

(ASX: FML)

# FOCUS MINERALS LIMITED

*Aggressively Expanding into a Strong Gold Price*

**RECOMMENDED ACQUISITION OF CRESCENT GOLD**



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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 Mining and Metallurgy. Dr Adams is a full time employee of Focus Minerals and has sufficient exploration 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 context in which it appears.

The information in this report that relates to Ore Reserves is based on information compiled by Mr Brad Valiukas who is a Member of the Australian Institute of Mining and Metallurgy. Mr Valiukas is a full time employee of Focus Minerals and has sufficient exploration 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 Valiukas consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

# Creating a Major Australian Gold Producer

- Focus to acquire Crescent by way of an off-market takeover to create a major Australian gold mining company
- Focus targeting gold production of 230,000oz during 2012 to be in the Top 5 Australian gold producers
- Focus' experienced management team to unlock value from Crescent assets



# Creating a Major Australian Gold Producer



- 1. Production** – Focus targeting 230,000oz of gold during 2012
- 2. Unlocking Value** – Focus’ experienced management team has the operational experience to maximise the value of Crescent’s assets and deliver value for all shareholders
- 3. Resource Scale** – The transaction doubles the total Resource base of Focus to 4.3Moz of gold
- 4. Re-Rating** – The proforma EV/Resource multiple of Focus post acquisition is 39% below the peer average multiple of ASX listed gold producers (A\$107/oz), indicating significant re-rating potential
- 5. Operational Diversification** – Provided by the combination of Focus’ Coolgardie operations with Crescent’s Laverton operations
- 6. Exploration Upside** – Focus to provide the funds to pursue a drilling program to unlock Crescent’s extensive exploration upside
- 7. Financial Strength** – Combined group will have a strong balance sheet with substantial operating cash flows

# Diversified Asset Portfolio

## Coolgardie Production

### Coolgardie Gold Project

- Tindals Mining Centre - underground & open pit
- The Mount underground 85km to south
- Three Mile Hill mill
- 2012 production 130koz

## Coolgardie Exploration

### Coolgardie Gold Project

- 210sq km landholding.
- Produced over 2.5Moz in region.
- 2.3Moz resource base 50% of which comes from just 2% of project
- Significant upside from exploration

## Treasure Island

- World class greenfields exploration



## Laverton Production

### Laverton Gold Project

- Laverton open pit
- Ore processing agreement with Barrick
- Barnicoat mill
- Summit underground (feasibility stage)
- 2012 production 100koz

## Laverton Exploration

### Laverton Gold Project

- 1,400sq km landholding
- +7Moz Wallaby & Sunrise Dam nearby
- Not tested below 150m
- 2.1Moz JORC resource
- Significant upside from exploration

# Transaction Overview

## Transaction

- Off-market takeover offer by Focus for all the shares in Crescent
- **Unanimously recommended** by Crescent's Board, in the absence of a Superior Proposal

## Offer Terms

- One Focus share for every 1.18 Crescent shares
- Implied price of 6.53 cents per share based on last close price of Focus
- Premium of 30.5% to last closing prices

## Exclusivity & Pre-Bid Agreements

- Pre Bid Agreement from Deutsche Bank AG for 19.9%
- Customary no shop / no talk provisions and other deal protections
- Focus has a right to match a Superior Proposal

## Conditions

- Minimum acceptance condition of 90%
- No material adverse change in relation to Crescent
- No prescribed occurrences in relation to Crescent
- No break fee payable to any other party
- Refer to ASX announcement annexure for further details

# Strategic Rationale for Transaction

## Creates Major Australian Gold Producer

- Creates a Top 5 Australian gold producer targeting 230,000oz during 2012
- Significant Resource position in Western Australian gold centres
- Operational diversity: 2 major mining regions; 4 mines and 2 mills

## Proven Track Record of Mine Operation

- Focus management has a proven track record in mine development and operation
- Focus recommissioned Three Mile Hill processing plant 18 months ago
- Focus has opened 2 new mines in last 3 months
- Focus has the technical experience to optimise and extract full value from the Crescent operations for the benefit of all shareholders

## Significant Resource Growth potential

- Immediately doubles Focus' in-ground resources to 4.3Moz
- Combined group can unlock Crescent's extensive exploration upside
- Focus currently undertaking significant exploration programme

