

ASX ANNOUNCEMENT

21 December 2012

FOCUS COMPLETES \$225 MILLION RAISING VIA PLACEMENT TO SHANDONG GOLD

- ***Final approvals received to complete \$225M placement***
- ***Focus receives \$225M in cash from Shandong Gold***
- ***Placement priced at a significant premium to Focus' share price***
- ***Placement cements strategic partnership with one of China's three largest gold producers***
- ***New directors appointed to join existing Board***
- ***Focus outlines immediate investment priorities to accelerate organic growth***

Focus Minerals Ltd. ("Focus") (ASX: FML), a leading Australian gold producer and explorer, said today it has completed a placement to Shandong Gold International Mining Corporation Limited ("Shandong Gold"), issuing 4,501,997,651 new fully paid ordinary shares at 5 cents per share for approximately \$225 million ("Placement").

The finalisation of the Placement follows the receipt of all required Chinese regulatory approvals by Shandong Gold and the overwhelming vote last month by Focus' shareholders to support the company's plan to raise funds through the issue of new shares to Shandong Gold.

The Placement, which will double Focus' market capitalisation, has been transacted at a significant premium to Focus' current share price.

"This is one of the largest mining deals for an emerging mid-tier Australian gold producer in recent times and underscores the importance of Australia-China mining interests," said Focus Minerals Chairman, Don Taig.

"Focus now has an exceptionally strong balance sheet and – importantly - a significant strategic partner in the region with whom we are looking forward to working together to ensure that we accelerate the development of our significant landholdings across two of Australia's key gold producing regions."

Shandong Gold General Manager, Zhang Dahui, said: "The establishment of our first strategic partnership in Australia demonstrates our determination to develop our business in Australia. It is a significant investment we are making into Focus Minerals and reflects both our confidence in Focus and our capability to help develop the Focus operations at an accelerated pace for the benefit of all shareholders."

Since Focus moved into production in 2008 the Company has reinvested its profits back into the ground, growing its Mineral Resources, Ore Reserves and production. Based just on its existing 4.3 million ounce resource inventory, Focus has an extensive production roadmap. Development of new projects and ongoing exploration success will strengthen this position.

USE OF PROCEEDS

The funds raised from the Placement will establish the foundation for Focus to accelerate the development of its existing gold projects, targeting a growth in Ore Reserves and Mineral Resources, new discoveries from targeted exploration programmes, the ability to expand the capacity of its processing operations and the future potential for value accretive acquisitions.

Initial spending by Focus as a result of the Shandong Gold investment is planned to include:

- \$18 million on Ore Reserve growth drilling in next 12 months, with the goal of rapidly increasing Ore Reserves;
- \$22 million on exploration across its tenements in Laverton, Coolgardie and Treasure Island in the next 12 months, capitalising on work the exploration team has done in identifying more than 40 priority targets to develop across the Company's tenement holdings;
- Increasing mill capacity at its Three Mile Hill plant at Coolgardie from its current 1.2Mtpa capacity, to a rate to be determined by Ore Reserve growth; and
- Focus will also consider refurbishing the company's Barnicoat plant at Laverton. Through 2013, as it seeks to build its Ore Reserve inventory, Focus will determine whether this would be at its current nameplate capacity of 1.45Mtpa or greater.

"The refurbishment of the Barnicoat mill can clearly change the economics of our operations in Laverton where we currently mine for 365 days of the year but are only able to process for less than 200 days," said Focus Minerals CEO, Campbell Baird. "This has the potential to drive a strong increase in the margins in our business."

Mr Baird said that the investment by Shandong Gold, apart from providing an immediate capital injection of \$225 million to assist in fuelling an accelerated growth of Focus' projects and operations, will introduce a large, supportive investor that will allow for the exchange of technical knowledge.

"The investment provides expertise at Board level to assist with the exploration of Focus' large tenement holdings and it significantly increases the market capitalisation of Focus" said Mr Baird.

Focus recommissioned the Three Mile Hill plant in Coolgardie in 2009. In the past two years, Focus has transitioned its Coolgardie operations from a single underground operation to now having multiple operating mines. Following its successful takeover of Crescent Gold in 2011, it has integrated those operations into the Group and, under Focus, Laverton has turned from a \$51 million loss-making operation in FY11 to a \$3.8 million profit in FY12.

BOARD APPOINTMENTS

Mr Li Zhongyi, Executive Chairman of Shandong Gold; Mr Zhang Dahui, General Manager of Shandong Gold; and Mr Michael Guo, Deputy General Manager and the Chief Geologist of Shandong Gold have been appointed as Non-Executive Directors of Focus. They join Chairman, Mr Don Taig and Non-Executive Directors; Mr Bruce McComish, Mr Gerry Fahey and Mr Phil Lockyer on the Focus Board.

Mr McComish has also agreed to represent the interests of Shandong Gold on the Board. He will liaise between the Independent Focus Directors and Shandong Gold's Board representatives as well as providing an important and critical "on-the-ground" direct link between Shandong Gold's Board representatives and Focus' Chairman, Don Taig. Mr McComish will also assist and provide counsel to Shandong Gold's three nominee directors on their duties.

"Mr McComish knows and understands the Focus business and is an ideal choice to act as a liaison between Shandong Gold's Board representatives and Focus' Independent Directors," said Mr Taig.

“His role will benefit all Focus Minerals’ shareholders and will facilitate and ensure that strategic business matters are dealt with in an efficient way.”

Mr Taig said the new board structure reflects Shandong Gold’s post-Placement stake in Focus, with four nominees on the seven-member Focus Board. “Importantly, this will also maintain the same total number of Directors on the Focus Board as originally contemplated, and minimise costs associated with the employment of additional Directors,” said Mr Taig.

