2 on 100% terms).	270	$0.13M	$481
Cheritons, Western Australia	August 2011: Silver Stone Resources Limited entered into an acquisition agreement with Riedel Resources Limited for 100% of an exploration licence for $0.21M in cash and shares. The project is prospective for gold and has an area of 55km^2. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is $0.21M (notional $3,818 A$/km^2 on 100% terms).	55	$0.21M	$3,818
Muddawerrie and Livingstone Projects, Western Australia	June 2011: Talisman Mining Limited entered into acquisition agreement with an unknown party for 80% of the Muddawerrie and Livingstone projects for $0.68M in shares. The projects are prospective for gold and have a total area of 260km^2. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is $0.85M (notional $3,269 A$/km^2 on 100% terms).	260	$0.85M	$3,269
Scotia Project, Western Australia	June 2011: Aphrodite Gold Limited entered into a joint venture/farm-in agreement with Breakaway Resources Limited to earn an initial interest of 51% of gold rights only of the Scotia project for a minimum exploration spend of $0.40M within one year. The project is prospective for gold and has a total area of 159.2km^2. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is $0.75M (notional $4,697 A$/km^2 on 100% terms).	159.2	$0.75M	$4,697

Table 5 Market Transactions Involving Gold Projects at the Exploration Stage in Western Australia				
Project	**Transaction Details & Type**	**Area (km^2)**	**Purchase Price 100% Basis (A$)**	**Implied Value / km^2 (A$)**
Mount Fisher Project, Western Australia	March 2011: Rox Resources Limited entered into an acquisition agreement with Avoca Resources Limited to acquire 100% of the Mount Fisher gold and nickel project for $1.0M in shares. The tenements are prospective for gold and have an area of $615km^2$. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is $1.00M (notional $1,626 A$/km^2 on 100% terms).	615	$1.00M	$1,626
Treasure Island, Western Australia	March 2011: Focus Minerals Limited entered into an acquisition agreement with Semro Pty Ltd to acquire the remaining 25% of the Treasure Island project comprising of one exploration licence for an initial payment of $325,000 in shares and $2.00M in cash in $80,000 monthly instalments. The project is prospective for gold and has an area of $95.43km^2$. Assuming the terms of the agreement were met the implied discounted cash equivalent on 100% equity basis is $8.54M (notional $89,460 A$/km^2 on 100% terms).	95.43	$8.54M	$89,460
Muriels, Western Australia	February 2011: Vector Resources Limited entered into an acquisition agreement with a private party to acquire 100% of the Muriels project comprising of one mining lease and eight prospecting licences for $0.25M in cash. The project is prospective for gold and has an area of $17.72km^2$. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is $0.25M (notional $14,108 A$/km^2 on 100% terms).	17.72	$0.25M	$14,108

Table 5 Market Transactions Involving Gold Projects at the Exploration Stage in Western Australia				
Project	**Transaction Details & Type**	**Area (km^2)**	**Purchase Price 100% Basis (A$)**	**Implied Value / km^2 (A$)**
Illaara, Western Australia	February 2011: Alphabrass Resources Pty Ltd entered into a farm-in joint venture agreement with Australian Minerals & Mining Group Limited to earn 51% of its Illaara project by expending $1.0M over 3 years. The Illaara project consists of one exploration licence, is prospective for gold, copper, zinc and silver and has an area of $167km^2$. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is $1.70M (notional $10,177 A$/km^2 on 100% terms).	167	$1.70M	$10,177
Broads Dam Project, Western Australia	January 2011: Phoenix Gold Limited entered into an acquisition agreement with Australian Gold Investments Limited to acquire 100% of their Broads Dam Gold project for $2.5M in cash and shares. The Broads Dam project consists of 14 prospecting licences with an area of $24.28km^2$, which are prospective for gold. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is $2.5M (notional $102,965 A$/km^2 on 100% terms).	24.28	$2.50M	$102,965
Paynes Find, Western Australia	January 2011: Paynes Find Gold Limited entered into an acquisition agreement with Provider Express Pty Ltd to acquire 100% of a prospecting licence for $60,000. The prospecting licence is prospective for gold and has an area of $0.43km^2$. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is $0.06M (notional $139,535 A$/km^2 on 100% terms).	0.43	$0.06M	$139,535

Table 5 Market Transactions Involving Gold Projects at the Exploration Stage in Western Australia				
Project	**Transaction Details & Type**	**Area (km^2)**	**Purchase Price 100% Basis (A$)**	**Implied Value / km^2 (A$)**
Tin Dog Project, Western Australia	December 2010: Saracen Mineral Holdings Limited entered into an acquisition option agreement with an unknown party to acquire 80% of the Tin Dog project for $430,000. The project consists of three prospecting licences and one mining licence, prospective for gold with a total area of 1.53km^2. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is $0.54M (notional $351,307 A$/km^2 on 100% terms).	1.53	$0.54M	$351,307
Peak Hill-Doolgunna, Western Australia	December 2010: Lodestar Minerals Limited entered into an acquisition agreement with an unknown party for 100% of two exploration licences in the Peak Hill-Doolgunna district for $0.06M in cash and shares. The project is prospective for gold and base metals and has an area of 190km^2. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is $0.06M (notional $303 A$/km^2 on 100% terms).	190	$0.06M	$303
Barlee, Western Australia	November 2010: Beacon Minerals entered into an acquisition agreement with an unknown party for four exploration licences in the Barlee area for $0.12M in cash. The project is prospective for gold and has an area of 100km^2. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is $0.12M (notional $1,150 A$/km^2 on 100% terms).	100	$0.12M	$1,150
Tropicana Belt, Western Australia	October 2010: Sirius Resources NL entered into an acquisition agreement with Mark Creasy for a 70% interest in exploration licences near Tropicana for $2.76M in shares. The project tenements are prospective for gold and have an area of 2,300km^2. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is $3.94M (notional $1,714 A$/km^2 on 100% terms).	2,300	$3.94M	$1,714

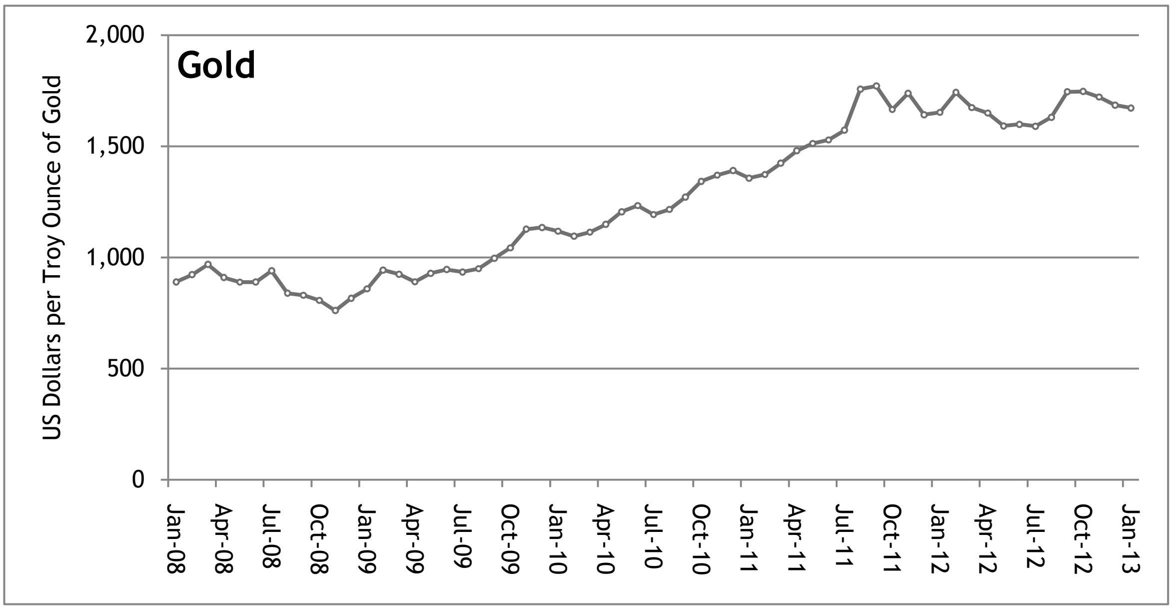
Table 5 Market Transactions Involving Gold Projects at the Exploration Stage in Western Australia				
Project	**Transaction Details & Type**	**Area (km^2)**	**Purchase Price 100% Basis (A$)**	**Implied Value / km^2 (A$)**
Treasure Island, Western Australia	June 2010: Focus Minerals Limited entered into an acquisition agreement with Semro Pty Ltd to acquire 75% of the Treasure Island project comprising of one exploration licence for an initial payment of $0.15M in shares and an exploration spend $0.20M over 1 year. The project is prospective for gold and has an area of 95.43km^2. Assuming the terms of the agreement were met the implied discounted cash equivalent on 100% equity basis is $0.45M (notional $4,760 A$/km^2 on 100% terms).	95.43	$0.45M	$4,760

Note: Differences may occur due to rounding errors

4.4.2 Commodity Prices

Ravensgate has examined the historical commodity chart for gold (Figure 12) for general trends over time. A general analysis of the five year price chart for gold in Figure 12 shows a short period of slight price decline between April and November 2008 followed by a continuous steady rise culminating in a significant rise in late 2011 interpreted to be partly a response to the "European Debt Crisis". Since this rise the gold price has remained relatively steady. Ravensgate has taken into consideration the general commodity trend as an influence on deriving a final project valuation.

Figure 12 Gold Five Year Monthly Average Price Chart to January 2013



Source: Indexmundi.com

4.5 Mineral Asset Valuations

4.5.1 Treasure Island Project, Western Australia

4.5.1.1 Selection of Valuation Method

The Treasure Island Gold Project, in which Focus has a 100% interest in tenement E15/986, which can be classified as an "Advanced Exploration Area" mineral asset as defined in Section 4.1 and an option to purchase 100% of tenement E15/1224, which can be classified as an "Exploration Area" mineral asset as defined in Section 4.1.

A Mineral Resource as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code - 2004 Edition) has not been reported for the Treasure Island project. In valuing the mineral asset of the Treasure Island Project, Ravensgate considers the 'DCF/NPV' method inappropriate.

Ravensgate has elected to apply the Comparable Transaction and Multiples of Exploration Expenditure methods to value the project after consideration of the various valuation methods outlined in Section 4.1 and the geological / exploration information outlined in Section 3.

4.5.1.2 Project Analysis – Comparable Transactions Method

Ravensgate has subdivided the Treasure Island project into the two tenements, as they are at varying stages of exploration with varying prospectivity and will attract different valuation ranges.

Ravensgate's analysis of Western Australian market transactions for Exploration and Advanced Exploration Area Mineral Asset gold projects (Table 5) suggests an implied value between \$303 and \$465,116 per km^2 for Exploration and Advanced Exploration Area Mineral Assets, with no estimated Mineral Resources in accordance of the JORC Code 2004. Within the range \$303 to \$465,116 per km^2, mineral assets consisting entirely of exploration licences, have a derived range of from \$303 to \$168,634 per km^2 depending on how strategic the licence is, and or, the presence of known gold mineralisation, with most falling between \$1,142 and \$4,760 per km^2. Early stage exploration licences with limited work or limited exploration potential have a derived range of \$303 to \$1,823 per km^2, exploration licences with average exploration potential and or have early stage prospects with gold mineralisation have a derived range of \$1,823 to \$4,760 per km^2, values higher than \$4,760 per km^2 are for exploration licences that have good gold mineralisation prospects and have good exploration potential or are considered very strategic by the purchaser. Ravensgate has derived implied ranges and preferred values varying on the tenements prospectivity per km^2 to apply to the area of the granted exploration licences (Table 6), which have a total combined area of 227.03km^2. These values relate to approximately \$1.343M to \$3.258M. From this range a preferred value of \$2.682M has been selected, which reflects the outcome of successful exploration to date and the quality of the exploration ground. The higher range (\$12,000 to \$30,000 per km^2) and preferred value of \$25,000 per km^2 for tenement E15/986 reflect the quality of the exploration results so far with gold mineralisation, including gold intersections >5g/t identified in drilling and the exploration potential of the tenement. The range of \$1,500 to \$3,000 per km^2 and preferred value of \$2,250 per km^2 for tenement E15/1224 reflects the earlier stage of exploration and the minimal exploration completed on the tenement compared to E15/986.

Table 6 Treasure Island Project – Comparable Transactions – Assuming 100% Equity							
Tenement	**Area**	**Values Per km^2**			**Valuation**		
		Low $	**High $**	**Preferred $**	**Low $M**	**High $M**	**Preferred $M**
E15/986	95.43	12,000	30,000	25,000	1.145	2.863	2.386
E15/1224	131.60	1,500	3,000	2,250	0.197	0.395	0.296
TOTAL	**227.03**	-	-	-	**1.343**	**3.258**	**2.682**

The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur. It does not take into account current ownership percentages for each tenement.

4.5.1.3 Project Analysis – Multiples of Exploration Expenditure Method

The Multiples of Exploration Expenditure (MEE) method of mineral valuation (a cost based method) is applicable to exploration properties from the earliest stage of exploration to a moderately advanced stage, but for which no Mineral Resources in accordance of the JORC Code 2004 has been delineated. Recent expenditure totalled $3.287M on E15/986 and $0.052M on E15/1224. An analysis on the efficiency and effectiveness on the exploration carried out against the results returned to date to determine prospectivity enhancement multiples (PEM) was completed. It should be noted that exploration activities especially drilling within a salt lake environment like that of the Treasure Island project can be 30-50% more expensive than exploration activities on a dry land environment. Ravensgate has applied a 40% discount to the exploration expenditure ($2.348M) reported for E15/986 to reflect the more expensive nature of conducting exploration activities at Treasure Island. The PEM's selected reflect the results to date and that further exploration justified. Ravensgate considers a range of PEM's of 1.6 to 2.4 is applicable to the exploration expenditure on E15/986 and a range of PEM's of 0.8 to 1.6 is applicable to the exploration expenditure on E15/1224 to value the project. This equates to a valuation range of $3.798M to $5.718M. Ravensgate has elected to assign a preferred value of $4.758M in the middle of the range (Table 7), recognising the mineral asset prospects and exploration drilling and geological work outlined to date. The prospectivity enhancement multipliers (PEM) selected for tenement E15/986 reflect the quality of the exploration results so far with gold mineralisation, including gold intersections >5g/t identified in drilling and the exploration potential of the tenement. The PEM selected for tenement E15/1224 reflects the earlier stage of exploration compared to E15/986 and the prospectivity of the tenement. Only 1 year of expenditure was known for E15/1224, hence Ravensgate considers the MEE method to not be appropriate for valuing this tenement.

Table 7 Treasure Island Project – Multiples of Exploration Expenditure – Assuming 100% Equity							
Tenement	**Expenditure $M**	**Prospectivity Multiplier**			**Valuation**		
		Low	**High**	**Preferred**	**Low $M**	**High $M**	**Preferred $M**
E15/986	2.348	1.6	2.4	2.0	3.757	5.635	4.696
E15/1224	0.052	0.8	1.6	1.2	0.041	0.083	0.062
TOTAL	**3.339**	-	-	-	**3.798**	**5.718**	**4.758**

The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur. It does not take into account current ownership percentages for each tenement.

4.5.1.4 Treasure Island Project – Valuation Conclusions

By using the Comparable Transactions and Multiples of Exploration Expenditure (MEE) valuation methods for valuing the Treasure Island tenements, which Focus has an interest a range of selected values from $2.583M to $5.091M can be derived. Ravensgate has elected to assign a preferred value of $3.375M (Table 8). Ravensgate assigned the two preferred values of the two valuation methods to create the range for tenement E15/986, but only used the comparable transaction valuation method for tenement E15/1224 as it considered the MEE valuation method not appropriate due to minimal exploration expenditure, because minimal exploration has been conducted. This value reflects the stage of exploration at the project and the quality of the exploration ground. The preferred value is at the lower end of the range due to the MEE method being a cost based valuation method, which can overstate the value of a tenement. Ravensgate considers the Treasure Island Project is of merit and worthy of further exploration.

Table 8 Treasure Island Project – Valuation Conclusion – Assuming 100% Equity

Tenement	Mineral Asset	Area km^2	Valuation		
			Low $M	High $M	Preferred $M
E15/986	Advanced Exploration Area	95.43	2.386	4.696	3.079
E15/1224	Exploration Area	131.60	0.197	0.395	0.296
TOTAL	**Various**	**227.03**	**2.583**	**5.091**	**3.375**

The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur. It does not take into account current ownership percentages for each tenement.