## Strong Operating Cash flows

- The merged group will produce strong operating cash flows
- Operational efficiency opportunities to further increase operational cash flows
- The combined group will have a strong balance sheet

## Valuation Uplift

- Focus' proforma EV/Resource multiple post acquisition is at a 39% discount to the peer average for ASX listed gold producers (of A\$107/oz) implying a revaluation opportunity
- Critical mass production and resource inventory valuation uplift post-transaction
- Transaction is expected to be significantly value accretive for both company's shareholders

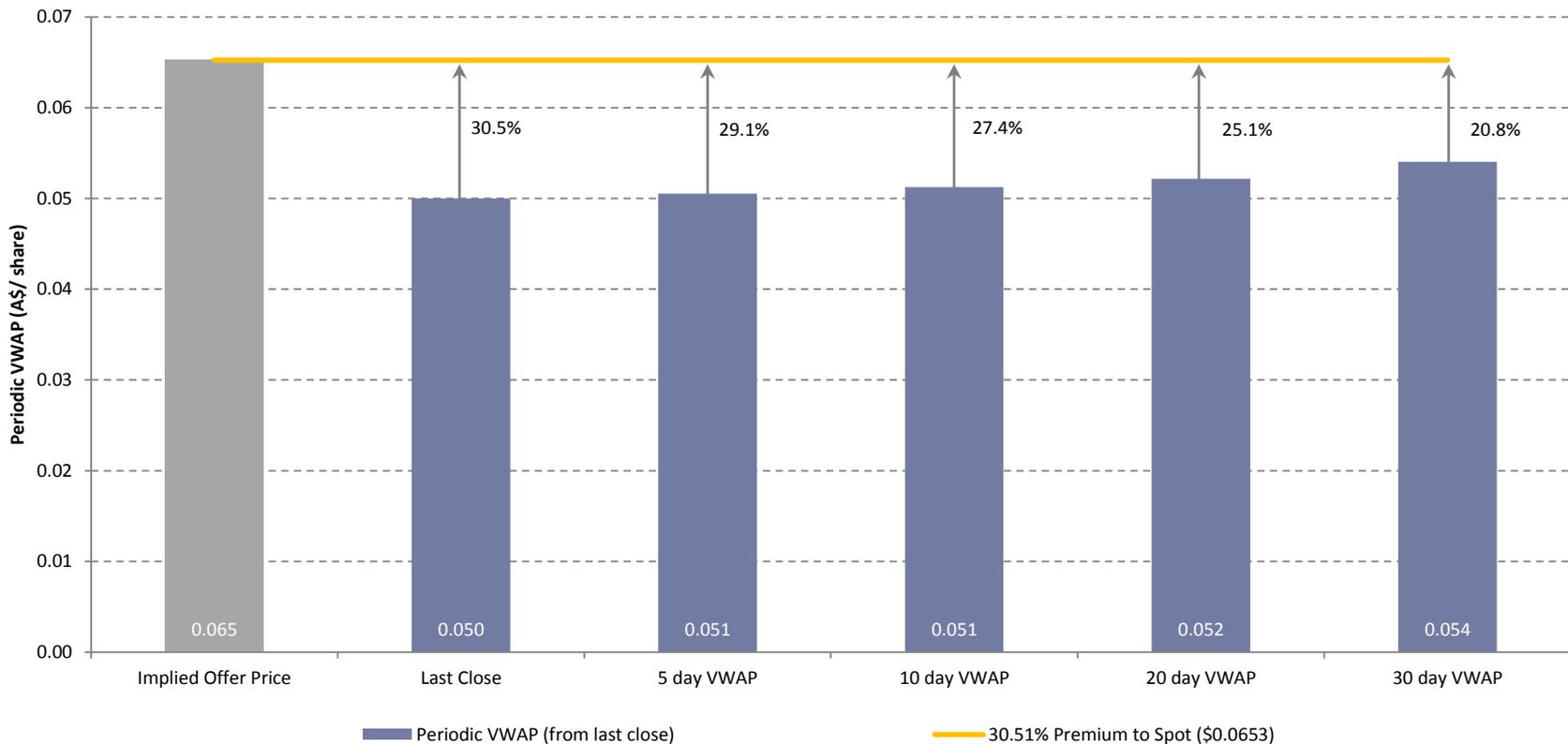
# Benefits to Crescent Shareholders

This transaction provides a range of benefits to Crescent investors:

