



Market Announcement

3 December 2021

Plan to resume gold mining at Coolgardie

Highlights:

- **Board approves plan to pursue resumption of operations at Coolgardie**
- **Initial financing to include an Entitlement Offer to all eligible Focus shareholders and a debt facility from the Company's major shareholder, Shandong Gold**

West Australian gold explorer Focus Minerals Limited (**ASX: FML**) (**Focus** or the **Company**) is pleased to announce that its Board of Directors has approved a plan (the **Resumption Plan**) to pursue the resumption of mining operations at the Coolgardie Gold Project. The Coolgardie Gold Project (**Coolgardie**) covers 138km² of highly prospective tenements on the outskirts of the Coolgardie township in the Goldfields region.

The Board has developed the Resumption Plan using the 2020 Prefeasibility Study (**Coolgardie 2020 PFS**) (see ASX announcement dated 22 September 2020) and is focused on immediately beginning to carry out a number of the preliminary activities and assessments required for the advancement of the proposed resumption of mining operations at Coolgardie. The Resumption Plan targets recommencing operations at Coolgardie during 2022 but acknowledges that this timeframe may change.

To advance the Resumption Plan in accordance with such a contracted timeframe, the Resumption Plan contemplates that the Company takes the following actions:

- **Assessment and potential update of Coolgardie 2020 PFS** – The Company is in the process of selecting contractors to evaluate and undertake the necessary assessment of the critical engineering works required for the resumption of mining operations at Coolgardie. This will include a detailed evaluation of the recommissioning cost estimate for the Three Mile Hill processing plant (**Three Mile Hill**).

An assessment of Coolgardie's existing Tailings Storage Facility (**TSF**) in May 2020 concluded that a third lift would provide storage capacity of approximately 2.5Mt for the mine plan outlined in the Coolgardie 2020 PFS. A detail design of the proposed third lift and the associated estimated expenditure is underway.

An update to the Coolgardie 2020 PFS is proposed to incorporate the results of the above assessments and the Company's recent exploration success at Coolgardie. As part of this process, the key assumptions on which the Coolgardie 2020 PFS was based (see ASX announcement dated 22 September 2020) would be reconsidered and re-tested.

- **Permitting and contractor appointment** - The Company is in the process of applying for the requisite government approvals and permits related to mining activities at Coolgardie and plans to commence submitting applications for these in December 2021. Concurrently with applying for approvals and permits, the Company plans to commence a process to select a mining contractor for Coolgardie.
- **Funding** - For the purposes of funding the activities contemplated by the Resumption Plan, the Company has secured an additional US\$10 million unsecured loan facility from the Company's major shareholder, Shandong Gold under which funds are immediately available to the Company (**Loan Facility**). The Loan Facility is on substantially the same terms as the loan facility agreement entered into between the Company and Shandong Gold in October 2020 (see ASX announcement dated 14 October 2020). Relevantly, the key terms of the Facility Agreement are:
 - Term: 3 years from draw down, principal payable at the end of the term
 - Interest: 3.5% per annum, payable quarterly in arrears
 - Representations, warranties, undertakings and events of review / default: generally on common terms for unsecured loan agreements.

In addition, the Company is proposing to undertake a pro-rata, non-renounceable entitlement offer (**Entitlement Offer**). Further details of the Entitlement Offer are to be announced shortly.

Focus may require additional funding depending on the progress of the Resumption Plan and the quantum of funds raised through the proposed Entitlement Offer. As such, the Company will also evaluate other financing options, as required, to meet the capital expenditure costs of the proposed resumption of mining operations at Coolgardie. Focus will keep shareholders informed of material developments.

- **Recommissioning, construction and development** – Subject to the outcome of the relevant assessments, obtaining all necessary governmental approvals and permits and raising sufficient funds, the Company would propose to commence pre-stripping and stockpiling of ore at the Greenfields pit (to provide a source of feedstock), the recommissioning of Three Mile Hill and other construction and development activities at Coolgardie in line with the Coolgardie 2020 PFS or any updated PFS.

Commenting on the Board's approval of the Resumption Plan, Focus Minerals' CEO, Mr Zhaoya Wang, said:

"This is a significant moment for Focus and I thank the Board for its confidence in the work our team has been carrying out to prepare the Coolgardie Gold Project for a resumption of mining activities. I also thank all our shareholders for their patience and support of our strategy to be diligent and disciplined in our pursuit of delivering a sustainably profitable gold mining operation."

"A lot of work remains ahead of us but we are highly confident in the strong mineral endowment our team has identified at Coolgardie, which will underpin a successful return to gold mining operations."

"I look forward to further updating shareholders on our progress with executing the Company's plans over the coming months."

The release of this ASX announcement was authorised by
Mr Wanghong Yang, Executive Chairman of Focus Minerals Ltd.

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About Focus Minerals Limited (ASX: FML)

Focus Minerals is a Perth-based, ASX-listed gold exploration company focused on delivering shareholder value from its 100%-owned Coolgardie Gold Project and Laverton Gold Project, in Western Australia's Goldfields.

Focus is committed to delivering shareholder value from the Coolgardie Gold Project, a 138km² tenement holding that includes the 1.4Mtpa processing plant at Three Mile Hill (on care and maintenance), by continuing exploration and value-enhancing activities. An updated PFS in September 2020 highlighted the potential for a low capital cost, fast-tracked return to mining at Coolgardie and delivered an NPV_{7.5%} of \$183 million. The Company's efforts are now focused on increasing production-ready Mineral Resources at Coolgardie and delivering the approvals and permits required for a resumption of gold-mining operations.

The Laverton Gold Project covers 362km² area of highly prospective ground that includes the historic Lancefield and Chatterbox Trend mines. Focus' priority target is to confirm sufficient gold mineralisation at the Beasley Shear Zone, Lancefield-Wedge Thrust, Karridale and Burtville to support a Stage 1 production restart at Laverton. In parallel, Focus is working to advance key Laverton resource growth targets including Sickie, Ida-H and Burtville South. Focus has delivered first results from a progressive Pre-Feasibility Study (Pre-Tax NPV_{5.0%} A \$132M) and is advancing study work utilising Laverton's expanded Mineral Resource position.

ASX Listing Rule 5.19.2

Focus confirms that all material assumptions underpinning the production target or the forecast financial information derived from the Coolgardie 2020 PFS announced in September 2020 continue to apply and have not materially changed.