4.6 Valuation Summary

Ravensgate has concluded that Focus' Treasure Island Project is of merit (although at varying stages of exploration and subsequent Mineral Asset classification), and worthy of further exploration. The Treasure Island tenement E15/986 has itself had two separate transactions over it in recent years (Table 5). The first transaction was in June 2010, when Focus acquired a 75% interest in the tenement, which on a 100% equity basis valued the tenement at $0.454M, (equivalent to $4,760/km^2). The second transaction in March 2011 involved Focus acquiring the remaining 25% interest in the tenement, which on a 100% equity basis valued the tenement at $8.544M (equivalent to $89,470/km^2). Ravensgate considers the high price paid for the final 25% of the project contained a significant control premium to buy out the joint venture partner Semro to facilitate easier exploration and possible future development of the Treasure Island project. Between these two transactions Focus acquired a 100% interest in tenement E15/986 for a discounted cash equivalent price of $2.475M (equivalent to $25,934/km^2). Since initially acquiring the project, Focus has conducted a considerable amount of exploration which has shown gold mineralisation to be present and improved the exploration potential of the project.

A summary of Focus' project valuation in current ownership percentage terms is provided in Table 9. The applicable valuation date is 12 March 2013 and is derived from using the Comparable Transactions and Multiples of Exploration Expenditure (MEE) valuation methods. Technically Focus has a 0% interest in tenement E15/1224 as they have not taken up the option to acquire it, hence no value was attributed to this tenement. The value of the Treasure Island project is considered to lie in a range from $2.386M to $4.696M, within this range Ravensgate has selected a preferred value of $3.079M, which is at the lower end of the range, which is more of a reflection of the influence of the MEE valuation method, being a cost based method rather than the comparable transactions valuation method (market based method) and that expenditure costs are most likely higher than normal expenditure costs due to operating in a salt lake environment.

Table 9 Focus – Summary Project Technical Valuation in Respective Ownership Terms						
Focus Treasure Island Project	**Mineral Asset**	**Ownership %**	**Area km^2**	**Valuation**		
				Low $M	**High $M**	**Preferred $M**
E15/986	Advanced Exploration Area	100%	95.43	2.386	4.696	3.079
E15/1224	Exploration Area	0%	131.60	0.000	0.000	0.000
TOTAL	**Various**	**0% & 100%**	**227.03**	**2.386**	**4.696**	**3.079**

The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.

5. ASSESSMENT OF BURTVILLE RESOURCES

The Burtville Project is located near Laverton, Western Australia and is comprised of quartz veins occurring within a granodioritic sill which has intruded a north north-west trending sequence of Archaean mafic and sedimentary lithologies within the Laverton Tectonic Zone.

In October 2012, Ravensgate reviewed a mineral resource block model constructed by the Quantitative Group (QG) during July 2012 which is understood to have used interpretative gold mineralisation envelopes developed by Focus Minerals Ltd in accordance with the understood geological and structural regime. At the time of this review Ravensgate made some comments regarding the reasonableness of the resource estimate with respect to geological and mineralisation knowledge of Burtville and to the extent that general industry best practice standards had been considered. Ravensgate concluded at the time that an increase in total estimated mineral resources seemed to coincide with the use of the Leapfrog software which appeared to generate relatively large mineralisation envelopes and this tended to affect the amount of reported inferred minerals resources the most.

5.1 Previous Mineral Resource Estimates at Burtville

A number of resource consultancy companies have undertaken mineral estimates for various owners at the Burtville gold project. The current and historical mineral resource estimates are listed in Table 10.

Table 10 Current and Historical Mineral Resource Estimates at Burtville

Date of Resource	Company	Resource by	Classification	Current and Historical Estimates			
				Cut-Off (g/t)	Tonnes (Mt)	Grade (g/t Au)	Ounces Au
July 2012	Focus Minerals Ltd	Quantitative Group (QG)	Indicated	0.8	1.573	1.3	65,000
			Inferred	0.8	4.146	1.3	170,000
			Total	**0.8**	5.719	1.3	235,000
30-Aug-11	Crescent Gold Limited	CSA Global	Indicated	0.8	0.8	1.82	46,400
			Inferred	0.8	2.34	1.98	148,700
			Total	**0.8**	**3.14**	**1.93**	**195,100**
30-Oct-06	Crescent Gold Limited	FinOre Mining Consultants	Indicated	0.6	0.7	1.5	34,500
			Inferred	0.6	0	0	0
			Total	**0.6**	**0.7**	**1.5**	**34,500**
30-Oct-04	Crescent Gold Limited	Hardcore Geological Services	Indicated	0.0	0	0	0
			Inferred	0.0	1.1	1.7	58,000
			Total	**0.0**	**1.1**	**1.7**	**58,000**

It is apparent that the Burtville mineral resource has consistently been at relatively low confidence levels with only the resource statements by CSA and QG increasing the Inferred mineral resources.

Given the quantity of Inferred resources, Ravensgate's opinion in October 2012 was that there was some difficulty encountered with the interpretation of mineral continuity and of controls on mineralisation which were understandably difficult following a review of both the resource drilling and the available historic grade control drilling. It is evident whilst reviewing this data-set that relatively complex mineralisation regime is present. The difficulties of interpretation were also complicated by the observation that gold mineralisation is interpreted to be predominantly associated with quartz veins ranging in thickness from 1mm to 30cm in size, with often irregular spatial distribution of disseminated pyrite and associated gold. Given these concerns Ravensgate's opinion was that the existing resource model, which was understood to be used as a basis for future pit design and mine production scheduling required some detailed re-interrogation, preferably in the light of a high resolution drilling program using grade control drilling or blast-hole sampling. Any mineralisation complexity discovered at the small scale is considered a project risk concern and should be checked as part of a technical due diligence. Mineralisation complexity that is not reflected in the resource model is often a consequence of relatively sparse drilling data. Ravensgate cautions that over-simplification of mineralisation geometry can cause future production issues particularly as these areas may not reflect true mineralisation geometry resulting in increased mining dilution, ore loss or an overestimate of contained metal.

Ideally grade control models in conjunction with mine production reconciliation should give a clear guide as to resource model performance and be reviewed against the planning resource model, which is used for short to mid-term scheduling.

It is understood a program of grade control model and mine production reconciliation comparing the original resource model estimate with grade control modelling estimation is being carried out by Focus. It is also understood that some assistance from Xstract has been given to review some mining reconciliation aspects at Burtville. Ravensgate's opinion is that reconciliation reviews are necessary to measure mining production performance and adjust future schedules where necessary and this kind of continuous improvement review is in accordance with industry best practice standards.

New information derived from a series of Focus' Monthly Production Reports for the periods December 2012 and January 2013 were reviewed by Ravensgate which describe the mining production from the Burtville deposit in some detail.

Mining production at Burtville is understood to have commenced on 4 December 2012, and the total reported production from this pit for the December period was 51,762t @ 1.17g Au/t and for January 154,331t @ 1.19g Au/t. These reported tonnages and grades do not appear to be aligned with reported forecasts for production derived from the resource model, split between high and low grade. Resource estimates and production reconciliation data always reveal some differences however, the causes for any identified large differences should be reviewed and explained.

The following table extracted from Focus' January 2013 Monthly Production Report (Table 11) shows the observed summarised monthly reconciliation from resource model versus grade control and subsequent mining.

Table 11 Burtville Deposit - Monthly Reconciliation and Reported Ore Production

Month	Resource Model			Grade Control Model			Mined Ore Production		
	Tonnes	Au/t	Troy Oz	Tonnes	Au/t	Troy Oz	Tonnes	Au/t	Troy Oz
December	32,642	1.35	1,416	40,443	1.44	1,874	51,762	1.17	1,945
January	157,246	1.38	6,974	131,444	1.38	5,834	154,331	1.19	5,898
Total	189,888	1.37	8,390	171,887	1.39	7,708	206,093	1.18	7,842

It is evident, allowing mining issues that may relate to irregular bench surfaces remnant from the historic pit, that there is a significant variation in what has been reported from the resource model as compared to the grade control model and finally the reported mining production for December 2012 and January 2013.

Whilst there is an acceptable difference and reduction of approximately 10% in total tonnages reported in the grade control model when compared to the original resource model, there appears to be a significant increase (~17%) in material actually mined, with a corresponding notable reduction in reported grade (~15%). This effect, in Ravensgate's opinion, is a clear signature of mineralisation complexity detrimentally affecting mining dilution. Ravensgate acknowledges that Table 11 showing only two months of reconciliation is a relatively short time frame. QG in their review notes and Ravensgate understands that the reported mining tonnages and grades are not a true reconciliation of the estimate against production and it is based on an estimate by Focus using stock-pile accounting in conjunction with historic mining practices from other pits, with allowance for 'dilution skins' in the areas mined.

It is understood that Burtville mineralisation mined to date is batch processed through the Barrick Granny Smith plant and given that this initial production is blended with other production from Focus' Laverton operations a complete mine-to-mill reconciliation is not yet available.

QG further adds to Ravensgate's comments and views that the differences reported in Table 11 may be from mineralisation complexity affecting mining dilution. QG's notes that whilst the mineralisation complexity is likely to be a contributor, this could also result simply from poor mining practice or incorrect application of factors derived from historic pits, (S Jackson 2013, pers. comm., 12 March).

Table 11 is split between 'low' grade and 'high' grade but no classification split was available for review. If the production in question contained a high proportion of Inferred Resource this could also partially account for the apparent difference and QG's opinion is that it would be beneficial to identify the proportion of mined material classified as Indicated and Inferred.

Focus with the assistance of Xstract, constructed a new long term grade control model. Focus in its January 2013 Monthly Production Report states that this new model is "more robust compared to previous outputs" and therefore "can confidently be used for scheduling". Ravensgate understands that one of the main aims for this review was to better estimate each individually identified 'lode' in the main 'domain 1' mineralisation envelope. Specific modelling of the separate lodes using only composite sample data relevant to each specific lode was deemed a more suitable approach rather than an un-constrained interpolation of grades within the broader mineralisation envelope. This revised modelling approach is interpreted to be an attempt to account for greater mineralisation variability being observed in the mining benches which may not be reflected in the resource model. Ravensgate's opinion is that this approach will probably better match the observed mineralisation variability which appears to be strongly structurally related and locally controlled throughout a large part of the Burtville deposit area. Ravensgate also notes that mineralisation continuity is not always clearly observed and grade levels are not uniform throughout much of the 'domain 1' mineralisation shell.

The new comparative grade control model was understood to be developed by using all available grade control data down to the base of current pit, thereby serving as a calibration mineralisation model. This was then used to extend the modified mineralisation resource model beyond the base of the current pit surface using the remaining available resource drilling.

The associated comparative review of the grade control model re-estimation was presented as Table 5 in Focus' January 2013 Monthly Production report and is reproduced here as shown below (Table 12). It is assumed that this summary is for 'in-pit' resources to allow relevant comparisons. It is not clear what the reporting lower cut-off is for this table, or whether the resource summary is for Indicated Resources or for a combination of Indicated and Inferred.

Table 12 Burtville Revised In-Pit Material Summary - Total Ore (LG + HG)

Ore Type	Resource				Grade Control			
	Volume	Tonnes (Mt)	Grade	Oz Au	Volume	Tonnes (Mt)	Grade	Oz Au
LG	172,250	362,927	0.91	10,665	334,056	743,965	0.77	18,328
HG	843,000	1,834,315	1.36	79,956	293,987	666,219	2.00	42,796
Total	1,015,250	2,197,242	1.28	90,620	628,043	1,410,184	1.35	61,124

Source: Table 5 Focus January 2013 Monthly Production report - LG - Low Grade, HG - High Grade

Table 12 shows there is a significant difference in reported tonnages and grades when comparing the resource model to grade control models. This change appears to be more severe than the smaller differences observed from the recent December and January mining periods and results in a reported reduction in the resource base on a troy ounce basis of approximately 33%. If the new model comparisons are more reliable / robust and are geologically justified following recent observations in pit and from grade control data, then a reduction in reported metal content of this amount is certainly not ideal and needs immediate investigation. A resource reduction of the scale will have potentially serious implications for future mine production schedule on open pit economics.

The above summary should be viewed in the context of the most recently published Burtville Resource which was re-stated in the December 2012 Quarterly report by Focus Minerals (Table 13) showing the Burtville resource as at 30 June 2012 using a lower reporting cut-off of 0.8g/t.

Table 13 Mineral Resource Estimates Burtville as at 30 June 2012

(from December 2012 Quarterly Report)

Classification	Mineralisation Domain 1 (>0.5g/t estimate)		
	Tonnes (Mt)	Grade (g/t Au)	Ounces Au
Indicated	1.573	1.3	65,000
Inferred	4.146	1.3	170,000
Total	5.719	1.3	235,000

5.2 Mineralisation Zone Definition and Implications for Resource Modeling and Mine Scheduling

The gold mineralisation domain envelopes were developed by Focus for a 0.5g/t and a 1.0g/t cut-off and provided to QG for resource estimation. They were constructed from existing drill hole data by utilising Leapfrog software as detailed by Journeaux of QG and in the earlier reviewed Burtville Mineral Resource Estimate Report, July 2012. QG only used Focus' 0.5g/t Au cut-off mineralisation domain in their final resource estimate. The Leapfrog software semi-automatically or implicitly generates the domain wireframes based on drill hole grade intercepts and it is understood some modification of inputs from the user are carried out in order to incorporate some mineralisation trends according to the understood structural regime. In Ravensgate's opinion, and based on some experience with this type of modelling approach, a number of potential problems may occur and could involve the following:

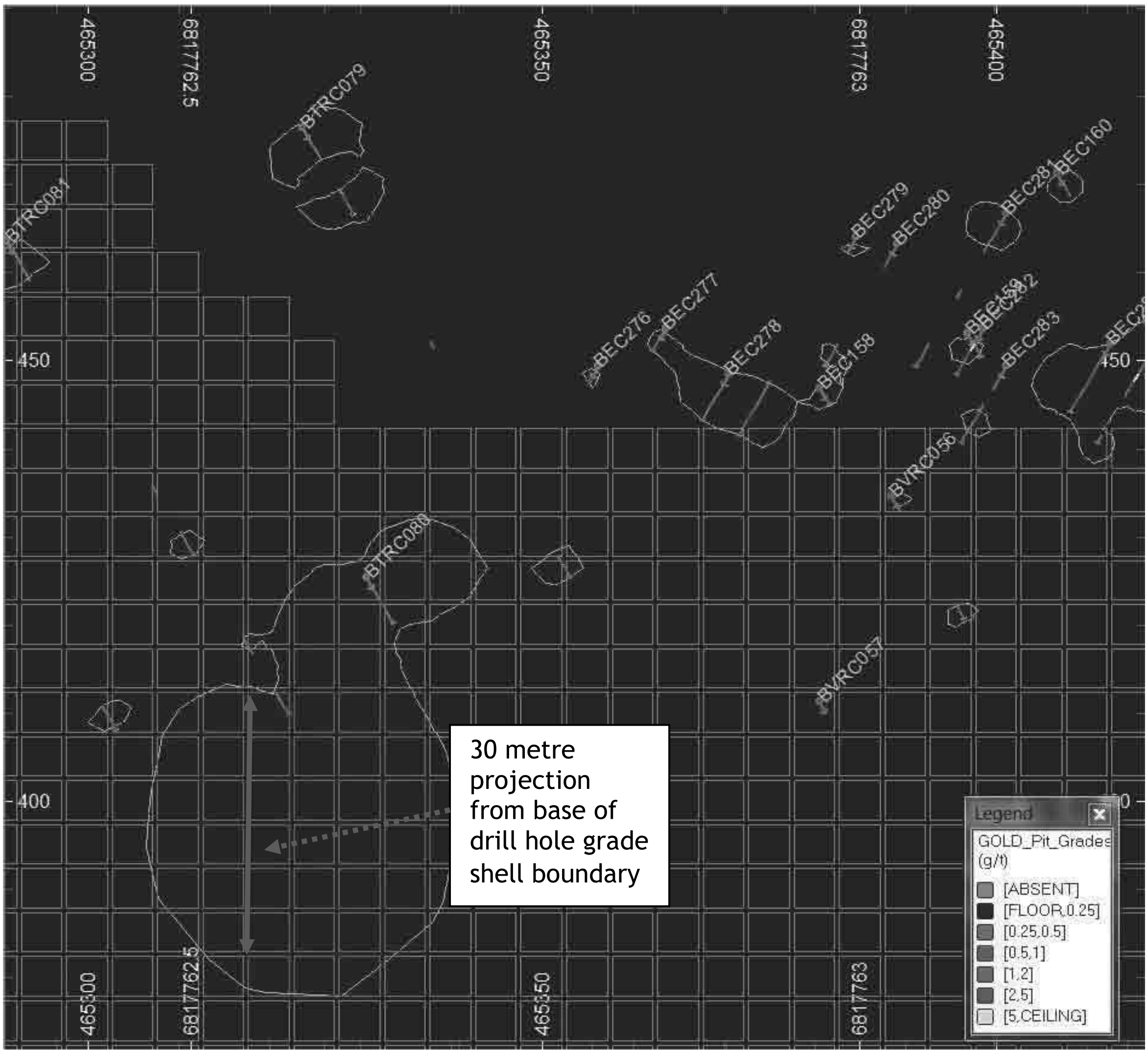
- Often no clear controlling factor is applied to mineralisation domain development;
- Wireframes generated may oversimplify the real geological structural/mineralisation geometries;
- Potential 'blow-outs' of domains into areas not well supported by drilling or into areas in which may not be geologically reasonable to expect significant mineralisation can occur;
- Some concerns that the mineralisation wireframe development may extend too far towards barren or sub-grade drill hole intercepts or into areas not well supported by drilling; thus presenting a possible volume over estimation.
- Sometime there is some observed 'bulging' and 'hour-glassing' of wire-frames at the drill hole intercept positions on the wireframes.
- Apparent over-simplification of the mineralisation wireframes tending to be observed in areas of sparse drilling. Often it is observed that apparently uniform mineralisation zones when compared to domains developed in the higher density drilling are not similar with respect to mineralisation spatial distribution. Clear differences in the apparent mineralisation distribution are often very clear when viewing higher density drilling such as the typical grade control patterns used in gold open-cut pits.

