

## Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Focus Minerals Limited (“Focus”) will be held as follows:

**Date:** Thursday, 28 November 2013  
**Time:** 10.30am (Perth time)  
**Place:** The Coolgardie Recreation Centre  
69-73 Sylvester Street  
Coolgardie WA 6429

The Explanatory Notes to this Notice of Annual General Meeting provide additional information on matters to be considered at the meeting. The Explanatory Notes and the proxy form constitute part of this notice.

### BUSINESS OF THE MEETING

#### ORDINARY BUSINESS

##### 1 Consideration of Reports

To receive and consider the Annual Financial Report, the Directors’ Report and Auditor’s Report of Focus and its controlled entities for the year ended 30 June 2013.

*There is no vote on this item.*

##### 2 Remuneration Report

To consider and, if thought fit, pass the following resolution as a non-binding ordinary resolution:

*To adopt the Remuneration Report, as contained in the Directors’ Report, for the year ended 30 June 2013.*

Note: the vote on this resolution is advisory only and does not bind Focus or the Directors.

##### 3 Election and re-election of Directors

To consider and, if thought fit, pass the following resolutions as separate ordinary resolutions:

*(a) To elect Mr Jisheng Lu as a Director.*

*(b) To elect Mr Yuhuan Ge as a Director.*

*(c) To elect Mr Wanghong Yang as a Director.*

*(d) To re-elect Mr Phillip Lockyer as a Director.*

#### **4 Directors' Remuneration**

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

*That, for the purposes of clause 13.7 of the Constitution, ASX Listing Rule 10.17 and for all other purposes, the maximum total aggregate fixed sum that may be paid to non-executive Directors be increased by \$300,000 per annum to the new sum of \$700,000 per annum.*

#### **5 Appointment of Auditor**

To consider and, if thought appropriate, pass the following resolution as an ordinary resolution:

*That PricewaterhouseCoopers is appointed to act as auditor of Focus.*

### **SPECIAL BUSINESS**


#### **6 Adoption of new Constitution**

To consider and, if thought fit, pass the following resolution as a **special** resolution:

*That the new Constitution tabled at the meeting, and signed by the Chairperson for the purpose of identification, is approved and adopted as Focus' Constitution, in place of the current Constitution, with effect from the close of the Meeting.*

This Notice of Annual General Meeting and the Explanatory Notes are important and you should read them in full. If you are in doubt as to how you should vote, you should seek advice from your professional adviser.

By order of the Board.



Paul Fromson  
Company Secretary

Date: 25 October 2013

# Notes to the Notice of Annual General Meeting

## 1 Explanatory Notes

All Focus shareholders should read the Explanatory Notes accompanying, and forming part of, this Notice of Annual General Meeting for more details on the resolutions to be voted on at the Annual General Meeting. The information provided is intended to assist shareholders in understanding the reasons for the resolutions and their effect if passed.

## 2 Entitlement to vote

The Board of Directors of Focus, being the convener of the Annual General Meeting, has determined that the shareholding of each shareholder for the purposes of ascertaining voting entitlements at the Annual General Meeting will be as it appears in Focus' share register as at 4.00pm (Perth time) on Tuesday, 26 November 2013 ("**Record Date**"). Transactions registered after that time will be disregarded in determining the shareholders entitled to attend and vote at the Annual General Meeting.

## 3 Your vote is important

The business of the Annual General Meeting affects your shareholding and your vote is important.

## 4 Voting in person

To vote in person, attend the Annual General Meeting on the date and at the time and place set out in this Notice of Annual General Meeting. If you wish to attend the meeting, please arrive at least 15 minutes prior to the start of the meeting to facilitate the registration process.

## 5 Voting by proxy

A shareholder entitled to attend and vote at the Annual General Meeting as at the Record Date is entitled to appoint a proxy to attend and vote on behalf of the shareholder. A proxy need not be a shareholder of Focus.