- **Price** - The Offer is attractively priced, at a significant premium
- **Retain Ownership** - The Focus scrip consideration allows Crescent share holders to retain exposure to value from the Laverton gold assets
- **Valuation Uplift** - Crescent shareholders will be able to share in the valuation uplift. The proforma EV/Resource multiple of the merged group is 39% below the peer average multiple of ASX listed gold producers (A\$107/oz)
- **Funding** - Crescent shareholders will own shares in a financially stronger company, with the capacity to fund exploration programmes
- **Management** - Focus' management has significant experience in developing and operating gold mines to maximise the value of Crescent's assets
- **Increased Liquidity** - Focus shares have substantial liquidity
- **Tax** - Capital gains tax rollover relief likely for eligible Crescent shareholders

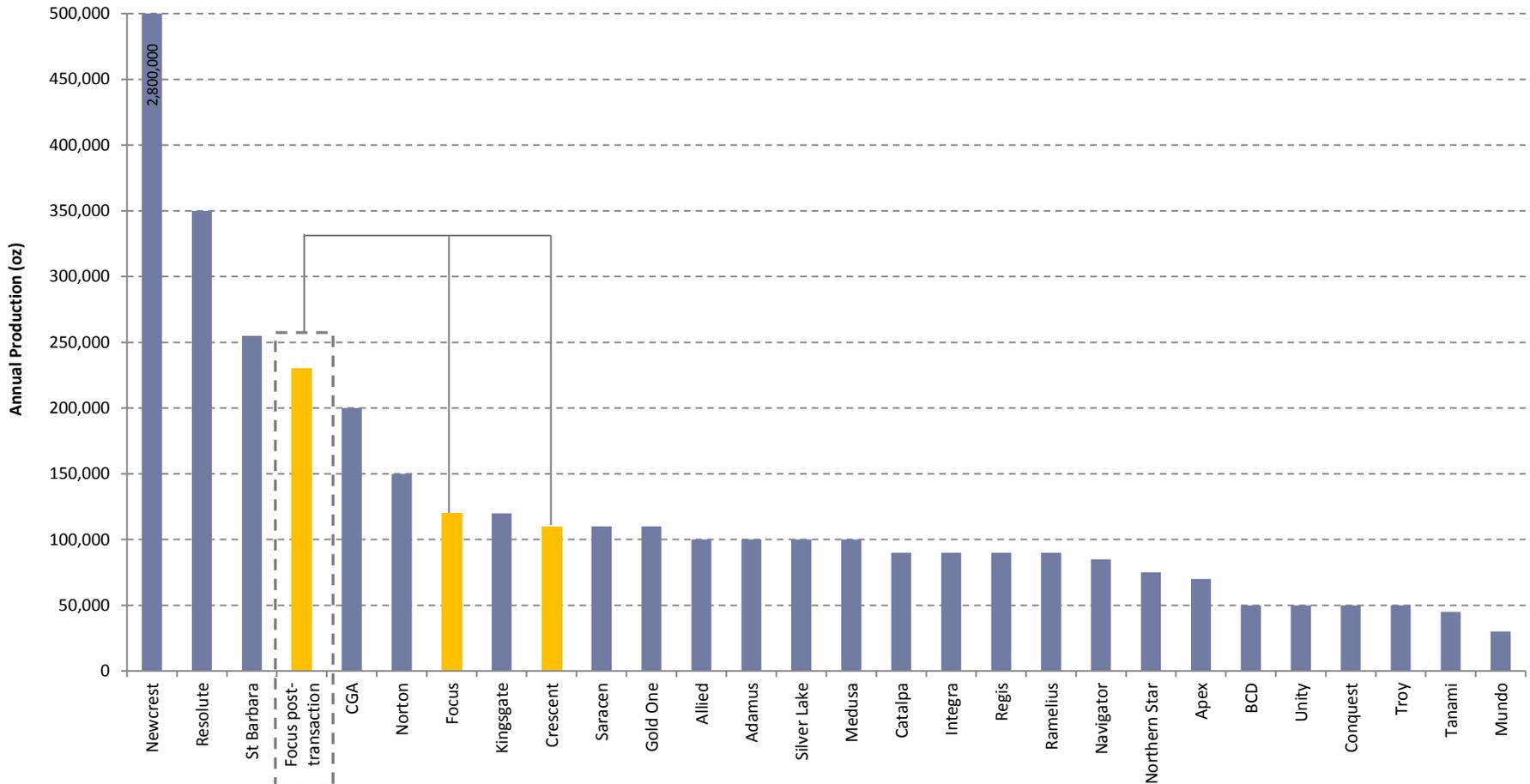
# Compelling Value for Crescent Shareholders