- The implicit modelling approach can sometimes inadvertently omit some of the necessary trained geological interpretation from the resource estimation process. If results not carefully checked, verified and audited, these could result in sub-optimal resource estimation.

It should be noted that QG in their resource report (Journeaux, 2012) also identified the risk associated with the Leapfrog wireframes stating “the greatest resource risk for the Burtville deposit is the difficulty in interpreting, defining and constraining the mineralisation” and recommended further action be taken to improve the quality of the mineralisation interpretation.

Ravensgate made reference in the October 2012 review of an example of a ‘blow-out’ around drill holes (Figure 13), where it is evident that an overestimation or resource volume is likely to result. The screen snapshot shows the drill holes and 0.5g/t grade domain shells created in Leapfrog.

Figure 13 Sectional View looking North of Grade Domain 'Blow-out' Around Drill Holes



This example (Figure 13) highlights the interpreted grade shell appears to ‘blow out’ from the base of the drill hole and up to a distance of 30m. This is an example of a mineralisation zone model in Ravensgate’s opinion that cannot be reasonably justified given the inherent mineralisation complexity at Burtville; particularly when viewed in the context of the available grade control drilling. The subsequent block model interpolation of block grades has used the grade associated with drill hole and used this to fill this portion of the grade shell. In the immediate surrounding area there is little evidence from adjacent drill holes to suggest that this is reliable. It is likely that un-constrained zones such as this will artificially inflate the reported resource tonnage and therefore associated metal content of the mineral resource.

5.3 Mineral Resources from Burtville Included in the Production Plan of the Company Model

A production plan for the greater Laverton Project contained within the Focus / QG Model was reviewed by Ravengate in October 2012, in conjunction with recent grade control and pit production data in order to assess the impact of the inclusion of the Burtville mineral resource. The production plan in the Focus Planning Resource Model reviewed at that time has a volume of approximately 2.5Mt at an average grade of 1.36g/t for a contained content of 109Koz. The mineral resources are divided approximately equally between Indicated and Inferred mineral resources.

The Life-Of-Mine 2013 forecast production schedule reveals that the expected total production from Burtville out to August 2015 is 7,116,894t at 1.34g Au/t. This total is comprised of 5,965,711t at 1.44g Au/t (High Grade) and 1,151,182t at 0.81g Au/t (Low Grade).

The high grade 5.966Mt figure is substantially larger than the 2.5Mt referred to in the October 2012 report, although similar to the 2.197Mt recently stated in Focus' January 2013 Monthly Production Report (Table 12). As previously noted, all these forecasts are substantially different from the newly revised grade control calibrated resource model showing the total resource as 1.41Mt (Table 12).

5.4 Conclusions

It is understood some difficulties are being encountered in achieving a reliable resource estimate for Burtville most likely due to the inherent structurally related mineralisation complexity. A key factor in the resource estimation issues at Burtville appears to be the difficulties of mineralisation interpretation and generating a reliable model from this. To help resolve the potential concerns related to deposit complexity and thereby build better predictive resource and production models for future forecasting use, Ravensgate suggests that the site based geologists, who are generally the best personnel to interpret and understand the local geology, are given the necessary support needed by management to generate new detailed geological interpretations which will hopefully lead to more robust resource model and production planning model.

If after a more intensive review of the deposit mineralisation geometries there is not a clear set of mineralised vein system directions or controls, which allows for a refined model to be developed, then a re-adjustment of the total mine production schedule will be required. This would curtail the Burtville production component from the total mine production schedule.

As a part of this revision the short range variability of mineralisation exhibited in the datasets reviewed to date need to be considered for the effects this will have on expected and actual rates of mining dilution which will have a direct bearing on project economics.

Given the new knowledge being gained at Burtville, and re-considering the earlier brief October 2012 review carried out by Ravensgate, it is now not certain if total contained ounces forecast to be extracted from the Indicated and also the Inferred Mineral Resource categories in the current production plan would be achieved. The main risk is that the contained ounces reported in the production plan are present in smaller, structurally controlled geological domains which will continue to result in higher percentage of ore dilution occurring. Also of some concern to Ravensgate is that the use of Leapfrog whilst is considered a quicker approach to modelling complex deposits, is not always seen as conforming to current industry standard practice standards as it is a relatively new technique in the context of stand-alone modelling methodology. Ravensgate recommends the modelling for Burtville needs to be carefully reviewed and at least in some part calibrated against the traditional manual modelling methods.

Finally, Ravensgate considers the inclusion of any Inferred mineral resources in any schedule to be a relatively high risk consideration. Resources of relatively low confidence should be dealt with carefully in this type of financial analysis. Ravensgate notes that JORC (2004) guidelines clearly state that Inferred Resources cannot be used to generate Mining Reserves due to their low level of confidence.

With respect to the problems observed with the Burtville resource model, Ravensgate reviewed an updated Life of Mine (LOM) plan by QG, which only included material from the updated grade control model for Burtville developed by Focus and Xstract. Ravensgate considers this approach reasonable.

5.5 Recommendations

It would be of benefit if an independent reviewer were to carry out an assessment of the resources based on a similar method to Leapfrog used by Focus and QG as well as a the traditional manual methods to compare any observed differences.

The geological interpretation should be conducted utilising manual techniques in order to prevent 'blow-outs' generated by software artificially increasing tonnages and metal content.

QG in their resource report (Journeaux, 2012) made a similar suggestion, which states "some improvements might be made with additional manual interpretation and adjustment to the Leapfrog interpretation on section, particularly in areas of greater drill density, with rejection of areas of very low grade. This refinement, while difficult and time consuming, is likely to improve the resource estimation and add considerable value to mining."

The prime objective of all resource models is to adequately represent to the best of the geologists knowledge and experience; the type of material and metal content to be expected and encountered in any given mining bench, should it be presented in an economic pit design. The dangers of resource over-estimation is that an optimised pit which is too large results in a loss of net revenue, whilst an underestimation can be nearly as problematic, in that a sub-optimal and inefficient pit design may result.

6. TENEMENT DETAILS

Table 14 Granted Project Tenement Details Australia

Tenement ID	Status	Expiry	Area (km^2)	Holder
Treasure Island				
E15/986	Granted	19/06/2013	95.43	Semro Pty Ltd
E15/1224	Granted	13/06/2016	131.60	Semro Pty Ltd

Notes: Licences under application and/or granted miscellaneous licences have been excluded from the list of tenements.

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8. GLOSSARY

A$	Australian dollars.
Andesite	An intermediate volcanic rock composed of andesine and one or more mafic minerals.
Data	Data pertaining to the physical properties of the Earth's crust at or near surface and collected from an aircraft.
Assay	A procedure where the element composition of a rock soil or mineral sample is determined.
Chalcopyrite	$CuFeS_2$, a copper ore.
Craton	Is an old and stable part of the continental lithosphere.
Dacite	Is an igneous, volcanic rock. It has an aphanitic to porphyritic texture and is intermediate in composition between andesite and rhyolite.
Density	Mass of material per unit volume.
Deposit	A mineralised body which has been physically delineated by sufficient drilling and found to contain sufficient average grade of metal or metals to warrant further exploration and development expenditure.
Diamond drilling	A method of obtaining a cylindrical core of rock by drilling with a diamond impregnated bit.
Dip	The angle at which a rock stratum or structure is inclined from the horizontal.
Dykes	A tabular body of intrusive igneous rock, crosscutting the host strata at a high angle.
Facies	Characteristic features of rocks such as sedimentary rock type, mineral content, metamorphic grade, fossil content and bedding characteristics.
Fault zone	A wide zone of structural dislocation and faulting.
Feldspar	A group of rock forming minerals.
Felsic	An adjective indicating that a rock contains abundant feldspar and silica.
Foliated	Banded rocks, usually due to crystal differentiation as a result of metamorphic processes.
Footwall	Surface of rock along the fault plane having rock below it.
g/t	Grams per tonne.
Gabbro	A fine to coarse grained, dark coloured, igneous rock composed mainly of calcic plagioclase, clinopyroxene and sometimes olivine.
Galena	Is the natural mineral form of lead sulphide. It is the most important lead ore mineral.
Geochemical	Pertains to the concentration of an element.
Geophysical	Pertains to the physical properties of a rock mass.
GIS database	A system devised to present partial data in a series of compatible and interactive layers.
Gneiss	Coarse-grained, banded metamorphic rock.
Granite	A common type of intrusive, felsic, igneous rock.
Greenstones	A broad term used to describe an elongate belt of rocks that have undergone regional metamorphism to greenschist facies.
Hangingwall	The mass of rock above a fault, vein or zone of mineralisation.
Igneous	A rock that has solidified from molten rock or magma.
In-situ	In the natural or original position.

Intermediate	A rock unit which contains a mix of felsic and mafic minerals.
Intrusion/Intrusive	A body of igneous rock that invades older rock.
Joint venture	A business agreement between two or more commercial entities.
JORC	Joint Ore Reserves Committee (of the Australian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and the Minerals Council of Australia).
JORC Code	A code developed by the Australian Joint Ore Reserves Committee which sets minimum standards for public reporting of exploration results, Mineral Resources and Ore Reserves.
kg/m^3	Kilogram per cubic metre.
kg/t	Kilograms per tonne, a standard mass unit for demonstrating the concentration of uranium in a rock.
Komatiite	Is a type of ultramafic mantle-derived volcanic rock. Komatiites have low silicon, potassium and aluminium, and high to extremely high magnesium content.
Lithology	A term pertaining to the general characteristics of rocks.
M	Millions.
Mafic	A dark igneous rock composed dominantly of iron and magnesium minerals (such as basalt).
Magnetometer	An instrument which measures the earth's magnetic field intensity.
Mass recovery	The percentage of mass recovered after processing.
Metamorphism	Process by which changes are brought about to rock in the earth’s crust by the agencies of heat, pressure and chemically active fluids.
Mineralisation	A geological concentration minerals or elements of prospective economic interest.
Mineral	A substance occurring naturally in the earth which may or not be of economic value.
Mineralised zone	Any mass of rock in which minerals of potential commercial value may occur.
Mineral Resource	A mineral inventory that has been classified to meet the JORC code standard.
mRL	Metres reduced level, refers to the height of a point relative to a datum surface.
Mt	Million Tonnes.
Open pit	A mine working or excavation open to the surface.
Ore	Material that contains one or more minerals which can be recovered economically.
Ore Reserve	An Ore Reserve that has been classified to meet the JOR code standard.
Orogen	A belt of deformed rocks, usually comprising metamorphic and intrusive igneous rocks, mostly occurring along the collision zone between cratons.
Outcrops	Surface expression of underlying rocks.
Outlier	A limited area of younger rocks completely surrounded by older rocks.
Percussion drilling	Drilling method of where rock is broken by the hammering action of a drill bit.
PGE	Also known as PGM are the six platinum group metals, which are ruthenium, rhodium, palladium, osmium, iridium, and platinum.

Phosphorite	Is a non-detrital sedimentary rock which contains high amounts of phosphate bearing minerals. The phosphate content of phosphorite is at least 15 to 20%
ppb	Parts per billion; a measure of low level concentration.
Proterozoic	Geological eon that extended from 2.5 billion to 542 million years ago.
Pyrite	A common, pale bronze iron sulphide mineral.
Pyrrhotite	A common, pale bronze iron sulphide mineral.
RAB drilling	A relatively inexpensive and less accurate drilling technique (compared to RC drilling) involving the collection of sample returned by compressed air from outside the drill rods.
RC drilling	Reverse Circulation drilling, whereby rock chips are recovered by airflow returning inside the drill rods, rather than outside, thereby returning more reliable samples.
Reserves	The portion of a mineral deposit which could be economically extracted or produced at the time of the Reserve determination. These are classified as either proven, probable or possible Ore Reserves based on the JORC code.
Resource	An occurrence of material of intrinsic economic interest in a form that provides reasonable prospects for eventual economic extraction. These are classified as Measured, Indicated or Inferred ore resources based on the JORC code.
Rock chip sampling	The collection of rock specimens for mineral analysis.
Sandstone	Sedimentary rock comprising predominantly of sand.
Sedimentary	Rocks formed by the deposition of particles carried by air, water or ice.
Shale	Fine grained sedimentary rock with well-defined bedding planes.
Sphalerite	(Zn, Fe)S is a mineral that is the chief ore of zinc.
Spot price	Current delivery price of a commodity traded in the spot market.
Strike	The bearing of a rock formation.
Stratiform	The arrangement of mineral deposit in strata or layers.
Strike	Horizontal direction or trend of a geological structure.
t	Tonne.
Tpa	Tonnes per annum.
Tenements	Large tracts of land granted under lease to mining companies and prospectors by the government.
US$	United States Dollars

APPENDIX 5 - INDEPENDENT SPECIALIST REPORT PREPARED BY QUANTITATIVE GROUP

Quantitative Group
Our Skills On *Your* Team™

resources & reserves
reconciliation
strategic mine planning
risk analysis
geometallurgy
audit
training & mentoring
project evaluation

Sherif Andrawes

BDO Corporate Finance (WA) Pty Ltd

38 Station Street

Subiaco, WA, 6008

14 March 2013

Dear Mr Andrawes

Re: Focus Minerals' Laverton Gold Project and Coolgardie Project

As per your instructions dated 20 February 2013, Quantitative Group Pty Ltd (QG) has completed an assessment of the reasonableness of the resources used in the preparation of the financial model used to value Focus Minerals (Laverton) Limited's Laverton Gold Project and Focus Mineral Limited's Coolgardie Project. As requested, we have also assessed the mining physicals, operating costs and capital costs for the two projects and provided a valuation for the mineral resources not included in our mining physicals plan.

QG understand you will rely on our assessments in your valuation and Independent Experts Report and a copy of our findings will be included in your Report.

Yours faithfully,

Scott Dunham

Principal Consultant / Director

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Geometallurgical Modelling
Mine Geology
Training

Focus Minerals (Laverton) Limited

Technical Assessment of Focus Minerals Limited and Focus Minerals (Laverton) Limited Including Technical Valuation of Unmined Mineral Resource Assets

Project Code:	FCM14714
Date:	14 March 2013
Authors:	S. Dunham, D. Purdey, M. Job, T. Journeaux
Reviewer:	S. Jackson

The conclusions and recommendations expressed in this report represent the opinions of the author(s) based on the data available to them. The opinions and recommendations provided from this information are in response to a request from the client and no liability is accepted for commercial decisions or actions resulting from them.