The proxy form sent with this notice should be used for the Annual General Meeting. If you appoint a proxy and also attend the meeting, the proxy's authority to speak and vote at the meeting will be suspended while you are present at the meeting.

Each shareholder who is entitled to cast 2 or more votes at the Annual General Meeting may appoint 2 persons to act as proxies and may specify the proportion or number of votes that each proxy is entitled to exercise. If a shareholder does not specify the proportion or number of that shareholder's votes each proxy may exercise, then each proxy will be entitled to exercise half of the votes. An additional proxy form will be supplied by Focus on request.

In the case of an individual, a proxy must be signed by the individual or his or her attorney duly authorised in writing and, in the case of a corporation, a proxy must be signed pursuant to section 127 of the Corporations Act 2001 (Cth) ("**Corporations Act**") or by its duly authorised officer or attorney.

Any shareholder may by power of attorney appoint an attorney to act on his or her behalf and such power of attorney or certified copy thereof must be received by Focus as specified below.

Any corporation which is a shareholder of Focus may appoint a representative to attend and vote for that corporation at the Annual General Meeting. Appointments of representatives by corporations must be received by Focus as specified below or handed in at the Annual General Meeting when registering as a company representative.

To vote by proxy, please complete and sign the enclosed proxy form and return it (together with, if you sign under power of attorney or corporate representative, that power of attorney or corporate representative appointment or a certified copy of it) by:

- post, to:           Computershare Investor Services Pty Ltd  
                          GPO Box 242  
                          Melbourne Vic 3001; or
- facsimile, to:     within Australia 1800 783 447  
                          outside Australia +61 3 9473 2555,

so that it is received no later than 10.30am (Perth time) on Tuesday, 26 November 2013.

The proxy form forms part of this Notice of Annual General Meeting.

***Proxy forms received later than this time will be invalid.***

We encourage shareholders who are appointing proxies to direct their proxies how to vote on each resolution by crossing either a “For”, “Against”, or “Abstain” box before lodging their proxy form so that their proxy will vote on their behalf in accordance with their instructions.

***Proxy vote if appointment specifies way to vote***

In accordance with section 250BB(1) of the Corporations Act, and subject to any applicable voting restrictions, if an appointment of a proxy specifies the way the proxy is to vote on a particular resolution:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote as directed; and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the Chairperson, the proxy must vote on a poll, and must vote as directed; and
- if the proxy is not the Chairperson, the proxy need not vote on a poll, but if the proxy does so, the proxy must vote as directed.

***Transfer of non-chair proxy to Chairperson in certain circumstances***

In accordance with section 250BC of the Corporations Act, there are circumstances where the Chairperson will be taken to have been appointed as a shareholder’s proxy for the purposes of voting on a particular resolution even if the shareholder has not expressly appointed the Chairperson as their proxy. This will be the case where:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution; and
- the appointed proxy is not the Chairperson; and
- a poll is duly demanded on the resolution; and
- either of the following applies:
  - the proxy is not recorded as attending the Annual General Meeting; or
  - the proxy attends the Annual General Meeting but does not vote on the resolution.

## 6 Voting Exclusions

### **Resolution 2**

A vote on Resolution 2 must not be cast (in any capacity) by or on behalf of a member of the key management personnel, details of whose remuneration are included in the Remuneration Report (“KMP”) or their closely related parties.

However, a vote may be cast on Resolution 2 by such a person as proxy for a person entitled to vote on Resolution 2 if:

- (a) the proxy appointment is in writing and specifies how the proxy is to vote on Resolution 2; or
- (b) the proxy is the Chairperson and:
  - (i) the appointment does not specify the way the proxy is to vote on Resolution 2; and
  - (ii) the appointment expressly authorises the Chairperson to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of the KMP.