- The implied Offer price represents a significant premium to the recent trading level of Crescent shares



# Focus Will Become a Major ASX Gold Producer

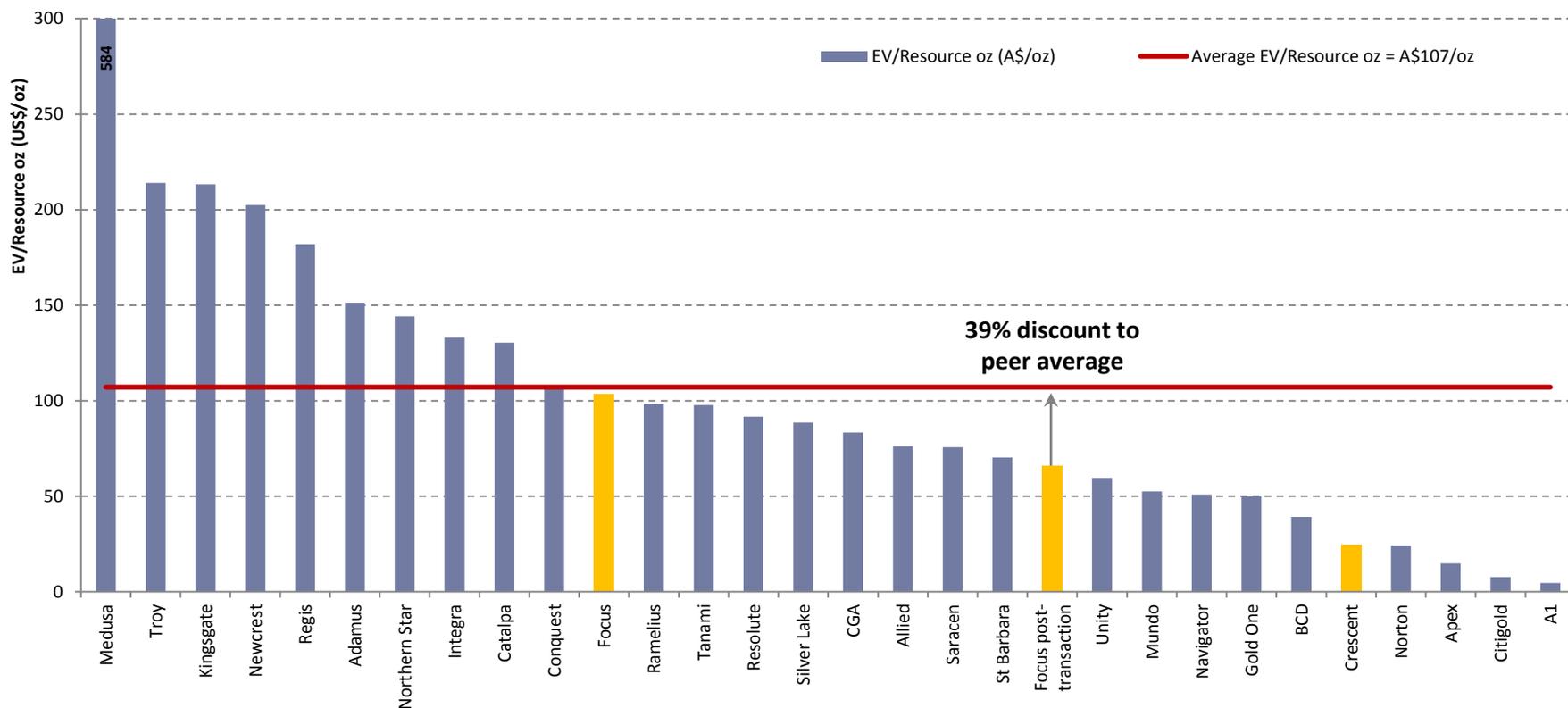
- Merged group will be in the Top 5 of ASX primary listed gold producers