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Executive Summary

Quantitative Group Pty Ltd (QG) was engaged by BDO Corporate Finance (WA) Pty Ltd (BDO) to prepare an Independent Technical Assessment of certain key aspects of Focus Minerals (Laverton) Limited's (Laverton) operations and Focus Minerals Limited's (Focus) operations. This assessment is in relation to the takeover offer from Focus for all of the shares it does not currently own in Laverton. BDO will use QG's Technical Assessment as part of an Independent Expert's Valuation Report in relation to this share issue. As such QG is acting as a Specialist under the terms of the Valmin Code (2005).

BDO requested of QG:

1. For Laverton Gold Project:
    a. Provide a valuation of the Laverton resources not included in the life of mine schedule;
    b. An assessment of the reasonableness of the resources used in the preparation of the financial model used to value the Laverton Gold Project (with the exception of the Burtville resources) included in the life of mine schedule;
    c. Provide a schedule of mining physicals for the Laverton Gold Project;
    d. Provide an operating cost schedule for the Laverton Gold Project; and
    e. Provide a capital cost schedule the Laverton Gold Project.
2. For Focus Coolgardie Gold Project:
    a. Provide a valuation of the Focus resources not included in the Coolgardie life of mine schedule;
    b. An assessment of the reasonableness of the resources used in the preparation of the financial model used to value the Coolgardie Gold Project;
    c. Provide a schedule of mining physicals for the Coolgardie Gold Project;
    d. Provide an operating cost schedule for the Coolgardie Gold Project; and
    e. Provide a capital cost schedule the Coolgardie Gold Project

In preparing this report, QG has relied upon information provided by Focus, Laverton and publicly available data. We have assessed these data for reasonableness and its suitability for determining valuations and public reporting.

QG has prepared a previous Specialists Report for the Laverton and Focus assets (Dunham et al., 2012) and this report is an update of the previous report. For the previous report, QG visited the Coolgardie asset to independently validate and confirm the information contained in the data room. QG has previously visited the Laverton asset (during 2011 and 2012) and is relying on these previous visits to validate information provided by Focus.

Assessment of Mineral Resources

QG reviewed the resource estimation practices at both Laverton and Coolgardie to assess the suitability of these resources for mine planning and valuation. Our assessment includes reviewing descriptive documentation provided for each resource estimate, where possible loading Focus' resource models and drill hole data and independently verifying the reported tonnes and grade of the resources. QG also examined the resource classification and assessed it for reasonableness.

In QG's opinion the resources at Focus' Coolgardie Project are suitable inputs for mine planning and valuation. The resources contained in the Laverton Gold Project are also suitable inputs for mine planning and valuation with the exception of parts of the Lancefield camp where the estimates have not been updated since the mid-1990's and the level of documentation is poor. In QG's opinion these resources are higher risk than the other resources in the Laverton area and we have therefore discounted their inclusion in the mine physical schedule.

QG note that at both Coolgardie and Laverton, only a relatively low proportion of the total reported mineral resource has been analysed to a sufficient level for an ore reserve to be reported and for the material to be included in the mine physical schedule. Therefore material not included in the mining physical schedule has been separately valued along with the other non-mined resources at Laverton and Coolgardie.

Mine Physicals Model

Focus provided QG its company mining schedule and financial model (the model) for both Coolgardie and Laverton. QG reviewed this model, and discussed the planning strategy with Focus' senior mine planning personnel. Following this review QG assessed the reasonableness and suitability of the model for asset valuation. The final model was checked for errors before it was used for this assessment.

The Focus model includes known ore reserves, known mineral resources including Inferred Resources and some allowance for future exploration success. Adjustments were required in order to perform a valuation under the framework of the VALMIN Code. Therefore QG modified Focus' model by removing production sources that are not currently classified as ore reserves or where there was no analysis supporting the economic viability of mining the production source.

In addition to modifying the production sources, QG made alterations to the mining costs and capital costs recorded in the model. These changes were based on analysis of Focus' current strategic approach, recent performance, comparison to current performance at similar operations and to allow for the changes to the number and timing of production sources.

For the purposes of assessing the Laverton and Coolgardie mining assets, QG developed three alternative alternatives; a preferred case, a low case and a high case. QG's physicals production model, operating and capital schedules were provided to BDO as per the terms of engagement.

Valuation of Additional Resources

The Laverton and Coolgardie tenements held by Laverton and Focus contain a large number of known mineral resources. Some of these resources have been assessed by qualified mining professionals and converted to ore reserves after consideration of modifying factors as required by the JORC Code (2004). Due to the nature of the mineralisation and Focus' operating strategy, many of the known resources have not been assessed for conversion to ore reserves, therefore no valid mine planning or economic evaluation has been performed on these resources. Under the terms of our engagement BDO requested QG provide a valuation of these of these additional resources in addition to the mine physicals model.

There are a number of industry recognised approaches for valuing mineral assets when it is not appropriate to assess value using discounted cash flow (DCF) techniques. In particular the most common valuation methodologies include:

- The Multiple of Exploration Expenditure method;
- The Comparable Transaction method; and
- The In Situ Resource method.

These different methods are suitable for different stages of exploration and resource development (as outlined in the VALMIN Code) and it is the role of the Specialist engaged in conducting the valuation to determine which method(s) are most appropriate for each asset considered. In QG's opinion the most suitable method for both the Laverton and Coolgardie additional resources is the In Situ Resource method. This method was preferred due to the proximity of the additional resources to the existing Focus mining operations and the status of resource development.

The method was applied after first assessing if the resource was included in the mine physicals schedule to ensure the value was not already accounted for. QG further assessed the nature of the resource to determine the likelihood it was sterilised by previous mining. Sterilised resources were assigned a zero value. The resources remaining after this analysis were valued between 1% and 5% of the FY2013 gold price provided by BDO. This factor is consistent with industry practice in valuing mineral resources. Determination of the final factor used was based on a combination of considering the classification of the additional resource, the grade of the mineralisation, its depth and if in QG's opinion there is potential for the resource to be expanded or improved by additional exploration. Factors were determined on a resource-by-resource basis. The average of all factors applied for our preferred case was 3.0%.

Resource Value and Mine Physicals Schedule

QG's assessment of the value of the additional resources at Laverton and Coolgardie is summarised in Table 1. As per the terms of our engagement this excludes any consideration for the Treasure Island exploration asset. The Burtville component of the mine physicals schedule is based on Ravensgate's opinion of material suitable for inclusion.

This valuation is an update of our October 2012 report. Changes in market conditions, in particular a softening in the long term gold price out look, have affected our opinion of the resource value. Similarly additional information and mining performance since October 2012 have altered the mining physicals and cost schedules provided to BDO.

	Contained Ounces				Value ($ million)		
Resource Name	**Measured**	**Indicated**	**Inferred**	**Total**	**Low**	**Preferred**	**High**
Laverton	4,000	287,000	249,000	540,000	23.9	28.5	33.4
Coolgardie	28,500	233,000	225,500	487000	27.2	29.3	33.2
Total	**32,500**	**520,000**	**474,500**	**1,027,000**	**51.1**	**57.8**	**66.6**

Table 1. Valuation of Additional Resources.

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1 Introduction

Quantitative Group Pty Ltd (QG) was engaged by BDO Corporate Finance (WA) Pty Ltd (BDO) to prepare an Independent Technical Assessment of certain key aspects of Focus Minerals (Laverton) Limited's (Laverton) operations and Focus Minerals Limited's (Focus) Coolgardie operations. This assessment is in relation to the takeover offer from Focus for all of the shares it does not currently own in Laverton. BDO will use QG's Technical Assessment as part of an Independent Expert's Valuation Report in relation to this share issue. As such QG is acting as a Specialist under the terms of the Valmin Code (2005).

1.1 Terms of Reference

The scope of QG's Independent Technical Assessment report is outlined in BDO's letter of instruction to QG (Appendix A). Specific items included in the scope are:

LAVERTON GOLD PROJECT

- A valuation of the resources not included in the Laverton life of mine;
- A technical assessment of certain key assumptions underlying the Laverton model including:
    - An assessment on the reasonableness of the resources used in the preparation of the financial model used to value the Laverton Project;
    - Mining physicals (including tonnes, recovery and grade);
    - Operating costs (mining operation, surface haulage, processing, accommodation and messing, royalties and general and administration); and
    - Capital costs (mining capital costs, processing capital costs, resource definition, general and administration).

FOCUS COOLGARDIE PROJECT

- A valuation of the resources not included in the Coolgardie life of mine;
- A technical assessment of certain key assumptions underlying the Coolgardie model including:
    - An assessment on the reasonableness of the resources used in the preparation of the financial model used to value the Coolgardie Project;
    - Mining physicals (including tonnes, recovery and grade);

- Operating costs (mining operation, surface haulage, processing, accommodation and messing, royalties and general and administration); and
- Capital costs (mining capital costs, processing capital costs, resource definition, general and administration).

QG understand these assessments, physical schedules and cost profiles will be used by BDO to form the basis of an Independent Expert's Report for Laverton. Gold prices and foreign exchange rates were set by BDO.

QG note BDO specifically excluded the Laverton Burtville resource from QG's assessment due to a potential conflict of interest and therefore QG's involvement with the Burtville asset has been limited to incorporating the assessment of another Specialist (Corvidae Pty Ltd ATF Ravensgate Unit Trust, or Ravensgate) into the consolidated mining physicals for the Laverton operations.

A number of other factors that impact on public reporting of resources and reserves under the terms of the JORC Code[1] (2004) are also excluded from this report; specifically matters relating to:

- Government and regulatory approval for operations;
- Community and social impact;
- Environmental factors and operating conditions; and
- Legal factors.

QG's report is therefore solely an assessment of the technical geological, mining and metallurgical aspects of the assets. It represents QG's opinion of the potentially recoverable ore reserves for the two operations if the 'modifying factors' identified above are satisfactorily managed.

1.2 Independence

Quantitative Group Pty Ltd is a privately held company. Neither QG nor any of the authors of this Technical Assessment Report have a pecuniary or beneficial interest in Focus Minerals (Laverton) Limited, Focus Minerals, any parties involved in promoting the assets assessed by the report, or the assets themselves.

[1] The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

[2] The mineralisation in the Coolgardie district is highly variable and discontinuous. This variability impacts on the confidence levels of resource estimates making it unreasonable to classify some mineralisation as Measured Resource until after it has been exposed in mine

Focus Minerals (Laverton) Limited is paying QG a service fee for the production of this report. The value of this fee is not dependent on the outcome of the assessment. QG's service fee is based on standard hourly-basis consulting rates. Our fee for preparing this report was $54,690 excluding GST. This fee is the total of consulting costs and disbursements.

QG has previously conducted various technical consulting assignments for Focus Minerals (Laverton) Limited and Focus Mineral Limited including:

- Various reviews and reports assessing the quality of Focus' resource models, grade control and sampling practices;

- Assistance with technical advice on aspects of resource estimation such as variogram modelling and quantitative kriging neighbourhood analysis; and

- Estimation of some of the mineral resource assets held by Focus; specifically the Burtville resource at Laverton. Accordingly QG has not assessed the Burtville resource in this report.

1.3 Qualifications and Experience

The primary author of this report, Mr Scott Dunham, is a qualified geologist and mining technical professional with more than 25 years international experience in the mining industry. Mr Dunham is a Director of QG and Principal Consultant. He is a Fellow of the Australasian Institute of Mining and Metallurgy (the AusIMM) and has the appropriate qualifications and experience to act as a Competent Person as defined in the JORC Code and to satisfy the requirements of an Expert and Specialist as defined in the Valmin Code.

The report co-authors, Mr David Purdey, Mr Mike Job and Mr Tim Journeaux, are all Members or Fellows of the AusIMM, have at least 20 years international experience in the mining industry and are employed as Principal Consultants. Mr Purdey is a Mining Engineer, Mr Job is a geologist and Mr Journeaux is a geologist. The co-authors have the requisite experience and qualifications to act as a Competent Persons as defined in the JORC Code and to satisfy the requirements of an Expert and Specialist as defined in the Valmin Code.

1.4 Sources of Information

In preparing this report QG has relied upon data provided by Laverton, Focus and publicly available data. QG was provided access to a wide range of reports, spreadsheets, resource models and estimates, production schedules, audits and reviews and other such data as required to complete this assessment. In addition QG had access to and held discussions with Focus' technical personnel involved in the estimation of resources and reserves and in production planning and forecasting.

QG has previously prepared a Specialists Report (Dunham et al., 2012) for the assets considered in this report. The previous report was commissioned by BDO for a separate transaction that was finalised in early 2013. In producing this current report QG has used data, information and knowledge gained during the previous assessment. This report updates our previous opinion.

For the previous report (Dunham et al., 2012) QG visited the Coolgardie asset to independently validate and confirm the information contained in the data room. QG has previously visited the Laverton asset (during 2011 and 2012) and is relying on these previous visits to validate information in the data room. No new visits were made to either the Laverton or Coolgardie sites.

Laverton and Focus provided QG with additional data as requested where such data was available. In some instances however the requested data was not available, and in these cases QG's assessment is based on its experience with similar mineralisation and operations.

1.5 Reliance on Other Experts

In preparing this report QG has relied on an assessment of the Burtville resource estimate completed by Ravensgate Pty Ltd.

QG has independently reviewed the majority of the resource and reserve estimates this assessment is based upon. Some minor resources were not reviewed and are not considered material to our assessment.

BDO commissioned an independent review of Laverton's and Focus' mineral tenement status. Legal firm Murcia Pestell Hillard (MPH) completed this review and identified no material issues that would impact on QG's valuation. QG is satisfied, based on MPH's review, that the values assigned to the resources correctly reflect Focus' ownership.

1.6 Consent

This report has been provided to BDO for the purpose of forming its opinion in relation to the transaction described in Section 1 of this document. QG gives its consent for this report to be appended to BDO's report.

2 Description of Mineral Assets

Laverton and Focus produce gold from two districts in Eastern Goldfields of Western Australia; the Laverton and Coolgardie regions (Figure 1). Both regions have a long history of gold production dating from the 1890's to the present day. The mineral assets of the two companies consist of multiple underground and open pit gold mining operations. Production from Laverton operations is currently treated through Barrick Gold Limited's Granny Smith mill under a formal ore processing agreement. In contrast, Focus own and operate a fully refurbished gold treatment plant in Coolgardie (The Three Mile Hill plant).

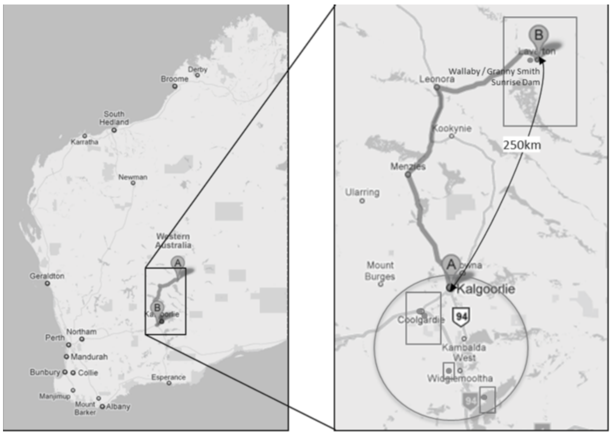

Figure 1. Location of Focus' Coolgardie and Laverton mineral assets

2.1 Focus Coolgardie Operations

Coolgardie is located in the Eastern Goldfields of Western Australia at Latitude 30°90' S and Longitude 121° 11' W. Coolgardie is accessed by major highway from Perth (~550 km) or from Kalgoorlie (~35km). The prospectors Bayley and Ford first recorded gold in the Coolgardie district in 1892. The Coolgardie field was developed by numerous small mines exploiting small tonnage high grade quartz reefs and shears until the potential of the Coolgardie area was eclipsed by larger discoveries made further east around Kalgoorlie. The Bayleys Reward operation was continually worked until 1963. Focus Minerals Limited formed in 2001 and in the period from 2001 to 2012 has worked on consolidating the lease holdings in the Coolgardie region under one company.