If the Chairperson is your proxy, or is appointed your proxy by default, and you do not direct your proxy to vote ‘for’, ‘against’ or ‘abstain’ on Resolution 2 on the proxy form, you will be expressly authorising the Chairperson to exercise your proxy even if Resolution 2 is connected directly or indirectly with the remuneration of a member of the KMP.

The Chairperson intends to vote undirected proxies in favour of Resolution 2.

**You should carefully read the proxy form and provide a direction to the proxy on how to vote on Resolution 2.**

### **Resolution 4**

Focus will disregard any votes cast on Resolution 4 by:

- (a) a Director and any of their associates; and
- (b) a member of the KMP, or a closely related party of that person, acting as proxy, if their appointment does not specify the way the proxy is to vote on Resolution 4.

However, Focus need not disregard a vote if it is cast:

- (c) by a person referred to above, as a proxy for a person who is entitled to vote on Resolution 4, in accordance with the directions on the proxy form; or
- (d) by the Chairperson as proxy for a person who is entitled to vote on Resolution 4 and the proxy appointment expressly authorises the Chairperson to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP.

If the Chairperson is your proxy, or is appointed your proxy by default, and you do not direct your proxy to vote ‘for’, ‘against’ or ‘abstain’ on Resolution 4 on the proxy form, please note that:

- you will be expressly authorising the Chairperson to exercise your proxy by completing and returning the proxy form even if that resolution is connected directly or indirectly with the remuneration of the KMP; and
- the Chairperson will not be able to exercise your proxy on Resolution 4 unless you also tick the second box in Step 1 of the proxy form (below the sub-heading “Important for Resolution 4”).

Where entitled to do so, the Chairperson intends to vote undirected proxies in favour of Resolution 4.

**You should carefully read the proxy form and provide a direction to the proxy on how to vote on Resolution 4.**

## **Explanatory Notes**

These Explanatory Notes have been prepared for the information of shareholders in relation to the business to be conducted at Focus' Annual General Meeting to be held at The Coolgardie Recreation Centre, 69-73 Sylvester Street, Coolgardie WA 6429 on Thursday, 28 November 2013 at 10.30am (Perth time).

The purpose of these Explanatory Notes is to provide shareholders with more information on the proposed resolutions. You should read the Notice of Annual General Meeting and Explanatory Notes in full before deciding how to vote on each resolution.

### **Resolution 1 – Consideration of Reports**

The business of the Annual General Meeting will include the receipt and consideration of the Annual Financial Report of Focus for the financial year ended 30 June 2013 together with the Directors' Report and the Auditor's Report. There is no requirement for shareholders to approve these reports.

In accordance with the Corporations Act, shareholders will be given a reasonable opportunity at the Annual General Meeting to ask questions and make comments on the Annual Financial Report, the Directors' Report and the Auditor's Report of Focus and its controlled entities for the year ended 30 June 2013.

During the discussion, the auditor of Focus, PricewaterhouseCoopers, will be present and will answer questions that are relevant to the content of the Auditor's Report or the conduct of the audit of the Annual Financial Report. Shareholders may submit written questions for the auditor up to five business days before the date of the Annual General Meeting.

Shareholders wishing to do so may send their questions to the Company Secretary via email (to: [pfromson@focusminerals.com.au](mailto:pfromson@focusminerals.com.au)) or facsimile (08) 9215 7889. The Company Secretary will pass on the questions to PricewaterhouseCoopers.

### **Resolution 2 – Remuneration Report**

Under section 250R(2) of the Corporations Act, a listed company is required to put its Remuneration Report to shareholders for approval each year. The Remuneration Report is contained on pages 31 to 38 of the Annual Report and sets out the policy for the remuneration of the Directors of Focus and each member of the KMP.

During the meeting shareholders will have an opportunity to comment upon and ask questions about the Remuneration Report. The vote on this resolution is advisory only and does not bind the Directors or Focus.