Source: Publicly available production forecasts for CY2011. Merged group production forecast for CY2012

# Re-rating Opportunity Based on EV/Resource Multiples

- Focus' proforma EV/Resource multiple post-acquisition is at a 39% discount to the peer average for ASX listed gold producers (of A\$107/oz) implying a revaluation opportunity



Source: ASX primary listed companies only. Publicly available data, EV using cash and debt balances from 31 March 2011, market capitalisations as of 17 June 2011

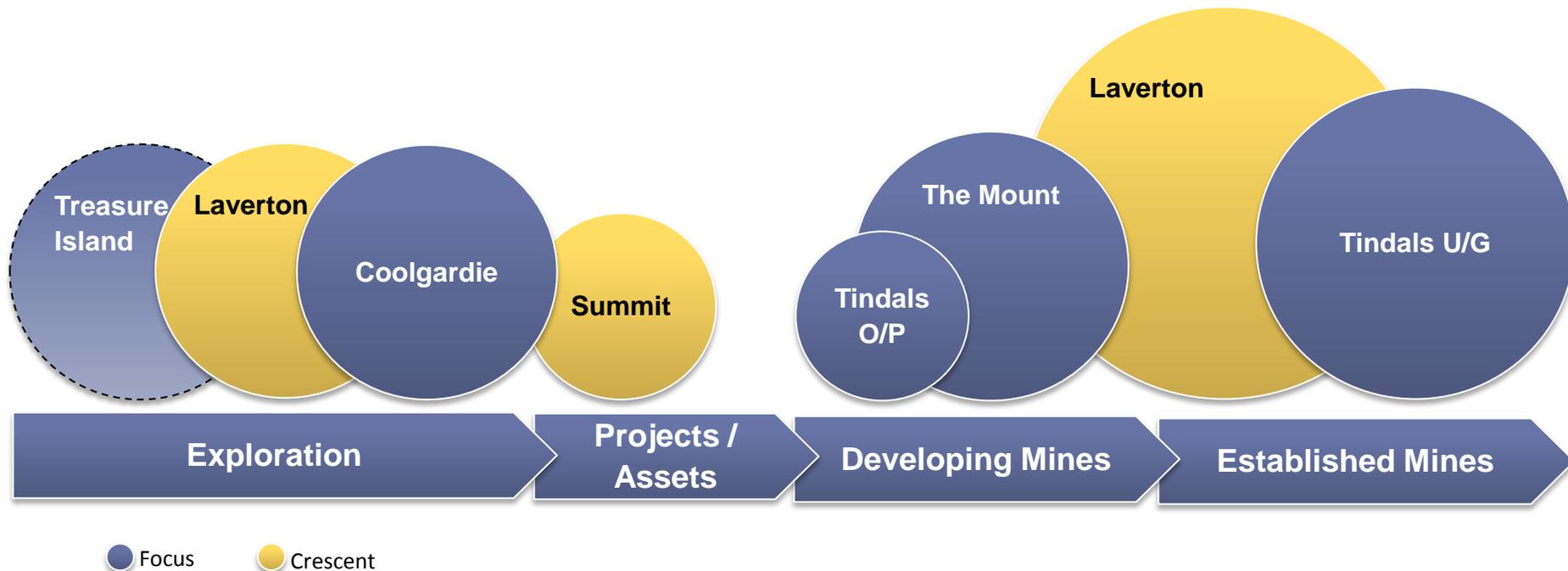
# Strong Production and Exploration Pipeline

- The combined group has a strong portfolio of expanding mine operations and a significant exploration pipeline of both greenfields and brownfields opportunities

✓ 3 x Major Regional Exploration Projects

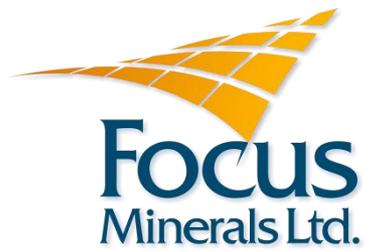
✓ 2 x Mining Regions

✓ 4 x Mines



# Indicative Timetable

Date	Milestone
Monday, 20 June 2011	Transaction Announced
Monday, 4 July 2011	Focus Provides its Bidder's Statement to Crescent, ASIC and ASX
Monday, 4 July 2011	Crescent Provides its Target's Statement to Focus, ASIC and ASX
Thursday, 7 July 2011	Bidder's and Target's Statements Despatched
Thursday, 7 July 2011	Focus Offer Opens
Monday, 8 August 2011	Focus Offer Closes (unless extended)



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Minerals Ltd.