Focus is currently producing from one underground mine (The Mount) and two open pits in the Tindals area (Tindals and Greenfields). Plans are in place to recommence production from the Tindals underground mine in the first half of 2013. Total annual production from the Coolgardie region in FY 2012 was 1,182,979 tonnes grading 2.49 grams per tonne (g/t) gold (Au) for a total of 89,959 recovered gold ounces (Focus June 2012 Quarterly Report). The mineral assets assessed in this report can be divided into five distinctly mineralised zones as follows (Figure 2):

1. Tindals Mining Centre;
2. Three Mile Hill;
3. Lindsays-Bayleys;
4. Norris; and
5. The Mount.

Figure 2. Location of Coolgardie Resources.

Focus has a successful track record of identifying new mineral resources in the Coolgardie district and has been steadily increasing the total mineral inventory faster than the average rate of depletion through mining. Following QG's review of the exploration potential at Coolgardie, it is considered likely that Focus will continue to identify additional mineralisation given sustained or increased exploration expenditure.

2.1.1 Geology

Focus' Coolgardie area is part of the larger Coolgardie Goldfield and is situated on the western side of the Archean Norseman Wiluna Belt of the Eastern Goldfields Province. The Coolgardie area sits in the Coolgardie Domain, one of six tectono-stratigraphic domains that comprise the belt. These domains run NNW- SSE and are bounded by large-scale regional faults and thrusts. The dominant rock types in the Norseman-Wiluna Belt include intrusive komatiites (ultramafic), mafic intrusive and extrusive rocks, along with sedimentary sequences and felsic intrusives. The Belt is intruded by voluminous high Ca granites throughout the area (2.67 to 2.65 Ma), much of this with associated strike slip reactivation of earlier faults. The Coolgardie Domain and project area is located on the SW margins of the Belt.

The Coolgardie Domain is bounded to the west by the Ida fault and to the east by the Zuleika shear. The Coolgardie Domain is intruded by several granitoids of the Woolgangie supersuite. The largest of these in the project area is the Calooli Monzogranite which crops out on the south-western side of the project area. The granite has a Pb- Pb radiogenic age of 2665 Ma, consistent with the age of other granites in the Kalgoorlie – Coolgardie area.

2.1.2 Resource Estimates

Tindals

The Tindals project hosts the majority of the reported mineral resource at Coolgardie (Appendix B). Gold mineralisation is hosted in diorites on or near the regional north-northeast trending Redemption Fault Corridor. The diorites have varying orientations, from sub-vertical to horizontal. There are fifteen different reported resources in this area and many as yet untested prospects.

The resource estimates are based on reverse circulation (RC) and diamond drilling (DD) samples with the majority of samples pre-dating Focus' ownership of the asset. The drill hole sample data has been extensively verified by Focus; however, much of the available assay data lacks modern quality assurance data used to detect sampling bias and precision issues. Focus has drilled additional holes to validate the historic data and the geology, geometry and grade of the pre-Focus drilling are largely confirmed by this check sampling.

The geological interpretation uses the available drill hole data and mapping. Estimation domains are defined using a combination of geology and a 0.5 g/t Au grade shell. A top-cut (grade cap) is applied prior to grade estimation using Ordinary Kriging. In QG's opinion the resource estimation approach is reasonable for this type of mineralisation and is a good global estimate of the contained tonnes and grade of the resource. On a local (mining) scale the resource will most likely be more variable than indicated in the model and therefore good grade control practices are required to ensure correct ore/waste allocation.

The resources are classified according to the JORC Code (2004) using a combination of drilling density, geologically assessed confidence in the interpretation and a combination of statistical and geostatistical parameters. In QG's opinion the classification approach is sound and the results are an appropriate indication of the confidence in the estimates.

Three Mile Hill

Three Mile Hill is comprised of the Greenfields and CNX deposits. Mineralisation is hosted in the Three Mile Hill dolerite with higher grades occurring on fractures and in veins. Lower grade material occurs in disseminations distal to the vein system. The main mineralised lode is sub-vertical and up to 15m wide. Smaller lodes occur in the hangingwall of this main lode.

The resource estimates are based on reverse circulation (RC) and diamond drilling (DD) samples with the majority of samples pre-dating Focus' ownership of the asset (similar to Tindals). The drill hole sample data has been extensively verified by Focus as described above for Tindals. Focus has drilled additional holes to validate the historic data and the geology, geometry and grade of the pre-Focus drilling are largely confirmed by this check sampling. In some cases the grade of close space (twinned) RC and DD holes are materially different (Figure 3). This may be due to the orientation of flat, ladder-style quartz veins that control the mineralisation.

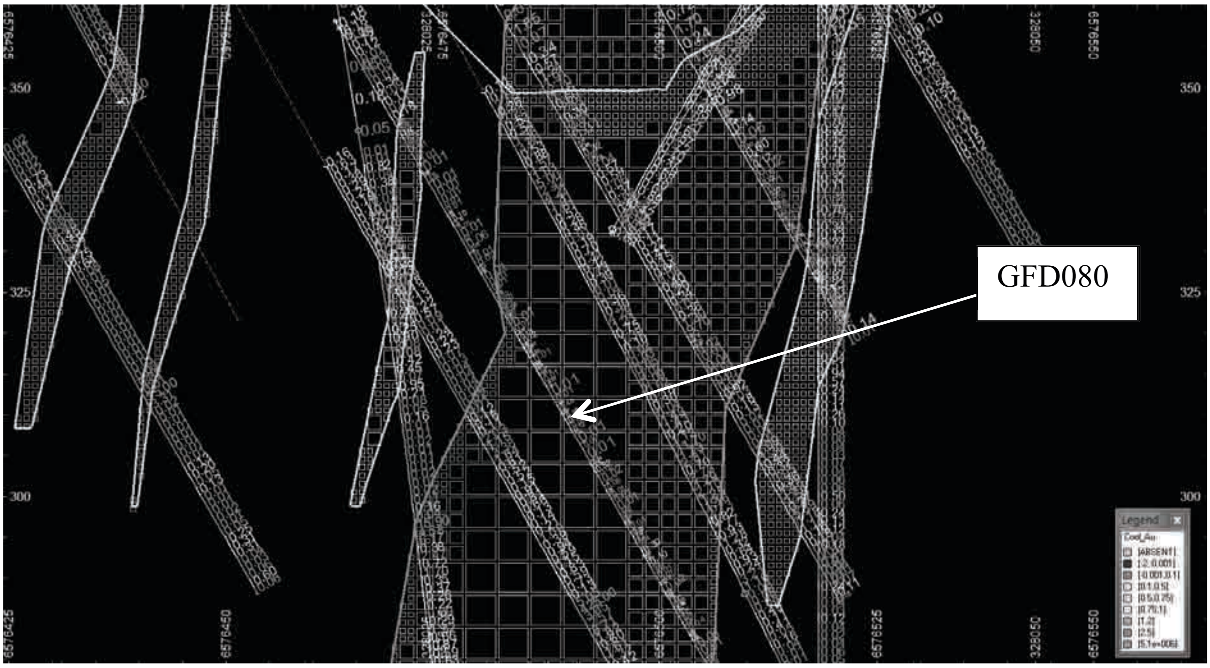

Figure 3. Highly variable grade in close spaced holes.

The mineralisation geometry is interpreted as vertical using drill hole data. The overall lode geometry is well defined; however, there is a complex internal vein geometry at a different orientation to the general trend of the lodes. The lode is defined using a 0.5 g/t Au grade shell within Unit 4 of the Three Mile Hill dolerite. Grade estimation is by Ordinary Kriging within the interpreted domains using top-cut data. QG considers the estimation approach and practice reasonable and appropriate for this style of mineralisation. Local (mining scale) differences between the estimate and true geometry and grade may occur due to the different orientation of the ladder-style veins and the overall lode geometry. A suitable grade control process will be required to minimise ore/waste misallocation.

The resources are classified according to the JORC Code using a combination of drilling density, geologically assessed confidence in the interpretation and a combination of statistical and geostatistical parameters. In QG's opinion the classification approach is sound and the results are an appropriate indication of the confidence in the estimates.

Lindsays-Bayleys

The Lindsays-Bayleys project consists of three reported resources; Hillside, Lindsays and the King Solomon/Queen Sheba complex. The mineralisation is hosted in a northwest trending dolerite, possibly equivalent to the Three Mile Hill dolerite that hosts the Three Mile Hill resources. Gold mineralisation occurs in stacked quartz-sulphide vein systems and selvages dipping 30° to the northeast. The mineralisation controls are poorly understood and there is significant potential for additional mineralisation to be identified.

The majority of the drill hole data (both RC and DD) pre-date Focus' involvement in the project and dates from the late 1970's. The area has had numerous owners resulting in multiple and disparate logging and sampling practices. The pre-Focus sampling consisted of both aqua regia and fire assay analyses. These two methods show a distinct bias (up to 30%) illustrating the poor quality of some of this data. Analysis of duplicate samples shows equally poor precision results. Drill hole spacing is at best 20m x 20m near the surface and getting broader below 100m depth.

The resource model is based on broad geological domains interpreted to coincide with fault and dolerite contacts. Consequently the domains include a high proportion of sub-grade material and represent an almost unconstrained estimation approach. A top-cut was applied on a domain by domain basis to limit the influence of very high grades. The estimate used a large number of samples (up to 70) and large search distance. This approach will result in a very smooth estimate that likely over-estimates the tonnes and under-estimates the grade of the mineralisation.

The resource is classified according to the JORC Code (2004) based on the number of composites used during estimation and the geostatistical slope of regression. There is no consideration of data quality or geological confidence incorporated into the classification scheme.

In QG's opinion the main Lindsays model is potentially flawed due to the apparent bias between the aqua regia and fire assay analyses. This, combined with the high degree of smoothing resulting from the estimation approach, means the estimate is potentially both globally and locally incorrect and any mining activity is likely to only poorly reconcile compared to the estimate. In QG's opinion there is clearly a zone of potentially economic mineralisation at Lindsays; however the current level of evaluation is insufficient for mine planning and additional work is required for this resource.

The Mount

The Mount resource is located approximately 130km, by road, south-south west of Kalgoorlie, or 4km south-south west of the township of Widgemooltha in Western Australia. The mineralisation is hosted in a number of narrow, near vertical, tourmaline, biotite and carbonate altered shears in an ultramafic rock mass. The shears range from 0.5m to 2.5m wide and have a combined strike extent of approximately 250m.

The majority of drilling data used for the resource estimate is relatively recent and was drilled by Focus and Austminex Limited. The drilling is about a 50:50 mix of DD and RC. Grade control samples (underground face sampling) have also been used in the resource estimate. The mineralisation has been drilled from underground on a 20m x 20m grid for the westernmost lodes, extending to 80m x 80m for the eastern lodes. Face samples are collected every 2.5m along ore drives. The samples were analysed using fire assay (DD and RC) and Leachwell™ for the underground face samples. Appropriate sample and analytical quality management processes are in place and the sample data is of good quality.

Ten major lodes and 70 smaller veins occur at The Mount. The mineralisation is interpreted using geological data from logging and a 1g/t Au domain boundary. The geometry of the shear zones is predictable; however, grade continuity along and between mining levels can be poor, with some of the eastern lodes in particular having alternating runs of high grade and sub-grade between face samples. Grade estimation is by 3-dimensional Ordinary Kriging using a top-cut on the samples. The samples are composited to 2m prior to estimation although smaller composites are allowed. This has resulted in the average 'composite' length being closer to 1m. Therefore, there is not equal support, and from a theoretical standpoint, 3-dimensional Ordinary Kriging should not be used. This would have serious implications if higher grade zones were associated with shorter sample lengths. However, this is not the case at The Mount and the length weighted grades for the main lodes are about the same as the unweighted grades thus supporting the method applied.

The resource is classified according to the JORC Code on the basis of sample spacing. Measured Resources are limited to areas adjacent to mining level where there is face sampling. The distinction between Indicated and Inferred Resources is dependent on DD and RC hole spacing. In QG's opinion the classification approach is sound and the results are an appropriate indication of the confidence in the estimates.

2.1.3 Mining Operations

Focus operate both underground and open pit mining at Coolgardie. The underground operation is The Mount mine. The current open pits include Tindals and Greenfields. The underground and open pit operations all provide feed to Focus' Three Mile Hill ore treatment facility.

Underground Operations – The Mount

Underground operations at The Mount are accessed from a single portal and 5.5m x 5.5m decline. The mine is currently developed to a depth of approximately 100 m below surface. Level intervals are generally at 20m intervals. Ground conditions are generally good and, coupled with the relatively shallow mining depth no stress-related issues occur. Ore is extracted using longhole open stoping with no back fill. Stopes are extracted down to a minimum mining width of 1.0m. In narrower zones, some stoping is undertaken by hand-held methods. Gallery stoping is used above top levels closer to surface where there is no conventional development access.

Open Pit Operations

Open pit operations at Coolgardie are currently centred around the Tindals and Greenfields resources. Focus operate several open pit mines in the area, typically with two or three in production at a time while other resources are undergoing evaluation. The pits are typically shallow and short-lived; however in more recent times Focus has progressed to mining larger open pit volumes and it is likely that the future production profile from Coolgardie will be dominated by material sourced from open pit mining.

Mining is by conventional open pit techniques following a typical drill and blast, load and haul cycle with blast hole grade control. The haulage mining fleet is owned and operated by the mining contractor (Barcon Logistics) and the drill and blast fleet is owned and operated by Pettingil Blasting Services. Load and haul operations are day shift only for five and a half days a week. Drill and blast operations operate seven days a week.

Three Mile Hill Ore Treatment Facility

Focus recommissioned the Three Mile Hill ore treatment facility and re-started ore processing in December 2009. The plant is a conventional carbon-in-leach (CIL) operation. Ore is initially crushed to 106µ before undergoing cyanidation, carbon adsorption and electrowinning to recover the free milling gold in mill feed. The maximum sustainable mill throughput is 165 tonnes per hour (tph) and Focus target processing a blend of oxide (open pit) and fresh (underground) ore at an average rate of 155 tph.

Ore comminution is a conventional three-stage crushing circuit consisting of a primary jaw crusher operating in open-circuit and secondary and tertiary cone crushers operating in closed circuit. A single stage ball mill discharges to sizing cyclones. Cyclones overflow reports to the leach and adsorption circuit which consists of two leach tanks or 6-7 hours residence time each for a through put of 150-165 tph. Leached slurry then reports to a train of 10 adsorption tanks. Cyclone underflow is split, with one half reporting back to mill feed for regrind, and the other half reporting to the gravity screen to feed the Falcon concentrator. Gravity gold is treated in an inline leach reactor (ILR). Approximately 120 tph of tails is directed to a thickener for water reclamation. Remaining tails is directed to the tailings storage facility (TSF). Thickener underflow also reports to the TSF.

2.1.4 Assessment of Reasonableness for Inclusion in Financial Model

The resource estimates described in Section 2.1.2 of this report form the basis of the tonnes and grade used for scheduling mine production and valuing the Coolgardie asset. In QG's opinion the reported resources and ore reserves are a reasonable representation of the known mineral inventory at Coolgardie and are therefore appropriate for inclusion in financial modelling and valuation. QG note however, that due to the nature of the mineralisation[2] at Coolgardie and Focus' strategic approach[3], only a relatively low proportion of the mineral resource has been analysed to a sufficient level for an ore reserve to be reported. Therefore in preparing a production schedule only a small proportion of the known mineralisation at Coolgardie can be included under the framework of this assessment and the VALMIN Code.

In order to assess and develop ore reserves for the additional known mineralisation, Focus will need to continue and/or accelerate exploration and resource development activities in the district. Until sufficient work has been performed in order for there to be adequate confidence in the resources for them to be classified as Measured and Indicated under the JORC Code and until appropriate mining studies have been completed, it is inappropriate to value these known Inferred Resources using a discounted cash flow (DCF) approach. Alternative valuation methodologies including:

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[2] The mineralisation in the Coolgardie district is highly variable and discontinuous. This variability impacts on the confidence levels of resource estimates making it unreasonable to classify some mineralisation as Measured Resource until after it has been exposed in mine workings. Similarly the level of geological data and sampling required for a resource to be classified as Indicated is higher than for less variable mineralisation. As a consequence, some operators, including Focus, proceed to a decision to mine mineralisation that is classified as an Inferred Resource (e.g. The Mount). Under the terms of the JORC Code, Inferred Resources cannot be converted to Ore Reserves.