Additionally, as a result of amendments to the Corporations Act known generally as the "two strikes rule", shareholders should note that the result of the vote on this resolution may affect next year's Annual General Meeting. If 25% or more of the votes cast on this resolution are "against" the resolution at both the 2013 Annual General Meeting and the 2014 Annual General Meeting, then a further resolution on whether to hold a meeting to spill the Board would need to be considered at the 2014 Annual General Meeting.

### ***Recommendation***

Noting that each Director has a personal interest in their own remuneration from Focus as described in the Remuneration Report, the Directors unanimously recommend that shareholders adopt the Remuneration Report.

The Chairperson intends to vote undirected proxies in favour of Resolution 2.

### **Resolutions 3(a), 3(b) and 3(c) – Election of Directors**

ASX Listing Rule 14.4 and clause 13.4 of the Constitution require that any person who is appointed by the Directors as a Director of Focus as an addition to the existing Directors is to hold office only until Focus' next Annual General Meeting and is then eligible for election.

Mr Jisheng Lu, Mr Yuhuan Ge and Mr Wanghong Yang were each appointed as a Director on 5 July 2013. Each of these businessmen are senior executives within the Shandong Gold Group of companies and were appointed to replace three previous Shandong Gold Group appointees who resigned as Directors during the year.

In accordance with the ASX Listing Rules and the Constitution, each of these Directors vacates their office and seeks election as a Director.

#### ***Resolution 3(a) – Election of Mr Jisheng Lu***

Mr Lu is the Manager of the Department of International Cooperation at Shandong Gold Group.

Mr Lu has over 30 years' experience in mining with a background in geology. He worked at the Yinan Gold Mine from 1985 to 2001 where he became the Division Director and Assistant to the General Manager. Between 2001 and 2009 he was Deputy General Manager of Qingdao Co., Ltd and Changyi Mining Co., Ltd, both Shandong Gold Group companies. Until December 2012 he was the Deputy General Manager of Shandong Gold Nonferrous Metal Mining Co., Ltd and General Manager of Jinhongling Mining Limited of Inner Mongolia. He then became the Vice Chairman and General Manager of Shandong Gold Non-ferrous Metals Mining Group.

Mr Lu is a Senior Professional Manager certified by China Enterprise Confederation.

Mr Lu is a member of the Remuneration Committee and the Appointments Committee.

Mr Lu is a non-executive director, but is not independent as he represents the interests of major shareholder Shandong Gold International Mining Corporation Limited.

Mr Lu is not a director of any other ASX listed entities.

#### ***Recommendation***

The Directors (other than Mr Jisheng Lu who is the subject of the relevant resolution) recommend that shareholders vote in favour of Mr Jisheng Lu's election.

The Chairperson intends to vote undirected proxies in favour of Resolution 3(a).

#### ***Resolution 3(b) – Election of Mr Yuhuan Ge***

Mr Ge became Deputy Chairman and Deputy General Manager of Shandong Gold International Mining Corporation Limited in 2010, and is also a director of Canada's Integra Gold Corporation. Mr Ge has over 30 years' experience in mining with a background in engineering.

From 1982 to 2002 he worked for the Shandong Gold Group's Sanshandao Gold Mine in a range of management roles. He has considerable international experience and from 2002 to 2010 he was the Chairman & General Manager of Shandong Gold Jinyan Corporation Limited in Venezuela and Chairman of Shandong Gold Jinwang Corporation Limited in Suriname.

Mr Ge has an MBA and a technical title as Research Fellow in Engineering & Technology Application.



Mr Ge is a member of the Technical Committee, Remuneration Committee and the Appointments Committee.

Mr Ge is a non-executive director, but is not independent as he represents the interests of major shareholder Shandong Gold International Mining Corporation Limited.

Mr Ge is not a director of any other ASX listed entities.

### ***Recommendation***

The Directors (other than Mr Yuhuan Ge who is the subject of the relevant resolution) recommend that shareholders vote in favour of Mr Yuhuan Ge's election.

