

10 February 2022

Release of Supplementary Target's Statement

In accordance with section 647(3)(b) of the Corporations Act 2001 (Cth), Focus Minerals Limited (**Focus**) attaches its supplementary target's statement (**Supplementary Target's Statement**) in relation to the off-market takeover offer by Theta Gold Mines Limited (**TGM**), for certain of the fully paid ordinary shares of Focus¹ (**Offer**).

The Supplementary Target's Statement supplements Focus' Target's Statement dated 28 January 2022 (**Target's Statement**) and should be read together with that document. Despite the Offer recently being declared unconditional, the Supplementary Target's Statement sets out the Focus Board's reasons for continuing to unanimously recommend that Focus shareholders **REJECT** the Offer.

The Supplementary Target's Statement has been sent to TGM and lodged with the Australian Securities and Investments Commission.

An electronic copy of the Target's Statement, the Supplementary Target's Statement and updates in relation to the Offer will be made available on Focus' website (<https://www.focusminerals.com.au/>) and we encourage shareholders to call the Focus Information Line on 1300 308 375 (for callers within Australia) or +61 8 6314 6300 (for callers outside of Australia) Monday to Friday between 9.00am and 5.30pm (Perth time) to address any queries.

The release of this ASX announcement was authorised by
the Board of Focus Minerals Ltd.

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¹ TGM's Offer applies only to those Focus shares that existed as at 21 December 2021, and therefore does not relate to the 103,810,080 new Focus shares that were issued on 31 December 2021 pursuant to Focus' recently completed non-renounceable entitlement offer.

About Focus Minerals Limited (ASX: FML)

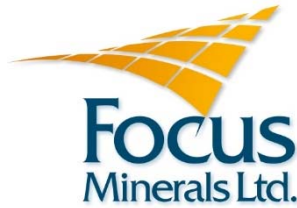
Focus Minerals is a Perth-based, ASX-listed gold exploration company focused on delivering shareholder value from its 100%-owned Coolgardie Gold Project and Laverton Gold Project, in Western Australia's Goldfields.

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.



Focus Minerals Limited ACN 005 470 799

SUPPLEMENTARY TARGET'S STATEMENT

***YOUR DIRECTORS CONTINUE TO UNANIMOUSLY
RECOMMEND THAT YOU
REJECT TGM'S OFFER***

**To REJECT TGM's Offer
DO NOTHING. IGNORE ALL DOCUMENTS FROM TGM.**

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to how to deal with this document, please contact your legal, financial, taxation or other professional adviser. If you have any questions about the Offer or this document, please call the Focus Shareholder Information Line on 1300 308 375 (for callers within Australia) or +61 8 6314 6300 (for callers outside of Australia) Monday to Friday between 9.00am and 5.30pm (Perth time)

Legal Adviser

MinterEllison

Financial Adviser



Azure Capital

1. Introduction

This is a supplementary target's statement (**Supplementary Target's Statement**) of Focus Minerals Limited ACN 005 470 799 (**Focus**) under section 644 of the Corporations Act 2001 (Cth) (**Corporations Act**).

This Supplementary Target's Statement relates to and supplements Focus' Target's Statement dated 28 January 2022 and should be read together with that document.

Unless the context otherwise requires, terms defined in the Target's Statement have the same meaning in this Supplementary Target's Statement. To the extent there is any inconsistency between the Target's Statement and this Supplementary Target's Statement, this Supplementary Target's Statement will prevail.

A copy of this Supplementary Target's Statement was lodged with ASIC and provided to ASX on 9 February 2022. Neither ASIC, ASX, nor any of their respective officers takes any responsibility as to the contents of this Supplementary Target's Statement.

This Supplementary Target Statement is an important document and requires your immediate attention. You should seek independent legal, financial, taxation or other professional advice before making a decision as to whether or not to accept the Offer.

If you have recently sold all of your Focus Offer Shares, please disregard this document.

2. Focus Directors continue to recommend that you REJECT the TGM Offer

On 3 February 2022, TGM declared its Offer unconditional. Despite this, your Directors reiterate their previous recommendation that Focus Shareholders should REJECT TGM's Offer.