## TINDALS MINING CENTRE

- Engine room of the Focus business
- Underground & Open Pit operations
- Significant resource of 13.1Mt @ 2.8g/t for 1.2Moz - grown 20% in last six months
- Total Reserve of 1.5Mt @ 3.1g/t for 147,000oz
- Stable underground production profile - delivering at 55,000oz pa. 2 years in reserve
- Commenced open pit operations in April 2011 - targeting additional 30,000oz pa
- Significant upside at depth
- <5km trucking distance to Three Mile Hill



## THE MOUNT

- New high-grade Underground Mine.
- Commenced production in March 2011
- Inferred Resource – 2.1Mt @ 5.5g/t for 370,000oz
- Reserve - 61,000t @ 7.9g/t for 15,500oz
- Will be significant boost to Focus' production profile at 40-60,000oz pa
- Initially commenced mining German Lode where trial mining delivered 30,000t @ 8.0g/t
- 85km to south of Three Mile Hill plant



# Appendix - Focus Asset Base Overview

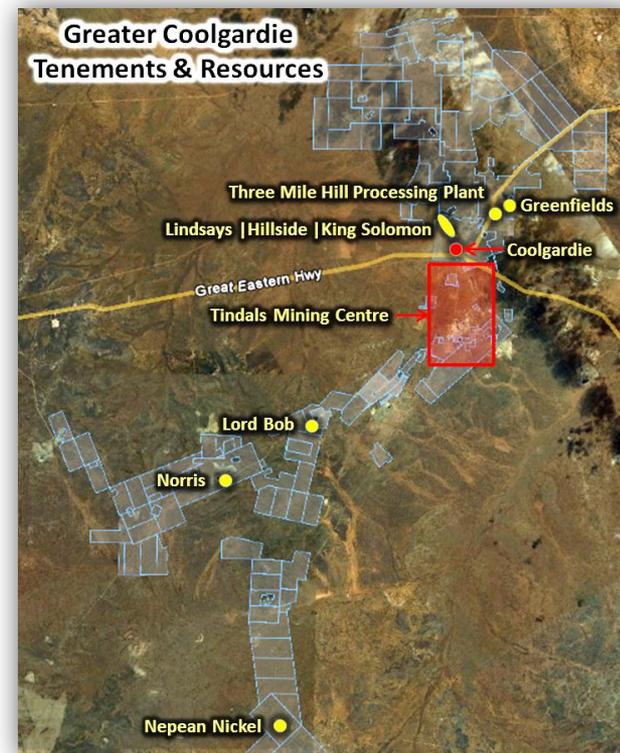
## REGIONAL EXPLORATION

### *Greater Coolgardie*

- Region has produced >2.5Moz over last 100 years
- Resource of 11.3Mt @ 1.9g/t for 694,000 ounces in Coolgardie outside the Tindals Mining Centre
- Reserve of 1.1Mt @ 1.7g/t for 60,000oz
- Massively underexplored – significant mine life extension potential. 2 rigs currently on site.

### *Treasure Island Gold Project*

- World class, greenfields gold project on Boulder-Lefroy Fault - biggest gold producing system in Australia
- Over 210 sq km of tenements
- Multiple vein arrays of +300m strike length on Island with surface sample grades over 50g/t
- Second rig on site this month joining preliminary drill program.



## THREE MILE HILL PLANT

- Largest processing plant in Coolgardie region delivering Focus significant strategic value
- 1.2Mtpa plant currently operating at 1.3Mtpa
- Processing at +100,000tpm since June 2010
- Spent \$22M recommissioning & took to full nameplate capacity inside 6 months
- Replacement value of >\$100 million; 2 years construction for a similar plant
- Configured to enable future phased expansion
- <5km trucking distance from Tindals Mining Centre