The Chairperson intends to vote undirected proxies in favour of Resolution 3(b).

### ***Resolution 3(c) – Election of Mr Wanghong Yang***

Mr Yang is the General Manager – Finance at Focus Minerals Limited. Prior to this role he worked at Shandong Gold International Mining Corporation Limited as Financial Controller. Mr Yang has a wealth of international marketing and project investment experience. He joined Shandong Gold Group in 2008 as the Group's Senior Manager of Capital Management before becoming the Deputy General Manager of Shandong Gold International Mining Corporation Limited.

Mr Yang began his career with the China Machinery Industry Supply and Sale Corporation (CMSC) – affiliated to China Ministry of Machinery Industry – working in a number of management roles between 1986 and 1999. During this time he also spent three years based in Nigeria. In 2000, he joined Success Group Co., Ltd, to coordinate and manage the Group's investment projects in China prior to joining China Overseas Holdings Limited (COHL) in 2002. Here he was involved in the establishment of Shandong Jincang Gold Mining Corporation Limited and became Secretary of the Board.

Mr Yang has a Bachelor's degree in accounting from Renmin University of China (RUC) and a Master's degree in applied finance from Macquarie University.

Mr Yang is not a member of any Focus board committees.

Mr Yang is an executive director and is therefore not independent. In addition, he represents the interests of major shareholder Shandong Gold International Mining Corporation Limited.

Mr Yang is not a director of any other ASX listed entities.

### ***Recommendation***

The Directors (other than Mr Wanghong Yang who is the subject of the relevant resolution) recommend that shareholders vote in favour of Mr Wanghong Yang's election.

The Chairperson intends to vote undirected proxies in favour of Resolution 3(c).

### ***Resolution 3(d) – Re-election of Mr Phillip Lockyer***

The ASX Listing Rules and the Constitution require Focus to hold an election of Directors each year. Relevantly, clause 13.2 of the Constitution requires that at Focus' Annual General Meeting every year, one-third of the Directors for the time being (excluding any Managing Director and any Directors appointed since the last Annual General Meeting), or, if their number is not a multiple of 3, then the number nearest one-third (rounded upwards in case of doubt), shall retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third Annual General Meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

A Director who retires by rotation under clause 13.2 of the Constitution is eligible for re-election.

Consistent with this requirement, Mr Phillip Lockyer retires by rotation and seeks re-election.

### ***Background on Mr Phillip Lockyer***

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 a Board member of the Minerals & Energy Research Institute of Western Australia.

Directorships of other ASX listed companies:

- Non-executive director of Western Desert Resources Limited (appointed June 2010, ongoing)
- Non-executive director of Swick Mining Services Limited (appointed June 2008, ongoing)
- CGA Mining Limited (non-executive director: appointed January 2009, resigned March 2013)
- Non-executive director of St Barbara Limited (appointed December 2006, ongoing)

Mr Lockyer is an independent non-executive director.

Mr Lockyer is Chairman of the Technical Committee and Chairman of the Appointments Committee. He is also a member of the Audit Committee and Remuneration Committee.

### ***Recommendation***

The Directors (other than Mr Phillip Lockyer who is the subject of the relevant resolution) recommend that shareholders vote in favour of Mr Phillip Lockyer's re-election.

The Chairperson intends to vote undirected proxies in favour of Resolution 3(d).

### **Resolution 4 – Directors' Remuneration**

Clause 13.7 of the Constitution requires that the total aggregate fixed sum per annum to be paid to the Directors (other than a Managing Director or an Executive Director) must not exceed the sum determined by shareholders in general meeting. This sum is to be divided between the Directors as the Directors determine and, in default of agreement between them, then in equal shares.

In addition, ASX Listing Rule 10.17 specifies that an entity must not increase the total amount of directors' fees without shareholder approval. This rule does not apply to the salary of an executive director.