[3] Some gold mining companies routinely maintain only 2-3 years of ore reserves ahead of production. This practice occurs due to a number of factors including:

- The potential for exploration to identify additional material adjacent to existing operations;
- The potential for exploration to identify higher value material that would displace other material already classified as ore reserves;
- The cost associated with conducting mining studies to a sufficient level of confidence for ore reserves for material that may not be mined for several years in the future; or
- The rapid discovery and depletion of small deposits (sometimes an complete open pit may be mined in less than 12 months);

There are several examples of gold mining districts that have had sustained production for long periods of time despite maintaining such a low ore reserve inventory. Examples include the Norseman goldfields in Western Australia where exploration success has continued to replace mine production resulting in sustained mining operations for more than 60 years.

- Similar or previous transactions;
- Multiples of exploration expenditure; or
- Heuristic or 'rules of thumb' valuations based on heavily discounted (typically 1%-5%) valuation of the total resource inventory.

These methods typically result in lower valuations when compared to DCF approaches. This lower value is appropriate for the level of uncertainty and risk associated with the low confidence Inferred Resources.

2.2 Laverton Gold Project

Laverton's gold operations are centred around the township of Laverton in Western Australia, 960km North-Northeast of Perth. Like Coolgardie, the Laverton district has a long history of gold production and is the second largest gold producing district in Australia hosting significant mineralisation at the Wallaby, Sunrise Dam and Granny Smith mines along strike from Laverton's operations.

Laverton is currently producing from the Burtville open pit operation and is developing plans to develop more open pits and underground operations in the future. As at 30 June 2012, Focus reported a mineral resource of 29.2 million tonnes grading 2.2 g/t Au (Appendix C). Following Focus' acquisition of the majority of Laverton in 2011, a review of the district geology plus additional geological investigations including drilling has allowed the mineral resource inventory to be increased compared to those reported on June 30 2011. These increases are greater than the current mining production rate.

The mineral assets assessed in this report can be divided into 6 distinct mineralised zones as follows:

1. Barnicoat;
2. Burtville;
3. Central Laverton;
4. Chatterbox;
5. Jasper Hills; and
6. Lancefield.

In addition to the reported mineral resources, the Laverton district remains prospective for additional mineralisation.

2.2.1 Geology

The Laverton Greenstone Belt (LGB) is located in the North Eastern Goldfields of the Archaean Yilgarn Craton of Western Australia. Focus' Laverton resources lie within the Laverton 1:250,000 geological mapsheet, which covers part of the Archaean Laverton-Linden Tectonic Zone and the northern margins of the Laverton Basin. Tectono-stratigraphic evolution of the LGB involves amalgamation of structural relics of sedimentary basins and continental fragments in the Burtville Terrane to the east prior to their accretion to the Kurnalpi Terrane to the west. The Kurnalpi Terrane is dominated by 2715-2700 Ma andesitic volcaniclastic rocks with erosional remnants of <2675 Ma siliciclastic sequences.

2.2.2 Resource Estimates

Barnicoat

The Barnicoat resources include the Admiral Hill, Barnicoat, Bells, Black Label, Castaway, Grouse, Ida H, Lily Pond Well and Sickle deposits. Mineralisation is narrow vein and structurally controlled, associated with the Barnicoat Shear Zone. The resources occur in multiple lodes and due to the size and complexity of the mineralisation, a detailed geological and mine planning assessment is required for each lode before production.

The deposits have been drilled using a combination of techniques including RC, DD and some rotary air blast (RAB), air core (AC) and blast hole grade control holes. The drilling history is poorly reported and little to no quality assurance data is available except for the Castaway and Sickle deposits. The assay technique applied is not reported.

Each of the resource estimates are based on a similar approach. Cross-sectional interpretation was completed using a nominal 0.3 g/t Au cut-off (0.5g/t Au at Castaway). These interpretations were modelled in 3-dimensions and used to control the grade estimation process. Grade estimation was a combination of Ordinary Kriging and Inverse Distance Weighting methods. Search ranges were generally short and relatively few samples were used to estimate a block.

The majority of Barnicoat resources are classified as Indicated and Inferred. The only Measured Resource in the camp is the Sickle deposit. The classification approach is unreported except for Sickle and Castaway. In QG's opinion the approach adopted at Sickle is reasonable for the material classified as Indicated and Inferred; however, the classification of some material as Measured is considered optimistic. In the case of Castaway, the classification, which is based on drill hole spacing is reasonable. The classification approach for the remaining Barnicoat resources is optimistic and in QG's opinion these resources should be considered Inferred.

Burtville

Assessment of the Burtville mineral resource was excluded from QG's scope under the terms of engagement provided by BDO. In determining the suitability of the Burtville resource for inclusion in the mine production schedule QG has relied on the assessment provided by Ravensgate.

Central Laverton

The Central Laverton resources are narrow vein style mineralisation, structurally controlled and hosted within a complex folded sequence of mafic, 'BIF' and interflow sediments. Mineralisation is primarily hosted with the BIF units but do occur in other lithologies. The resources in the Central Laverton camp include Craggiemore, Euro, Mary Mac, Mary Mac South and West Laverton.

The resource estimates are largely based on RC drill samples with a very low proportion of DD holes. Drilling varies from 10m x 15m to 25m x 25m depending on the resource. Samples collected from the drill holes have adequate quality management information and no material bias or precision errors were noted during the drilling campaigns. The assay technique is not discussed in the resource reports provided by Focus.

The resources were estimated using 3-dimensional Ordinary Kriging. The estimates were constrained within wireframe interpretation developed on cross sections using a 0.3g/t Au or 0.5 g/t Au grade shell. Consideration was given to acceptable minimum mining widths (2m) and internal dilution (2m). The estimates were classified according to JORC (2004) as Indicated and Inferred after consideration of drill hole spacing, geological continuity and sample quality. In QG's opinion the resource estimation and classification for the Central Laverton resources is reasonable.

Chatterbox

The Chatterbox camp is comprised of the Apollo, Aurora, Calypso, Eclipse, Elation, Emerald and Liberty resources. These resources occur along the regional Chatterbox Shear and the mineralisation is typically shear/shear splay related and occurs in a range of styles. It is all narrow vein gold mineralisation with multiple lodes in each deposit with varying orientations (predominantly narrow steep easterly dipping).

There have been multiple drilling campaigns in the Chatterbox area by numerous companies. The majority of drill holes are RC with minor DD in some areas. Hole spacing is generally better than 25m x 25m. Sample quality is variable between the different drilling campaigns and different companies. In some cases sample quality has been well managed whereas in others the reported sampling methodology is questionable (e.g., spear sampling of wet RC holes). Samples have been analysed using fire assay.

Mineralised lodes are interpreted at a 0.5g/t Au cut-off and this grade shell is used to constrain the resource estimate. All resources except for Apollo and Calypso were estimated using Inverse Distance Weighting. The Apollo and Calypso deposits were estimated using Ordinary Kriging. The search strategy and block size for Apollo and Calypso are reasonable. For the other resources in the Chatterbox camp, the search and block size are likely to have adversely impacted on the local grade estimate. Global tonnes and grade are considered likely to be acceptable.

The resources were classified on the basis of the number of sample used in the estimate and the distance to those samples. No consideration was given to data quality or geological confidence.

In QG's opinion the Apollo and Calypso resources were estimated and classified to an acceptable standard. The other Chatterbox resources are of lower quality and should be considered Inferred.

Jasper Hills

The Jasper Hills camp consists of the Lord Byron and Fish resources. These two resources are hosted in shear zone associated BIF and include multiple (more than 30) lodes of varying orientations within each resource.

Drilling is dominated by RC with minor DD in some areas. There have been multiple drilling campaigns by multiple companies. Near surface the drill hole spacing is better than 20m x 20m. This extends out to 50m x 50m at depth. Some drilling campaigns were adequately monitored for sample quality whereas others were not. At Fish, a bias was identified between the pre Crescent Gold Pty Ltd (Crescent) samples and those samples collected by Crescent. This bias indicated Crescent's samples were higher than the historic results below an 8 g/t Au threshold. Above this threshold, Crescent's samples were lower grade than the historic results. Samples were assayed using fire assay techniques.

Mineralised lodes are interpreted at a 0.5g/t Au cut-off and this grade shell is used to constrain the resource estimate. QG independently checked a selection of the interpretation and the shapes appear reasonable and match the available data. In some cases however there are small lodes defined by only one or two drill holes. Grades were estimated using Ordinary Kriging with acceptable search strategies and block sizes.

The resources were classified on the basis of drill hole spacing. Indicated resources have a spacing less than 20m x 20m. Material with more broadly spaced drilling is classified as Inferred. The classification approach does not account for data quality or geological confidence.

In QG's opinion, the resource estimation is generally robust and follows a suitable process; however, several areas are of concern most notably data quality and potential conditional bias in the estimate. There is some potential for over/under estimation of tonnes due to interpretation and estimation methodology.

Lancefield

The Lancefield camp includes north (Crown Jewel/Telegraph), south (Odyssey/South Lancefield) and Summit (Lancefield) resources. The resources are narrow vein style mineralisation, structurally controlled and occur in inter-flow sediments or a sheared contact between ultramafic and basalt. The majority of the resource occurs at Summit (Lancefield).

The majority of drilling in the area is RC with some minor DD targeting deeper regions of the Summit resource. Like other camps in the Laverton district the drilling has occurred in multiple campaigns by multiple companies. Much of the key drilling information is not included in the available documentation. Specifically there is no discussion of drill hole spacing. There is limited sample quality information available. Samples appear to be a mixture of fire assay and cyanide-bottle roll leach with a fire assay on the leach residue. A review by Cube Consulting in 2012 highlighted the scarcity of sample quality data.

The various Lancefield resource estimates date from the mid 1990's and only limited recent work has been conducted to validate the resource estimates. Estimation was sectional-polygonal methods using a nominal 1.0g/t Au grade threshold and allowing for internal dilution and minimum mining widths. Some zones were projected more than half the drill hole spacing. The polygonal approach was not computerised and did not estimate grades into the now standard block model so now 3-dimensional representation of the mineralisation exists. In some cases polygons were formed around single drill holes.

The Lancefield resources were estimated prior to the standards outlined in the 2004 edition of JORC and may have been appropriately classified at the time they were estimated; however, in QG's opinion, changing expectations and standards mean that the classifications should be reviewed with some resources likely to be classified as Inferred.

2.2.3 Mining Operations

The mining operations at Laverton's Gold Project typically consist of small open pit mines with short lives. In 2012 Laverton altered this strategy following the discovery of the Burtville mineralisation and now open pit operations are scheduled to be concentrated on this single resource until late 2015. Mining is by conventional truck and excavator open pit mining techniques following a typical drill and blast, load and haul cycle with blast hole grade control. The mining fleet is owned and operated by various contractors. The mined ore is hauled by road on a campaign basis for toll treatment at Barrick Gold Ltd's Granny Smith operation.

The majority of Laverton's recent open pit operations have been relatively shallow and have had short lives so no major geotechnical were encountered. With the development of the larger Burtville open pit Focus have engaged external geotechnical specialists (Peter O'Bryan and Associates) to provide the requisite expertise for the operation. Mine planning is generally completed on a just-in-time basis.

In the future, Focus is considering establishing underground mining in the Laverton district. Several known resources are potentially suitable for underground mining including the Lancefield region, Fish and Mary Mac Hill. Focus has completed some preliminary planning for these resources (scoping top pre-feasibility study level).

2.2.4 Assessment of Reasonableness for Inclusion in Financial Model

The resource estimates described in Section 2.2.2 of this report form the basis of the tonnes and grade used for scheduling mine production and valuing the Focus Laverton gold project assets. In QG's opinion most of the reported resources and ore reserves are a reasonable representation of the known mineral inventory at Laverton and are therefore appropriate for inclusion in financial modelling and valuation. The exceptions to this are parts of the Lancefield camp where the resource estimates have not been updated since the mid-1990's and the documentation of the existing estimates is poor. In QG's opinion these resources are higher risk than the other resources in the Laverton area.

QG note that, like the Coolgardie Operations, only a relatively low proportion of the mineral resource has been analysed to a sufficient level for an ore reserve to be reported. This is due to a number of factors including the nature of the mineralisation[4] at Laverton, Focus' operating strategy[5], and a backlog of mine design and planning. Therefore in preparing a production

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[4] The mineralisation in the Laverton district is highly variable and discontinuous. This variability impacts on the confidence levels of resource estimates making it unreasonable to classify some mineralisation as Measured Resource until after it has been exposed in mine workings. Similarly the level of geological data and sampling required for a resource to be classified as Indicated is higher than for less variable mineralisation. As a consequence, some operators, including Focus, proceed to a decision to mine mineralisation that is classified as an Inferred Resource and in some cases material is identified and mined in less than a 12 month period and therefore is never reported under the JORC Code. Under the terms of the JORC Code, Inferred Resources cannot be converted to Ore Reserves.

[5] Some gold mining companies routinely maintain only 2-3 years of ore reserves ahead of production. This practice occurs due to a number of factors including:

- The potential for exploration to identify additional material adjacent to existing operations;
- The potential for exploration to identify higher value material that would displace other material already classified as ore reserves;
- The cost associated with conducting mining studies to a sufficient level of confidence for ore reserves for material that may not be mined for several years in the future; or
- The rapid discovery and depletion of small deposits (sometimes an complete open pit may be mined in less than 12 months);

There are several examples of gold mining districts that have had sustained production for long periods of time despite maintaining such a low ore reserve inventory. Examples include the Norseman goldfields in Western Australia where exploration success has continued to replace mine production resulting in sustained mining operations for more than 60 years.

schedule only a small proportion of the known mineralisation at Laverton can be reasonably included under the framework of the VALMIN Code.

In order to assess and develop ore reserves for the additional known mineralisation, Focus will need to continue and/or accelerate exploration and resource development activities in the district. Until there is sufficient confidence in the resources for them to be classified as Measured and Indicated under the JORC Code and until appropriate mining studies have been completed, it is inappropriate to value these known Inferred Resources using a discounted cash flow (DCF) approach. Alternative valuation methodologies including:

- Similar or previous transactions;
- Multiples of exploration expenditure; or
- Heuristic or 'rules of thumb' valuations based on heavily discounted (typically 1%-5%) valuation of the total resource inventory.

These methods typically result in lower valuations when compared to DCF approaches. This lower value is appropriate for the level of uncertainty and risk associated with the low confidence Inferred Resources.

3 QG Production Schedule

As per BDO's instructions QG has assessed the models provided by Laverton and Focus and assessed their technical suitability for use in valuing the Laverton Gold Project and Coolgardie Project. As a consequence of this review, QG has developed a modified production schedule for assessment of the value of the assets included in the model.

3.1 Review of Laverton and Focus Models

Laverton and Focus provided QG with models outlining a production strategy for the next 10 years. The models consisted of spreadsheets with a breakdown of mining physicals by mining operation, operating and capital costs. Additionally QG held discussions with Focus' senior mine planning personnel to gain understanding of the model and its underlying assumptions.

The models combine underground and open pit production at both Laverton and Coolgardie. Production is sourced from a combination of known ore reserves, known mineral resources and assumed exploration success. Mining costs are based on site cost history and where required, generally accepted industry standard costs and productivity rates. Mine production is treated through the existing Three Mile Hill processing plant (Coolgardie) and by contracted toll treatment through the Granny Smith plant (Laverton). Focus plan to recommission the Barnicoat processing plant to treat Laverton production post 2014. Between 2014 and 2016 ore mined from Laverton sources will be treated at both the refurbished Barnicoat plan and at Granny Smith. From January 2016 onwards 100% of Laverton ore will be processed through the Barnicoat plant.

At Laverton, the model results in the establishment of underground mining for a number of resources including Fish, Mary Mac Hill and Lancefield (also known as Summit). The model also provides for establishment of new open pits in the Chatterbox region. At Coolgardie the model results in an increasing contribution from open pit mining as underground production declines.

Before making use of the Focus model, QG validated and verified the spreadsheet functions and formula.

In reviewing the model and considering its technical suitability for use in valuing the mining operations, QG identified that the Focus model contains a high proportion of non-Ore Reserve material. The schedule includes:

- Measured and Indicated Resources that have not been subjected to mine planning analysis and consideration of the 'modifying factors' required to convert a resource to a reserve;

- Inferred Resources that are not suitable for mine planning and that cannot be converted to ore reserves under the JORC Code; and

- Allowance for assumed exploration success in either identifying new mineralisation or successfully identifying higher grade zones within known resources making them more economically viable.