# Appendix - Focus Resources & Reserves

## Focus Minerals resources at 31<sup>st</sup> March 2011

	Measured Resources			Indicated Resources			Inferred Resources			Total Resources			Change
	Tonnes '000t	Grade Au g/t	Ounces	Tonnes '000t	Grade Au g/t	Ounces	Tonnes '000t	Grade Au g/t	Ounces	Tonnes '000t	Grade Au g/t	Ounces	
Tindals Project - UG	524	5.1	87,000	1,987	4.4	278,000	566	4.5	81,000	3,077	4.5	446,000	+18%
Tindals Project - Surface				7,345	2.2	517,000	2,689	2.6	223,000	10,034	2.3	740,000	+22%
<b>Tindals Project Total</b>	<b>524</b>	<b>5.1</b>	<b>87,000</b>	<b>9,332</b>	<b>2.7</b>	<b>795,000</b>	<b>3,255</b>	<b>2.9</b>	<b>304,000</b>	<b>13,111</b>	<b>2.8</b>	<b>1,186,000</b>	<b>+20%</b>
Mount Project							2,090	5.5	370,000	2,090	5.5	370,000	n/c
Lindsays Project				4,350	1.7	238,000	3,562	2.0	233,000	7,912	1.8	471,000	n/c
Three Mile Hill Project				1,386	1.9	86,000	138	3.0	13,000	1,524	2.0	99,000	n/c
Norris Project							1,870	2.1	124,000	1,870	2.1	124,000	n/c
<b>Total</b>	<b>524</b>	<b>5.1</b>	<b>87,000</b>	<b>15,068</b>	<b>2.3</b>	<b>1,119,000</b>	<b>10,915</b>	<b>3.0</b>	<b>1,044,000</b>	<b>26,507</b>	<b>2.6</b>	<b>2,250,000</b>	<b>+10%</b>

## Focus Minerals reserves and stocks at 31<sup>st</sup> March 2011

Reserves:	Proven Reserves:			Probable Reserves:			Total Reserves:		
	Tonnes:	Grade (g/t):	Ounces:	Tonnes:	Grade (g/t):	Ounces:	Tonnes:	Grade (g/t):	Ounces:
Tindals Project Underground:	257,000	4.0	33,100	763,000	3.2	79,500	1,020,000	3.4	112,600
Tindals Project Open Pits:	-	-	-	505,000	2.1	34,700	505,000	2.1	34,700
Three Mile Hill Project Open Pits:	-	-	-	1,101,000	1.7	59,900	1,101,000	1.7	59,900
The Mount Project Underground:	-	-	-	61,000	7.9	15,500	61,000	7.9	15,500
<b>Reserve Totals:</b>	<b>257,000</b>	<b>4.0</b>	<b>33,100</b>	<b>2,431,000</b>	<b>2.4</b>	<b>189,600</b>	<b>2,687,000</b>	<b>2.6</b>	<b>222,700</b>

### Stocks:

Stocks Total:
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Stocks:		
Tonnes:	Grade (g/t):	Ounces:
838,000	0.9	24,600

### Reserves and Stocks:

<b>Total:</b>
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Reserves and Stocks:		
Tonnes:	Grade (g/t):	Ounces:
<b>3,525,000</b>	<b>2.2</b>	<b>247,300</b>

The information in this report that relates to Exploration Results and Minerals Resources is based on information compiled by Dr Garry Adams who is a member of the Australasian Institute of Mining and Metallurgy. Dr Adams is a full time employee of Focus Minerals and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. 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.

# Appendix - Crescent Resources & Reserves

## Laverton Ore Reserves at 30 June 2010 \*

Category	Tonnes ('000)	Grade (g/t)	Contained Gold ('000)
Proved	-	-	-
Probable	6,500	2.1	445
Total	6,500	2.1	445

## Laverton Mineral Resources at 30 June 2010 \*

Category	Tonnes ('000)	Grade (g/t)	Contained Gold ('000)
Measured	431	1.7	23
Indicated	19,200	2.2	1,357
Inferred	11,000	2.0	695
Total	30,631	2.1	2,075

*\* Does not include maiden JORC Reserve of 54,000oz and Resource upgrade to 179,000oz on the Apollo deposit, announced to ASX on 7 June 2011*

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves of the Laverton Gold Project is based on information compiled by Jeff Ion, who is a Member of the Australian Institute of Geoscientists. Jeff Ion has sufficient experience which 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" and a Qualified Person under "Canadian National Instrument 43-101 Standards of Disclosure for Mineral Projects". Jeff Ion consents to the inclusion in the report of the matters based on his information in the for and context in which it appears. Jeff Ion is employed by Crescent Gold Limited