The purpose of Resolution 4 is to seek shareholder approval to increase the total aggregate fixed sum to be paid to the Directors by \$300,000 per annum to the new sum of \$700,000 per annum (inclusive of superannuation). The proposed amount of \$700,000 per annum is the maximum limit which may be paid, however, if the increase is approved the Board does not currently intend to pay the full amount to Directors.

An increase to the total aggregate sum per annum to be paid to the Directors was last approved in 2011. Since that time, and as a result of the appointment of nominees of Shandong Gold Group (following the placement of Focus shares to the Shandong Gold

Group as approved by Focus shareholders at the 2012 Annual General Meeting), the size of the Board has increased in number from 4 to now total 7 Directors.

The total aggregate fixed sum per annum has been determined after reviewing similar companies listed on ASX via industry surveys conducted by a reputable firm for remuneration of non-executive directors and the Directors believe that this level of remuneration is in line with corporate remuneration of similar sized companies. The increased fees remain the same average amount per head as was approved by shareholders in 2011.

Shareholders should note that during the period that Mr Don Taig is Acting CEO, the remuneration paid to him in his capacity as Acting CEO does not form part of the total aggregate fixed sum per annum paid to the Directors. However, the separate director fees which he receives in his capacity as a Director and Chairman of Focus are included in the aggregate fixed sum per annum paid to the Directors. Please refer to page 36 of the Remuneration Report which provides the remuneration details for Mr Don Taig.

### ***Recommendation***

Given their personal interest in the subject matter of Resolution 4, the Directors make no recommendation to shareholders on this resolution.

Where entitled to do so, the Chairperson intends to vote undirected proxies in favour of Resolution 4.

### **Resolution 5 – Appointment of Auditor**

Effective on 13 June 2013, Grant Thornton Audit Pty Ltd resigned as auditor of Focus after receiving the consent of the Australian Securities and Investments Commission. The Board thanks Grant Thornton Audit Pty Ltd for its services provided as auditor of Focus.

In accordance with section 327C of the Corporations Act, the Directors appointed PricewaterhouseCoopers as the new auditor of Focus on 5 July 2013 after receiving its written consent to act as Focus' auditor. PricewaterhouseCoopers has audited the Annual Financial Report for the year ended 30 June 2013. This appointment was to fill the vacancy until Focus' next Annual General Meeting, at which time shareholders must appoint an auditor to fill any vacancy in the office of auditor.

As required, Focus has received a written notice of nomination from a shareholder of Focus for PricewaterhouseCoopers to be appointed as Focus' auditor. A copy of the notice of nomination is included with this Notice of Annual General Meeting.

### ***Recommendation***

The Directors unanimously recommend that shareholders appoint PricewaterhouseCoopers as the auditor of Focus.

The Chairperson intends to vote undirected proxies in favour of Resolution 5.

### **Resolution 6 – Adoption of new Constitution**

Focus' current Constitution was adopted on 10 November 2003, and was last amended on 29 November 2011. Since the current Constitution was first adopted, the company's name has changed to Focus Minerals Limited and there have been changes to the Corporations Act, the ASX Listing Rules, other regulatory requirements, as well as significant developments in corporate governance practices and policies. The current Constitution has not been reviewed or updated in any material respect during this time.

Rather than make numerous piecemeal amendments to the current Constitution, the Directors believe that it is preferable to repeal the current Constitution and replace it with a new Constitution which reflects current corporate practice and is in line with the present legislation and regulatory requirements in Australia.

The new Constitution contains a number of changes to the current Constitution, many of which are administrative or relatively minor in nature and will not result in any material change to the rights and obligations of shareholders. The key differences between the current Constitution and the new Constitution are set out below.

- ***Dividends and distributions***

Following amendments to the Corporations Act, companies are no longer restricted to paying dividends out of profits. New article 16.1 will give the Directors the flexibility to resolve to pay a dividend out of any available source permitted by law.