Mr Taig, was recently in China visiting his counterparts at Shandong Gold and took the opportunity to see two of Shandong Gold’s underground mines, two major processing centres and a gold refining plant, whilst also being able to talk with their staff at all levels and see the quality of the operations first hand.

“The scale of Shandong Gold’s operations is significant,” said Mr Taig. “Much of the operations are heavily automated providing strong efficiencies. They have a major commitment to eco-friendly mining concepts by management and staff as well as a proud record of improving the economic and social situation of the Shandong workforce.

“Clearly, both Focus and Shandong can assist one another on a number of levels, but in the short term, there is much that can be learnt from Shandong Gold’s track record.”

COMPETENT PERSON’S STATEMENT

The information in this announcement that relates to Exploration Results and Minerals Resources is based on information compiled by Dr Garry Adams who is a member of the Australian Institute of Geoscientists. Dr Adams is employed by 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 this announcement of the matters based on the information compiled by him in the form and context in which it appears.

FOCUS MINERALS LIMITED

Focus Minerals is a leading Australian gold producer. In FY12, the Focus Group delivered a 143% increase in gold production to 176,632oz. Focus operates two significant production centres in Western Australia’s Eastern Goldfields. The company is the largest landholder in the Coolgardie Gold Belt, 35km west of ‘Super Pit’ in Kalgoorlie, where it runs The Tindals Mining Centre underground and open pit operations, and The Mount underground, 85km to the south. Gold is processed at Focus’ 1.2Mtpa processing plant, Three Mile Hill, which is adjacent to the town of Coolgardie. 250km to the northeast Focus also operates, the Laverton Gold Project which comprises a significant portfolio of large scale open pit mines, with ore being processed under an OPA at the nearby Barrick Granny Smith mill.

SHANDONG GOLD INTERNATIONAL MINING CORPORATION LIMITED

Shandong Gold International Mining Corporation Limited is a 65%-owned subsidiary of Shandong Gold Group Co., Ltd. The remaining 35% shares in Shandong Gold are held by Shandong State-owned Assets Investment Holdings Co., Ltd, which is 100% held by the Shandong Provincial government. Shandong Gold Group Co., Ltd is 100% owned by the Shandong Provincial government, and is a China-based company principally engaged in the exploration, mining, processing, and smelting of gold and non-ferrous metals. Shandong Gold Group Co., Ltd holds 51.4% of the shares in Shandong Gold Mining Co., Ltd, which is listed on the Shanghai Stock Exchange and has a market capitalisation of approximately RMB 59.1 BN Yuan. During the year ended 31 December 2011, Shandong Gold Mining Co., Ltd produced approximately 22.24 tons (approximately 710,400oz) of gold.

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APPENDIX – BOARD BIOGRAPHIES

Don Taig, Chairman - Mr Taig is a Fellow of both the Australian Institute of Company Directors and the Australian Society of Certified Practising Accountants. Mr Taig gained eleven years 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.

Phil Lockyer, Non-Executive Director - Mr Lockyer is a mining engineer and metallurgist with more than 40 years technical and management experience in nickel and gold operations, both open cut and underground. He has operated his own mining consultancy business since 1999. His career includes 20 years with WMC Limited mining group in Kambalda in various roles including General Manager of Western Australian operations, plus a number of other senior positions including Business Development Manager for National Mine Management Pty Ltd, Director of Operations & Projections for Dominion Mining Ltd, and Director and General Manager of Operations for leading gold producer Resolute Ltd. Mr Lockyer is a non-executive Director of nickel producer Jubilee Mines NL and of zinc producer Perilya Ltd, and non-executive Chairman of metallurgical and mineral testing consultancy Ammtec Limited. He holds a number of key positions with industry bodies, including Chairman of the Industry Advisory Committee for the Parker Centre for Integrated Hydrometallurgy Solutions, Director of the Minerals and Energy Research Institute of WA (MERIWA), Deputy Member of the Mining and Engineering Subcommittee of MERIWA, and Fellow of the Australian Institute of Company Directors.

Gerry Fahey, Non-Executive Director - 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 basemetals 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). Mr Fahey is the Chairman of the Technical and Operations Committee which provides support to the technical team at Focus on a regular basis. He is also a member of the Remuneration Committee. Mr Fahey joined the Board on 18 April 2011.

Bruce McComish, Non-Executive Director - 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 worked for Unilever Plc for 18 years 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. Mr McComish is the Chairman of the Audit and Business Risk Committee.

Li Zhongyi, Non-Executive Director - Mr Li is the current Executive Chairman of Shandong Gold (appointed May 2011). Mr Li has been employed by Shandong Gold 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.

Zhang Dahui, Non-Executive Director - 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 Gold. 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. Mr Zhang speaks fluent English.

Michael Guo, Non-Executive Director - Mr Guo has a Ph.D. in Geochemistry, a M.Sc. Geology, and a B.Sc. Geology. Mr Guo is currently the Deputy Manager and the Chief Geologist of Shandong Gold. 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 as a mine geologist for Cameco Corporation. From 2008 to 2011 he was a senior geologist for Dahrouge Geological Consulting Ltd. Mr Guo speaks fluent English.

APPENDIX – MINERAL RESOURCE STATEMENT AS AT 30 JUNE 2012

	Measured Resources			Indicated Resources			Inferred Resources			Total Resources		
	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
COOLGARDIE GOLD PROJECT												
Tindals Project	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-Bayleys 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 GOLD PROJECT												
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

Note: Some errors may result due to rounding. Mineral Resources for the Laverton Gold Project are owned by Focus Minerals (Laverton) Limited. Focus owns 81.57% of this subsidiary company.