While the inclusion of these three types of material in an internal strategic production schedule is reasonable and indeed provides good focus and direction for future activities, it is not appropriate for this material to be included in an Independent Assessment of the value of mineral assets under the VALMIN Core. Inclusion of such material in and Independent Assessment would require analysis of 'modifying factors' including ore loss, dilution, geotechnical stability, depth of mineralisation and mine design, mining costs, mining and metallurgical recovery and other technical parameters usually assessed in scoping, prefeasibility or feasibility mining studies. In the absence of this level of study, QG has removed the non-reserve production from the Focus model for the purposes of this assessment. In some cases, for example where there is a clearly demonstrable capability for an existing operation or ore reserve to be extended into areas currently classified as resource, QG has accepted a proportion of this material for the purposes of the valuation.

For the material not included in the QG production schedule, we have adopted an alternative recognised method for valuing the Indicated and Inferred resource assets. In this case we have applied the In Situ Resource valuation method (section 4.1).

3.2 QG Modification of Laverton and Focus Models

QG's review of the Focus model included consideration of all technical aspects of the schedule including the mineral resources and ore reserves used in the model, the mining methods and activities proposed for each ore source, the production rate and metallurgical performance. We also reviewed the operating and capital costs for the model. For both the production physicals and the costs we compared the assumptions in the model against Focus' recent performance and against average industry costs for similar scale operations. Where we identified differences between the planned performance profile and QG's assessment of the most likely performance we adjusted the appropriate parameter for the purposes of our assessment. The modifications QG made for our assessment included:

- Depleting the production profile to 31 December 2012;

- Modifying unit operating costs for the open pit and underground operations. These modifications were made after reviewing Focus' existing cost structure and considering the nature of the planned operations. Most changes were minor except for:

- A change of waste stripping costs from being capitalised to being operating costs for the Laverton Calypso pit due to the short life in the mining schedule;
- An increase of $2 per tonne for treatment of the Admiral Hill pit due to increased cyanide consumption associated with cyanide soluble copper in the ore;
- An addition of $10 per tonne of ore treated from Lancefield/Summit underground mines due to the refractory nature of the mineralisation. QG determined this cost from early estimates of the cost to restart the Lancefield underground mine which suggested that the ore would need to be treated to produce a sulphide concentrate and then transport this concentrate offsite for extraction of the contained gold;
- Removing the haulage charge associated with the Barnicoat open pit. This material is scheduled to be treated through the refurbished Barnicoat plant so no additional haulage cost will be incurred;
- A change to the operating costs for the Norris-Grossmont open pit to reflect the smaller tonnage scheduled by QG compared to Focus. Focus included a high percentage of Inferred Resource in their life-of-mine plan and this has been excluded by QG;
- A change to the operating costs for the Lindsays open pit to reflect the cost/production profile presented by Focus for QG's October 2012 evaluation (Dunham, 2012). No new documented evidence was provided by Focus to support the reduced costs in the new life-of-mine plan;

- Inclusion of addition capital expenditure to enable the production model to be implemented. QG's additional capital include:
  - A change in the treatment of royalties payable on the various tenements at Laverton. Focus' plan and schedule was based on a revised royalty arrangement that has yet to be negotiated and finalised. QG has reverted the royalty scheme to that currently holds for the properties;
  - An additional $15 million to modify the Barnicoat plant to treat the refractory ore from Lancefield underground. This estimate was sourced from earlier estimates of the cost to restart the Lancefield operation;
  - Correction of a spreadsheet error in the calculation of capital costs for the Lindsays open pit;

    - An additional $0.5 million each for Norris-Grossmont and Hillside pits for unforeseen needs. Focus did not allow any capital for developing new open pits at Coolgardie;

- Changing the scheduled production to exclude Inferred Resources and assured exploration success. The final QG base case production schedule shows Focus mining a total of 14.0 million tonnes at a grade of 2.40 g/t Au for a total of 1.08 million contained ounces. This production is completed by CY2023. The breakdown of production by operation and from surface/underground is provided in Table 2.

Operation	Tonnes	Grade (g/t Au)	Ounces	Recovered Ounces
Laverton Open Pits	3,450,000	2.05	227,131	207,860
Laverton Underground	2,493,000	4.46	357,528	291,973
Laverton Low Grade	946,000	0.77	23,506	21,155
Coolgardie Open Pits	4,871,000	1.91	296,367	272,658
Coolgardie Underground	1,284,000	3.65	150,659	143,126
Coolgardie Low Grade	940,000	0.78	23,482	21,604
Total	**13,984,000**	**2.40**	**1,078,673**	**958,376**

Table 2. Summary of Production in QG Schedule.

In addition to the base case production schedule, QG also developed low case and high case alternatives. These cases were used to assess the sensitivity of the operations to changes in production profile, operating and capital costs. For each alternative (base case, low and high cases) the main constraint is the mining operations. Excess capacity exists in Focus' ore treatment plants indicating there is potential for the value of the assets to be improved if additional material can be either converted to ore reserves from known mineral resources or if there is exploration success at either Laverton or Coolgardie.

Following the recent issue of 4.50 billion shares to Shandong Gold International Mining Limited (Dunham et al., 2012) Focus has sufficient funds available for rapid and extensive resource definition and development activities. The Focus life-of-mine plan includes substantial resource development expenses ($37.4M at Coolgardie and $47.6M at Laverton) over the next eight years. The majority of this funding is schedule for the next three years and appropriately reflects the relatively low level of proved and probable ore reserves at both operations. In QG's opinion this resource development expenditure is urgently required.

3.3 Discounted Cash Flow Analysis

QG consolidated the production physicals, operating costs and capital costs for the three mining cases developed (preferred case, low and high cases). The consolidated alternatives incorporated:

- Open pit mining activities at both Laverton and Coolgardie;
- Underground mining activities at both Laverton and Coolgardie;
- Ore processing at Focus' Three Mile Hill plant in Coolgardie, the Barrick plant at Granny Smith and the refurbished Barnicoat plant at Laverton (post 2014);
- Mine operating costs for both open pit and underground operations. Cost were developed from a unit cost basis and consolidated into a cost per tonne mined for further analysis;
- Surface haulage costs associated with transporting mined ore from the various open pit and underground operations back to the central ore processing facilities;
- Accommodation and messing costs for all site-based personnel and contractors;
- General and administration costs;
- Royalties;
- Capital expenditure for sustaining operations including mining, ore processing and general capital requirements; and
- Capitalised resource definition and development costs.

Based on the planned production and cost profiles, QG developed an annual cash flow for the Focus mining assets. The gold price and exchange rate used to determine the sales revenue were based on the rates set by BDO.

4 Valuation of Resources Not in Production Schedule

In addition to the mineralisation included in the QG production schedule, there are a number of Indicated and Inferred resources in both the Laverton Gold and Coolgardie Projects. These resources are the target of the planned resource development activities in both districts and represent the large potential production upside for Focus should they be successful in identifying economically viable mineralisation. As instructed by BDO, QG has valued the Indicated and Inferred resources at Laverton and Coolgardie separately to the life-of-mine plan and discounted cash flow analysis. In this instance we have used the 'in situ' Resource valuation method.

There are a number of recognised methods for valuing lower confidence resources and exploration properties. As required by the VALMIN Code, the Specialist completing the valuation must make use of a suitable valuation method for the mineral asset under consideration. The VALMIN Code classifies mineral assets into five different categories being:

- **Exploration Areas** – properties where mineralisation may or may not have been identified, but where a Mineral or Petroleum Resource has not been identified.
- **Advanced Exploration Areas** – properties where considerable exploration has been undertaken and specific targets have been identified that warrant further detailed evaluation, usually by drill testing, trenching or some other form of detailed geological sampling. A resource estimate may or may not have been made but sufficient work will have been undertaken on at least one prospect to provide both a good understanding of the type of mineralisation present and encouragement that further work will elevate one or more of the prospects to the resource category.
- **Pre-Development Projects** – properties where Mineral or Petroleum Resources have been identified and their extent estimated (possibly incompletely) but where a decision to proceed with development has not been made. Properties at the early assessment stage, properties for which a decision has been made not to proceed with development, properties on care and maintenance and properties held on retention titles are included in this category if Mineral or Petroleum Resources have been identified, even if no further Valuation, Technical Assessment, delineation or advanced exploration is being undertaken.

- **Development Projects** – properties for which a decision has been made to proceed with construction and/or production, but which are not yet commissioned or are not yet operating at design levels.

- **Operating Mines** – mineral properties, particularly mines and processing plants that, have been commissioned and are in production.

In QG's opinion the Inferred Resources at Laverton and Coolgardie can be considered to be a mix of pre-development projects and development projects.

The industry recognizes that different valuation methods are more suitable for different asset classes. In some instances a particular property may include assets that comprise one or more of these categories and therefore different appropriate valuation methods must be applied to suit the maturity of the asset in question. There are a number of accepted methods available to the valuer when for different assets and different situations. In most instances one or more of the following three techniques are deemed suitable:

1. The Multiple of Exploration Expenditure method. This method is suitable for exploration areas and advanced exploration areas where the cost and performance of recent exploration is known or can be reasonably estimated. The method involves applying a factor (either a premium or discount) to the exploration expenditure. The factor applied is dependent on the impact of the exploration activity (specifically termed a "Prospectivity Enhancement Multiplier" or PEM). Where the exploration activity has enhanced the future potential of the property the PEM is positive. Conversely where the activity has had consistently negative results the PEM is likewise negative on the value of the property. The accepted convention in assessing the PEM is:

    - PEM = 1. Exploration activities and evaluation of mineralisation potential justifies continuing exploration;

    - PEM = 2. Exploration activities and evaluation of mineralisation potential has identified encouraging drill intersections or anomalies, with targets of noteworthy interest generated; and

    - PEM = 3. Exploration activities and evaluation of mineralisation potential has identified significant grade intersections and mineralisation continuity.

    In QG's opinion the Multiple of Exploration Expenditure is not suitable for valuing the Indicated and Inferred Resources at Laverton or Coolgardie. The combination of a long and difficult to assess exploration history and the presence of higher quality resources on the same tenement packages invalidates the approach;

2. Comparable Transactions method. This method can be applied where sale transactions and joint venture terms for mineral assets that are comparable in terms of location, timing, mineralisation style and commodity are available. To be suitable the sale of joint venture must be at "arm's length" in accordance with the VALMIN Code. Where acceptable transactions exist, they can be used as a guide for valuing similar assets.

   In QG's opinion no suitable comparable transactions are available to value the Laverton and Coolgardie Inferred Resources. A comparable transaction must be similar in terms of mineralisation style and location, in particular location in respect of existing infrastructure and existing mineral resources. While some transactions for individual properties may be similar to individual resources at Laverton and Coolgardie there are no recent transactions consisting of a similar package of resources in conjunction with similar infrastructure and assets.
3. The In Situ Resource method. This method is based on applying a direct dollar value to resource identified on a property. It is particularly useful for valuing Indicated and Inferred Resources (that are not in Reserve). Resources in the Inferred category cannot be included in ore reserve estimates under the terms of the JORC Code and therefore applying a more conventional DCF valuation method (Section 3) is not appropriate. The technique involves applying a discounted value to the total in situ metal in the stated resource. The discount is extreme, reflecting the uncertainty in the resource classification and the lack of supporting mine planning evaluations. The level of discount applied typically varies depending on a number of factors including:

   - The location of the resource and its proximity to existing infrastructure;
   - The quality of the resource, specifically the grade or recoverable grade of the saleable metal or commodity; and
   - The presence of absence of any potential impediments to eventual mining such as deleterious materials, government regulations, environmental issues and/or sterilisation by previous mining activities.

   As a general guideline the discount factor applied ranges between 1% and 5% of the in situ value of the metal or commodity in the mineral resource.

   In QG's opinion this method is the most suitable for valuing the Inferred Resources at Laverton and Coolgardie.

4.1 Application of In Situ Resource Valuation Methodology

QG has applied the In Situ Resource valuation methodology to those Indicated and Inferred Resources at Laverton and Coolgardie that are excluded from the DFC valuation of the mineral assets. Our approach to the valuation is as follows:

1. Identify and value the known ore reserves using a DCF methodology by constructing a mining schedule and applying appropriate operating and capital costs to the schedule (Section 3);

2. Consider the remaining Measured and Indicated Resources and their likelihood of being converted to ore reserves in the future. Where it is likely these resources will be converted to ore reserves following an appropriate mining study or incorporation in to adjacent ore reserves extracted in an existing or planned mine, allow for a proportion of these resources to be included in the mining schedule at a cost structure similar to the adjacent ore reserves. Where required, incorporate an allowance for additional capital expenditure to allow these resources to be exploited;

3. Identify the remaining Inferred Resources and un-mined Indicated Resources on the properties. For each resource, assess the potential for the mineralisation to be mined in the future. Issues considered include:

    a. The location of the resource with respect to previous mining activities. Resources that exist as narrow skins around existing pits or as remnant pillars in underground operations were considered to have no value;

    b. The grade of the mineralisation. Higher grade mineralisation was generally assigned a high value compared to equivalent lower grade mineralisation;

    c. The depth of the mineralisation and the mineralisation style. These factors affect the likely future mining potential and the nature of that mining (underground or open pit); and

    d. The extent to which the mineralisation has been closed out by exploration activities. In particular whether the mineralisation remains open along strike or down dip.

4. Depending on the assessment completed in step 3, assign an appropriate factor in the range of 1% to 5% of the forecast gold price supplied by BDO.

5. Tabulate and accumulate the total value of all Inferred Resources.

This valuation is an update of our October 2012 report. Changes in market conditions, in particular a softening in the long term gold price out look, have affected our opinion of the resource value and this is reflected in the tabulations below.

4.2 Laverton Additional Resources

The additional resources valued using the In Situ Resource method are tabulated below (Table 3). QG excluded resources at Ida H, Mary Mac and Mary Mac South, considering them to be effectively sterilised by earlier mining activities. The remaining resources are valued between \$23.9 million and \$33.4 million with a preferred value of \$28.5 million.

	Contained Ounces				Value ($ million)		
Resource Name	**Measured**	**Indicated**	**Inferred**	**Total**	**Low**	**Preferred**	**High**
Bells		38,000	2,000	40,000	2.0	2.6	3.3
Castaway		13,000	2,000	15,000	0.5	0.7	0.9
Grouse		24,000	1,000	25,000	0.9	1.3	1.7
Lily Pond Well			15,000	15,000	0.3	0.3	0.3
Craggiemore		40,000	10,000	50,000	2.5	3.2	3.9
Euro		14,000	17,000	31,000	1.0	1.3	1.5
West Laverton	2,000	72,000	15,000	89,000	3.0	4.2	5.4
Aurora		17,000	28,000	45,000	2.2	2.5	2.8
Eclipse	2,000	4,000	8,000	14,000	0.5	0.5	0.5
Emerald			72,000	72,000	3.6	3.6	3.6
Elation		3,000	6,000	9,000	0.3	0.3	0.4
Liberty		53,000	54,000	107,000	5.4	6.3	7.1
Crown Jewel			18,000	18,000	1.2	1.2	1.2
Odyssey		9,000	1,000	10,000	0.6	0.8	1.0
Total	4,000	287,000	249,000	540,000	23.9	28.5	33.4

Table 3. Valuation of Additional Laverton Resources.

4.3 Coolgardie Additional Resources

The additional resources valued using the In Situ Resource method are tabulated below (Table 4). QG excluded resources at Perseverance and Tindals Pit, considering them to be effectively sterilised by earlier mining activities. The remaining resources are valued between \$27.2 million and \$33.2 million with a preferred value of \$29.3 million.

	Contained Ounces				Value ($ million)		
Resource Name	**Measured**	**Indicated**	**Inferred**	**Total**	**Low**	**Preferred**	**High**
Big Blow		49,000	7,000	56,000	3.7	4.5	5.3
Bird in Hand		13,500	6,500	20,000	1.0	1.2	1.5
Cyanide		2,500	9,500	12,000	0.6	0.6	0.7
Empress		8,000	1,000	9,000	0.5	0.6	0.7
Friendship			4,500	4,500	0.1	0.1	0.1
Griffiths			9,000	9,000	0.5	0.5	0.5
Happy Jack		16,000	10,000	26,000	1.3	1.6	1.8
Lady Charlotte		7,000	17,000	24,000	0.8	0.9	1.0
King Soloman			90,000	90,000	4.5	4.5	4.5
Lord Bob			42,000	42,000	1.4	1.4	1.4
Bird in Hand		28,000	8,000	36,000	2.4	2.9	3.3
Countess	26,500	13,000	500	40,000	2.7	1.1	1.4
Cyanide		77,000	13,500	90,500	6.1	7.4	8.7
Empress	2,000	19,000	3,000	24,000	1.6	1.8	2.1
Griffiths			4,000	4,000	0.2	0.2	0.2
Total	**28,500**	**233,000**	**225,500**	**487000**	**27.2**	**29.3**	**33.2**

Table 4. Valuation of Additional Coolgardie Resources.