New article 16.1 also provides that Directors may declare or determine that a dividend is payable, fix the amount and time for payment, in contrast to the current Constitution which only provides for the declaration of a dividend. This amendment reflects the changes to the Corporations Act which allow for dividends to be declared or determined.

- ***Dividend reinvestment plans and bonus share plans***

Under the new Constitution, the Directors will have the ability to implement a dividend reinvestment plan or bonus share plan or to amend, suspend or terminate such a plan without requiring shareholder approval. While the current Constitution does require shareholder approval, such approval is not required at law. As a result, the new Constitution will be more consistent with the constitutions of other listed companies.

- ***General meetings***

The new Constitution incorporates a number of changes which are consistent with market practice and intended to assist with the orderly conduct of Focus' general meetings, including the following:

- the ability to hold a meeting at more than one venue using any technology which gives the shareholders a reasonable opportunity to participate in the meeting;
- new provisions which expressly provide that the chair has charge of the general conduct of the meeting and may require the adoption of any procedure considered necessary or desirable for the proper and orderly conduct of the meeting, including in respect of debate and casting votes;
- new provisions concerning the cancellation and postponement of general meetings to provide additional certainty around procedure;
- amendments to the provisions regarding the adjournment of a general meeting to provide:
  - the chair with greater and more practically useful powers to adjourn the meeting or any business at any time and providing that the chair may, but is not required to, seek shareholder approval for that adjournment (which is more consistent with market practice and general law concerning the chair's role in conducting a meeting). The current Constitution allows the chair to adjourn if the consent of the meeting is obtained and requires the chair to adjourn if the meeting directs; and

- that if a meeting is adjourned due to lack of a quorum and there is also no quorum at the adjourned meeting, then the meeting is dissolved. The current Constitution provides that if no quorum is present at the adjourned meeting, then those present constitute a quorum and the meeting would proceed. As Focus now has one large major shareholder, it is considered preferable that the adjournment provision be amended to provide greater fairness to shareholders by not allowing one shareholder to constitute a quorum;
- provisions which clarify how a quorum is determined where more than one proxy, attorney or corporate representative is attending on behalf of a shareholder and where persons are attending as both a shareholder and a proxy, attorney or corporate representative for another shareholder;
- an additional provision clarifying that where only one Director is present at the meeting that Director is to act as chair; and
- amendments to certain of the sub-provisions regarding who can demand a poll to:
  - require that at least five shareholders present, rather than two, demand the poll (while retaining the ability for less than five shareholders to demand a poll where they have no less than 5% of the total voting rights of shareholders having the right to vote on the resolution); and
  - delete the sub-provision which specified when holders of partly paid shares could demand a poll as Focus does not have any on issue at this time and none are currently contemplated.

- ***Direct voting***

The new Constitution includes a provision to enable Focus to implement direct voting for its general meetings in future where the Board considers it appropriate.

Direct voting is intended to facilitate greater shareholder participation and voting in meetings by allowing a shareholder to vote without attending a meeting or needing to appoint a proxy (for example, by voting electronically before the meeting). A number of listed companies have now amended their constitutions to allow the company to implement direct voting.

- ***Directors***

New article 10.6 provides that a person who intends to nominate for election as a director at a general meeting must give Focus notice of that intention at least 45 business days, and no more than 90 business days, before the meeting. Under the current Constitution, notice must be provided at least 15 business days before the meeting, whereas the ASX Listing Rules provide that nominations must be accepted up to 30 or 35 business days before the date of the meeting (though this timeframe may be extended by a company's constitution). These changes recognise the need to give shareholders 28 clear days' notice of the general meeting, allow for sufficient time to enable printing and distribution of a notice of meeting, take into account the administrative difficulty of having a long nominations period and reflect a more common practice amongst other listed companies.

In addition, the provision in the current Constitution concerning the process for electing Directors where there are vacancies and more nominations are received than there are vacancies has been removed. This provision requires that the nominees draw lots to determine the order in which the candidates are put up for election and that once all vacancies are filled then all other candidates are deemed defeated. This may result in shareholders not being able to vote on whether to elect certain candidates.