There have been no changes to the Offer Consideration nor any new information provided by TGM that alters your Directors' previously communicated view that:

- the Offer Consideration, comprising only TGM Shares, is FUNDAMENTALLY UNATTRACTIVE;
- Focus has a STRONG PLATFORM and IS EXECUTING ON ITS STRATEGY by progressing initiatives to drive value creation;
- The Offer Consideration is INADEQUATE and DOES NOT appropriately reflect the underlying value of Focus' strategic asset portfolio; and
- despite the Offer now being unconditional, there may be ADVERSE TAX CONSEQUENCES if you accept the Offer.

3. TGM Offer Update

TGM's Offer has been open for acceptance by Focus Shareholders since 18 January 2022. However, since then TGM has not released a change in substantial holder notice. This indicates that less than 1% of Focus Shareholders have accepted TGM's Offer.

Under the terms of TGM's Offer, and taking into account Shandong Gold's publicly stated intention to reject the Offer in its current form, the maximum interest that TGM could theoretically acquire in Focus Shares under the Offer is up to 32.65%.

Having regard to the structure and terms of the TGM Offer and to Shandong Gold's stated intention not to accept the Offer in its current form, if you accept the Offer you will be substituting your current investment in Focus for an investment in TGM, a company with no prospect of acquiring control of Focus or its operations, and only a limited exposure to Focus' assets. As outlined in Focus' initial Target's Statement released to the ASX on 28 January 2022:

- TGM has a lower Mineral Resource and Ore Reserve inventory position than Focus;
- TGM is exposed to higher jurisdictional and business risks than Focus;
- TGM is in a weaker financial position than Focus;
- TGM will require additional funding to meet its short term financial commitments and substantial capital to fund any project development, and
- TGM Shares have recently provided lower liquidity than Focus Shares.

4. Focus' Operations

Focus management is implementing its plan to resume gold production at the Coolgardie project, as well as exploration and development work at Laverton.

Following the positive outcome of the Coolgardie Pre-Feasibility Study (PFS), Focus developed a resumption plan targeted at recommencing operations at Coolgardie in 2022. Focus' Resumption Plan contemplated a number of actions which have now been completed or are in the process of being completed, including a US\$10m loan facility from a related entity of Shandong Gold and the Entitlement Offer, which successfully raised \$25.50m as announced on 30 December 2021.

In April 2021, Focus released the progressive results of its Stage 1 Laverton PFS. The assessment delivered positive economic value and a resultant Stage 1 Ore Reserve Statement. Currently, Focus' strategy is to identify sufficient open pit Mineral Resources across the Laverton tenement package to refine its Stage 1 open pit PFS.

Significant drilling has been completed across Focus' projects for resource and exploration purposes, resulting in Focus more than doubling their Gold Ore Reserves since 31 December 2020. Focus' gold Ore Reserves and Mineral Resources are summarised in the table below:

	As reported in the FY20 Annual Report (31 December 2020)	As reported in the Target Statement (22 January 2022)
Gold Ore Reserves	422koz	968koz
Gold Mineral Resources	6,133koz	6,235koz

In the quarter ended 31 December 2021, further exploration activities continued, resulting in updates to CNX (Coolgardie) and Beasley Creek (Laverton) Mineral Resource estimates, and the announcement of maiden Mineral Resources at Coolgardie's Green Light. Further Mineral Resources are under review at both sites and are expected to be finalised and reported during the March 2022 Quarter. Feasibility level work continued on Greenfields and CNX to develop the design of an open pit, waste rock dumps and related infrastructure.

During the quarter ended 31 December 2021, Focus pursued numerous operational initiatives to advance the development of Coolgardie, including:

- submitting the mine proposal for Greenfields Open Pit;
- advancing the engineering scope for mill refurbishment, with completion expected early in March 2022 Quarter;
- continuing planning work for the infrastructure required to support a return to operation at Three Mile Hill;
- advancing the initial engineering for alternate TSF options, and commissioning the engineering design work for the third lift of the existing TSF at Three Mile Hill;
- updating the haul road engineering scope and selecting a preferred contractor to commence design work; and
- continuing the optimisation of open pit mine designs and schedules to update the 2020 PFS result.

As at 31 December 2021, Focus has \$27.25m in cash and cash equivalents (excluding restricted cash held as environmental security bonds), with access to an additional US\$10m of non-dilutive debt funding under the 2021 Shandong Gold Loan Facility, which remains undrawn.