5 Conclusions

QG has assessed the technical aspects of Laverton's and Focus' mining assets and additional mineral resources not included in Focus' production profile. As per the scope of work requested by BDO and based on this assessment we have:

- Provided a schedule of mining physicals, operating costs and capital costs for the Laverton Gold Project and Coolgardie Operations. We understand BDO will use these schedules in valuing the assets in question; and

- A technical valuation of the mineral resources not included in the mining physical schedules.

As stated under the terms of our engagement this assessment excludes Focus' Treasure Island asset and we have relied on Ravensgate's assessment of the Burtville asset with respect to our inclusion of this material in the QG mining production schedule.

Our valuation is based on the assets dated 1 January 2013. The results of our valuation of the additional mineral resources assessment is set out in Table 5. We include a preferred case, low and high cases.

	Low Case ($ millions)	**Preferred Case ($ millions)**	High Case ($ millions)
Laverton Resources	23.9	**28.5**	33.4
Coolgardie Resources	27.2	**29.3**	33.2
Total of Valued Assets	51.1	**57.8**	66.6

Table 5. QG Assessment of Focus Assets.

Key parameters for our preferred mining physicals are set out in

Operation	Tonnes	Grade (g/t Au)	Ounces	Recovered Ounces
Laverton Open Pits	3,450,000	2.05	227,131	207,860
Laverton Underground	2,493,000	4.46	357,528	291,973
Laverton Low Grade	946,000	0.77	23,506	21,155
Coolgardie Open Pits	4,871,000	1.91	296,367	272,658
Coolgardie Underground	1,284,000	3.65	150,659	143,126
Coolgardie Low Grade	940,000	0.78	23,482	21,604
Total	**13,984,000**	**2.40**	**1,078,673**	**958,376**

Table 6.

Operation	Tonnes	Grade (g/t Au)	Ounces	Recovered Ounces
Laverton Open Pits	3,450,000	2.05	227,131	207,860
Laverton Underground	2,493,000	4.46	357,528	291,973
Laverton Low Grade	946,000	0.77	23,506	21,155
Coolgardie Open Pits	4,871,000	1.91	296,367	272,658
Coolgardie Underground	1,284,000	3.65	150,659	143,126
Coolgardie Low Grade	940,000	0.78	23,482	21,604
Total	**13,984,000**	**2.40**	**1,078,673**	**958,376**

Table 6. Preferred case - mining physicals.

6 References

Dunham, S., Purdey, D., Job, M., and Journeaux, T., 2012, Focus Minerals' Laverton Gold Project and Coolgardie Project. Specialists report provided to BDO Corporate Finance (WA) Pty Ltd for inclusion in an Independent Expert's Report for a transaction between Focus Mineral Limited and Shandong Gold International Mining Limited.

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Appendix A Letter of Engagement

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Australia

20 February 2013

Scott Dunham
Quantitative Group Pty Ltd
PO Box 5615
Brendale BC
Queensland 4500

Dear Mr Dunham,

Focus Minerals' Laverton Gold Project and Coolgardie Project

This letter is to confirm our instructions to you with regard to the services we wish you to provide.

We have been engaged by Focus Minerals (Laverton) Limited ("**Laverton**" or "**the Company**") to prepare an Independent Expert's Report ("**Our Report**") in relation to the takeover offer from Focus Minerals Limited ("**Focus**") for all the shares it does not already own in Laverton. Our Report will provide an opinion to Laverton's shareholders and as such it will be a public document.

We require an update of the report prepared by you in October 2012 in relation to the Independent Expert's Report that BDO prepared for Focus.

LAVERTON GOLD PROJECT

- We require a valuation of the resources not included in the Laverton life of mine.
- We require a technical assessment of certain key assumptions underlying the Laverton model:
    - An assessment on the reasonableness of the resources used in the preparation of the financial model used to value the Laverton Project (with the exception of the Burtville mine pit, the Burtville stage 2 mine pit and the Burtville stage 3 mine pit which Ravensgate will assess);
    - Mining physicals (including tonnes, recovery and grade)
    - Operating costs (mining operation, surface haulage, processing, accommodation and messing, royalties and general and administration)
    - Capital costs (mining capital costs, processing capital costs, resource definition, general and administration)

COOLGARDIE PROJECT

- We require a valuation of the resources not included in the Coolgardie life of mine.
- We require a technical assessment of certain key assumptions underlying the Coolgardie model:
    - An assessment on the reasonableness of the resources used in the preparation of the financial model used to value the Coolgardie Project;

- Mining physicals (including tonnes, recovery and grade)
- Operating costs (mining operation, surface haulage, processing, accommodation and messing, royalties and general and administration)
- Capital costs (mining capital costs, processing capital costs, resource definition, general and administration)

We advise that we will rely on and refer to your valuations above in Our Report, and we will append a copy of your report, or a summary of your report to Our Report. Your report should be prepared in accordance with the VALMIN Code 2005 (a copy of which can be provided to you if required).

Please note we will require a draft of your report as soon as possible.

We understand your fee for this work will be agreed with Laverton and payable directly by Laverton and that you will liaise with the Company to obtain the necessary information. All information that you receive from Laverton, Focus or us should be treated as being strictly confidential unless it is already in the public domain.

Yours faithfully

BDO Corporate Finance (WA) Pty Ltd

Sherif Andrawes

Director

Appendix B Reported Coolgardie Mineral Resources as at 30 June 2012

Prospect	Classification	Tonnes	Grade (g/t)	Ounces
Coolgardie Surface				
Tindals Project				
Alicia	Indicated	466,000	2.0	29,000
	Inferred	307,000	2.0	20,000
Big Blow	Indicated	484,000	3.1	49,000
	Inferred	67,000	3.3	7,000
Bird in Hand	Indicated	210,000	2.0	13,500
	Inferred	107,000	2.0	6,500
Brilliant	Indicated	3,611,000	2.0	236,000
	Inferred	874,000	2.3	65,000
Cookes	Indicated	120,000	2.4	9,000
	Inferred	47,000	3.3	5,000
Cyanide	Indicated	34,000	2.2	2,500
	Inferred	144,000	2.1	9,500
Dreadnought	Indicated	2,902,000	2.1	191,500
	Inferred	426,000	1.8	24,500
Empress	Indicated	128,000	2.0	8,000
	Inferred	12,000	2.3	1,000
Friendship	Inferred	100,000	1.4	4,500
Griffiths	Inferred	104,000	2.7	9,000
Happy Jack	Indicated	249,000	2.0	16,000
	Inferred	99,000	3.1	10,000
Lady Charlotte	Indicated	137,000	1.6	7,000
	Inferred	346,000	1.5	17,000
Perseverance	Inferred	53,000	2.4	4,000
Tindals Pit	Indicated	257,000	2.7	22,500
	Inferred	288,000	2.4	22,000
Undaunted	Indicated	187,000	2.0	12,000
	Inferred	126,000	1.9	8,000
	Measured	0	0.0	0
	Indicated	8,785,000	2.1	596,000
	Inferred	3,100,000	2.1	213,000
Total Tindals Project		**11,885,000**	**2.1**	**809,000**
Three Mile Hill Project				
Greenfields	Indicated	1,976,000	1.6	98,000
	Inferred	714,000	1.5	34,000
CNX	Indicated	470,000	1.6	25,000
	Inferred	460,000	1.6	23,000
	Measured	0	0.0	0
	Indicated	2,446,000	1.6	123,000
	Inferred	1,174,000	1.5	57,000
Total Three Mile Hill Project		**3,620,000**	**1.5**	**180,000**
Lindsays-Bayleys Project				

Hillside	Inferred	672,000	3.1	66,000
Lindsays	Indicated	4,350,000	1.7	238,000
	Inferred	1,490,000	1.6	77,000
King Solomon/Queen Sheba	Inferred	1,400,000	2.0	90,000
	Measured	0	0.0	0
	Indicated	4,350,000	1.7	238,000
	Inferred	3,562,000	2.0	233,000
Total Lindsays-Bayleys Project		**7,912,000**	**1.9**	**471,000**
Norris Project				
Lord Bob	Inferred	820,000	1.6	42,000
Norris - Grosmont	Inferred	1,620,000	2.4	127,000
	Measured	.	0.0	0
	Indicated	0	0.0	0
	Inferred	2,440,000	2.2	169,000
Total Norris Project		**2,440,000**	**2.2**	**169,000**
	Measured	0	0.0	0
	Indicated	15,581,000	1.9	957,000
	Inferred	10,276,000	2.0	672,000
Total Coolgardie Surface		**25,857,000**	**2.0**	**1,629,000**

Coolgardie Underground				
Tindals Project				
Bird in Hand	Indicated	282,000	3.1	28,000
	Inferred	90,000	2.8	8,000
Countess	Measured	173,000	4.8	26,500
	Indicated	145,000	2.8	13,000
	Inferred	4,000	2.5	500
Cyanide	Indicated	516,000	4.7	77,000
	Inferred	77,000	5.5	13,500
Empress	Measured	16,000	3.9	2,000
	Indicated	172,000	3.5	19,000
	Inferred	13,000	7.5	3,000
Griffiths	Inferred	39,000	2.8	4,000
Perseverance	Measured	142,000	5.4	24,500
	Indicated	462,000	4.4	66,000
	Inferred	13,000	4.8	2,000
Tindals	Measured	85,000	3.5	9,000
	Indicated	415,000	2.8	38,000
	Inferred	73,000	3.1	7,000
	Measured	416,000	4.6	62,000
	Indicated	1,992,000	3.8	241,000
	Inferred	309,000	3.8	38,000
Total Tindals Project		**2,717,000**	**3.9**	**341,000**
Mount Project				
The Mount	Measured	131,000	7.8	33,000
	Indicated	588,000	5.2	98,000
	Inferred	576,000	5.2	97,000
Total Mount Project		**1,295,000**	**5.5**	**228,000**

	Measured	547,000	5.4	95,000
	Indicated	2,580,000	4.1	339,000
	Inferred	885,000	4.7	135,000
Total Coolgardie Underground		**4,012,000**	**4.4**	**569,000**

Total Measured Resource		**547,000**	**5.4**	**95,000**
Total Indicated Resource		**18,161,000**	**2.2**	**1,296,000**
Total Inferred Resource		**11,161,000**	**2.2**	**807,000**
TOTAL COOLGARDIE		**29,869,000**	**2.3**	**2,198,000**

Appendix C Reported Laverton Mineral Resources as at 30 June 2012

Prospect	Classification	Tonnes	Grade (g/t)	Contained Ounces
Laverton Surface				
Barnicoat Project				
Admiral Hill	Indicated	660,000	1.4	30,000
	Inferred	1,310,000	1.1	46,000
Barnicoat	Indicated	340,000	1.3	14,000
	Inferred	250,000	1.0	8,000
Bells	Indicated	594,000	2.0	38,000
	Inferred	36,000	1.4	2,000
Black Label	Inferred	610,000	1.0	20,000
Castaway	Indicated	247,000	1.6	13,000
	Inferred	28,000	1.8	2,000
Grouse	Indicated	447,000	1.7	24,000
	Inferred	27,000	1.3	1,000
Ida H	Inferred	627,000	1.4	28,000
Lily Pond Well	Inferred	338,000	1.4	15,000
Sickle	Measured	390,000	1.7	21,000
	Indicated	198,000	2.6	16,000
	Inferred	152,000	3.1	15,000
	Measured	390,000	1.7	21,000
	Indicated	2,486,000	1.7	135,000
	Inferred	3,378,000	1.3	137,000
Total Barnicoat Project		**6,254,000**	**1.5**	**293,000**
Burtville Project				
Burtville	Indicated	1,573,000	1.3	65,000
	Inferred	4,146,000	1.3	170,000
	Measured	0	0.0	0
	Indicated	1,573,000	1.3	65,000
	Inferred	4,146,000	1.3	170,000
Total Burtville Project		**5,719,000**	**1.3**	**235,000**
Central Laverton Project				
Craggiemore	Indicated	575,000	2.2	40,000
	Inferred	113,000	2.7	10,000
Euro	Indicated	255,000	1.7	14,000
	Inferred	314,000	1.7	17,000
Mary Mac	Indicated	232,000	2.2	16,000
	Inferred	9,000	1.6	1,000
Mary Mac South	Indicated	435,000	1.6	22,000
	Inferred	90,000	1.8	5,000
West Laverton	Measured	41,000	1.9	2,000
	Indicated	1,271,000	1.8	72,000
	Inferred	299,000	1.5	15,000
	Measured	41,000	1.5	2,000
	Indicated	2,768,000	1.8	164,000

	Inferred	825,000	1.8	48,000
Total Central Laverton Project		**3,634,000**	**1.8**	**214,000**
Chatterbox Project				
Apollo	Measured	929,000	2.3	70,000
	Indicated	973,000	2.0	63,000
	Inferred	560,000	3.0	54,000
Aurora (Inuendo)	Indicated	180,000	2.9	17,000
	Inferred	380,000	2.3	28,000
Calypso (Beasley Creek South)	Indicated	316,000	2.6	26,000
	Inferred	78,000	2.2	5,000
Eclipse (Garden Well)	Measured	19,000	2.7	2,000
	Indicated	63,000	1.8	4,000
	Inferred	152,000	1.7	8,000
Elation (Gladiator North)	Indicated	48,000	1.7	3,000
	Inferred	123,000	1.6	6,000
Emerald (Rumor)	Indicated	1,590,000	2.1	107,000
	Inferred	1,060,000	2.1	72,000
Liberty (Beasley Creek)	Indicated	797,000	2.1	53,000
	Inferred	833,000	2.0	54,000
	Measured	948,000	2.4	72,000
	Indicated	3,967,000	2.1	273,000
	Inferred	3,186,000	2.2	227,000
Total Chatterbox Shear Project		**8,101,000**	**2.2**	**572,000**
Jasper Hills Project				
Lord Byron	Measured	370,000	1.9	22,000
	Indicated	1,326,000	1.5	64,000
	Inferred	743,000	1.9	45,000
	Measured	370,000	1.8	22,000
	Indicated	1,326,000	1.5	64,000
	Inferred	743,000	1.9	45,000
Total Jasper Hills Project		**2,439,000**	**1.7**	**131,000**
Lancefield Project				
Crown Jewel (Telegraph)	Inferred	91,000	6.0	18,000
Odyssey (South Lancefield)	Indicated	72,000	4.0	9,000
	Inferred	3,000	5.0	1,000
	Measured	0	0.0	0
	Indicated	72,000	3.9	9,000
	Inferred	94,000	6.3	19,000
Total Lancefield Project		**166,000**	**5.2**	**28,000**
	Measured	1,749,000	2.1	117,000
	Indicated	12,192,000	1.8	710,000
	Inferred	12,372,000	1.6	646,000
Total Laverton Surface		**26,313,000**	**1.7**	**1,473,000**

Laverton Underground				
Jasper Hills Project				
Fish	Indicated	129,000	4.4	18,000
	Inferred	100,000	4.0	13,000
	Measured	0	0.0	0
	Indicated	129,000	4.3	18,000
	Inferred	100,000	4.0	13,000
Total Jasper Hills Project		**229,000**	**4.2**	**31,000**
Lancefield Project				
Summit (Lancefield)	Indicated	2,037,000	6.5	427,000
	Inferred	619,000	7.1	141,000
	Measured	0	0.0	0
	Indicated	2,037,000	6.5	427,000
	Inferred	619,000	7.1	141,000
Total Lancefield Project		**2,656,000**	**6.7**	**568,000**
	Measured	0	0.0	0
	Indicated	2,166,000	6.4	445,000
	Inferred	719,000	6.7	154,000
Total Laverton Underground		**2,885,000**	**6.5**	**599,000**

Total Measured Resource		**1,749,000**	**2.1**	**117,000**
Total Indicated Resource		**14,358,000**	**2.5**	**1,155,000**
Total Inferred Resource		**13,091,000**	**1.9**	**800,000**
TOTAL LAVERTON		**29,198,000**	**2.2**	**2,072,000**