5. Response to TGM's Third Supplementary Bidder's Statement

On 3 February 2022, TGM released its Third Supplementary Bidders Statement. Your Directors consider that a number of statements in TGM's Third Supplementary Bidder's Statement are inaccurate or misleading, and that these deficiencies disadvantage Focus Shareholders and their capacity to make a fully informed decision as to whether or not to accept the Offer.

The table below contains your Directors' responses to those statements in TGM's Third Supplementary Bidder's Statement your Directors consider are inaccurate or misleading statements.

#	TGM's Statement	Focus' Response
1	<p>Chart of NYSE listed gold producing entities</p> <p>TGM has included a chart showing the share prices of four leading NYSE listed gold producing entities with exposure to South African operations over the period of 1 January 2018 to 30 January 2022. TGM presented this information to argue "<i>that having significant South African operations does not appear to have hampered the market's or investors' view of [these companies]</i>".</p>	<p>This statement appears to have been included to diminish Focus' statements relating to the additional jurisdictional risks to which TGM Shareholders are exposed by virtue of TGM's projects all being located in South Africa.</p> <p>However, your Directors consider that the chart that TGM has provided is a largely irrelevant and inappropriate comparison for the following reasons:</p> <ul style="list-style-type: none"> the companies selected by TGM are producing companies with numerous assets across multiple jurisdictions and with an average market capitalisation of approximately \$8,236 million¹, whereas TGM is a pre-development company, with all of its projects being located in South Africa and with a market capitalisation of only approximately \$81 million²; and Focus' Target Statement outlined that Western Australia's tier one mining jurisdiction is significantly lower-risk than that of South Africa, yet no comparison between these jurisdictions is made.
2	<p>Offer premium – TGM states that "<i>the TGM Offer continues to provide you with what the TGM directors consider to be an attractive premium for your Focus [Offer] Shares</i>"</p>	<p>In its Target's Statement, your Directors noted their concern that TGM presented its Offer premium based on certain selective dates, and thus provided an incomplete, overly favourable impression of the size of the premia implied by the Offer.</p> <p>Despite these previously expressed concerns, in its Third Supplementary Bidder's Statement, TGM continues to assert that its Offer is an "<i>attractive premium</i>" by again using premiums implied by its Offer only at specific dates – more particularly, dates that are referable to events in the Offer process that are entirely within TGM's control, meaning that TGM can readily select closing prices on dates that support its distorted narrative around the premia implied by the Offer.</p> <p>Your Directors encourage you to consider the more objective range of premia set out in Section 1.2 of the Target's Statement as well as the prevailing price of TGM Shares when considering the extent of the premia implied by the Offer.</p>

¹ S&P Capital IQ as at 9 February 2022.

² S&P Capital IQ as at 9 February 2022.

3	<p>Shandong Gold – TGM states that Shandong Gold's interests may not align with those of other Focus Shareholders.</p>	<p>Although Shandong Gold has private interests that may in some circumstances differ from those of other Focus Shareholders, as Focus' largest shareholder with 63.18% of Focus Shares and as a creditor, Shandong Gold's interests are fundamentally aligned with the success of Focus. Like any other shareholder, Shandong Gold is entitled to exercise its rights as a shareholder in any way that it considers appropriate. Further, Shandong Gold has recently contributed \$22.6 million in new equity to Focus pursuant to the Entitlement Offer, as well as a further USD10 million in available (but currently undrawn) unsecured debt to Focus.</p>
4	<p>Allegations regarding control impacts of Focus' Entitlement Offer - TGM continues to assert that the terms of Focus' Entitlement Offer were structured to facilitate Shandong Gold expanding its control and diluting the interests of other Focus Shareholders.</p>	<p>Your Directors unequivocally reject this assertion. Australia's corporate law framework prohibits entitlement offers from being structured in a manner that has the purpose or likely effect of impacting control of a listed company contrary to the law and the central principle of equality of opportunity for all shareholders.</p> <p>As your Directors have previously and consistently noted:</p> <ul style="list-style-type: none"> • all Focus Shareholders had an equal opportunity to participate in the Entitlement Offer; • all Focus Shareholders (other than Shandong Gold) had the opportunity to subscribe for additional Focus Shares comprising any shortfall; and • any effect on control would only be known once the Focus Entitlement Offer had closed and all acceptances taken into account.
5	<p>Risks relating to future need to raise additional funds - TGM states that <i>"further funding may be required by Focus – and assumes that, again, this will be on terms that suit Shandong Gold and dilute other holders"</i>.</p>	<p>Like any resources company in pre-production phase, your Directors cannot rule out the possibility that additional funding will be required in the future.</p> <p>Your Directors will assess the most appropriate means of accessing any further funding that may be required at the relevant time, taking into account all of the circumstances and the interests of all Focus Shareholders.</p>
6	<p>Aggregating the minority voice to enhance TGM's ability to share its opinions and experience – TGM states that the TGM Offer <i>"provides you with an opportunity to aggregate the minority voice in Focus and will enhance TGM's ability to (potentially) share with Focus its opinions and considerable experience with regards to mining operations"</i></p>	<p>This statement implies that TGM will be better placed to share its opinions and experience relating to Focus' mining operations with Focus management if it acquires a larger (aggregated) Focus Shareholding. This is misconceived.</p> <p>As always, your Directors remain receptive to any Focus Shareholders (including TGM) conveying their opinions and experience about how to improve Focus' mining operations. If TGM has any specific plans or opinions regarding Focus' assets and mining operations, the Focus Board remains open to receiving and considering those views (regardless of the size of TGM's shareholding in Focus). Indeed, TGM is legally required as part of its Offer documentation to share with Focus Offer</p>

		<p>Shareholders its plans, to the extent that those plans constitute information that is material to Shareholders' assessment of whether or not to accept the Offer.</p> <p>In light of this legal requirement, your Directors note that TGM's Bidder's Statement discloses that TGM does not in fact have a specific plan about how to add value for all Focus Shareholders, beyond conducting a general strategic review of Focus' assets should it acquire control of Focus (again noting that there is no prospect of it occurring while the Offer remains in its current form).</p>
7	<p>Dilution risk for Focus Shareholders – TGM states that Focus has emphasised the risk of possible future dilution.</p>	<p>TGM's statement conveys the misleading impression that the risk of dilution for Focus Shareholders is greater than the equivalent risk of dilution faced by TGM Shareholders.</p> <p>While both Focus Shareholders and TGM Shareholders are subject to the risk of future dilution, your Directors consider that this risk is materially greater for TGM Shareholders than Focus Shareholders.</p> <p>One reason for this is that Focus has substantially greater cash reserves and access to non-dilutive debt than TGM. Further, as TGM is not offering any cash as Offer Consideration, if you accept the Offer and substitute your Focus Offer Shares for TGM Shares, you will continue to be exposed to dilution risk in relation to both:</p> <ul style="list-style-type: none"> • TGM, directly; and • Focus, indirectly through TGM's Focus shareholding. <p>Your Directors encourage Focus Shareholders to consider the disclosures in Item 1 of Section 1.2 of the Target's Statement for a more balanced assessment of the comparative risks of dilution as a Focus Shareholder or TGM Shareholder.</p>

6. Reliance on ASIC class orders

As permitted by ASIC Class Order 13/521, this Supplementary Target's Statement contains statements which are made, or based on statements made, in documents lodged with ASIC or given to ASX. In accordance with this class order, the consent of TGM or the ASX (respectively) is not required for the inclusion of such statements in this Target's Statement. Any Focus 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 Focus.

As permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this Supplementary Target's Statement may include or be accompanied by certain statements:

- which fairly represent what purports to be a statement by an official person;
- which are a correct and fair copy of, or an extract from, a public official document; or
- which are a correct and fair copy of, or an extract from, a statement which has already been published in a book, journal or comparable publication.

In addition, as permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this Supplementary Target's Statement contains share price trading and financial data sourced from S&P Capital IQ, without their consent.

7. Shareholder enquiries

If you have any questions about the Offer, the Target's Statement or this Supplementary Target's Statement, please contact the Focus Shareholder Information Line on 1300 308 375 (for callers within Australia) or +61 8 6314 6300 (for callers outside of Australia) Monday to Friday between 9.00am and 5.30pm (Perth time).

8. Approval

This Supplementary Target's Statement has been approved by resolution passed by the directors of Focus under section 645(3)(a) of the Corporations Act.

This Supplementary Target's Statement is dated 9 February 2022.

Signed for and on behalf of Focus Minerals Limited by:

A handwritten signature in black ink, appearing to be 'Wanghong Yang', written over a horizontal line.

Wanghong Yang
Executive Chairman

Date: 9 February 2022