Under new article 10.3, Directors will be required to retire no later than the third annual general meeting following the Director's last election or appointment. Under the current Constitution, one-third of the Directors are required to retire at each annual general meeting. The new article reflects common director rotation provisions amongst listed companies and is in line with the relevant ASX Listing Rules. To the extent the ASX Listing Rules require Focus to hold an election of Directors at an annual general meeting, a Director election will be held, and new article 10.3 provides the process for determining which Director(s) will stand for election or re-election at that annual general meeting.

The article in the new Constitution relating to Directors' remuneration is broadly in line with the provision in the current Constitution. In particular, there remains the requirement that the total annual remuneration of the Directors must not exceed the sum determined by shareholders from time to time in general meeting. However, the article in the new Constitution clarifies that remuneration may be paid other than in cash and that any remuneration in the form of share, option and equity plans separately approved by shareholders in general meeting is excluded from the total annual remuneration of Directors. It also clarifies that, as set out in the ASX Listing Rules, the salary of any managing or executive director is also excluded from the calculation of the total annual remuneration of Directors.

The new Constitution also contains a more comprehensive provision outlining the ability of Directors, subject to complying with the Corporations Act, to perform certain activities or hold certain positions which may create a material personal interest for that Director.

- ***Directors' meetings***

The new Constitution incorporates a number of changes intended to assist with the orderly conduct of meetings of Directors and board committee meetings, including the following:

- an express provision to clarify the voting rights of a Director present at the meeting who is also acting in the capacity of an alternate or proxy for another Director;
- provisions clarifying the role and responsibility of alternate Directors and that alternate Directors are not entitled to remuneration;
- an amendment to allow that where there are less than three Directors, being the minimum required, the Directors may act if there is an emergency; and
- the inclusion of provisions clarifying how meetings of committees may be held, adjourned, questions decided and a chair appointed.

- ***Indemnity and insurance***

The new Constitution broadens the indemnity provisions to confirm that an indemnity is provided to all officers of Focus and that the indemnity covers former Directors, Secretaries and officers as well as Directors, Secretaries and officers of a subsidiary of Focus.

- **Shares**

The new Constitution alters the current Constitution to clarify that in certain circumstances, including where required by the ASX Listing Rules, the Directors must request the application of a holding lock to prevent a transfer of Focus shares or otherwise refuse to register a transfer of shares. Under the current Constitution, the Directors have the discretion to decide whether to take such action in those circumstances, which does not comply with applicable regulatory requirements.

New article 7 regarding the transmission of shares modernises the constitution in relation to the procedural requirements for transmission of shares and largely reflects the replaceable rules in the Corporations Act. It replaces and supplements the provisions contained in the current Constitution to make the provisions more consistent with current practice and other constitutions.

- **Preference shares**

The provisions regarding the issue of preference shares, and the terms on which they may be issued, as set out in the new Constitution are broader than contained in the current Constitution. For example, the ability to determine whether preference shares should have a right to a cumulative or non-cumulative dividend, rather than being mandated that a cumulative dividend applies. This will provide the Directors with greater flexibility for Focus in the future, if required, in selecting how best to raise capital which involves any issue of preference shares.

- **Small holdings**

New article 22 replaces clause 3 of the current Constitution in relation to the rules governing sales of small holdings. The provisions contained in the new Constitution have been updated to comply with ASX Listing Rule 15.13 and to be consistent with market practice. While the provisions are substantially similar, additional procedural steps required under the current Constitution have been deleted and the period for remitting payment to persons whose shares are sold has been extended.

- **Definitions and interpretation**

The new Constitution updates the definitions to reflect current terminology and where possible relies on terms defined in the Corporations Act, ASX Listing Rules and ASX Settlement Operating Rules.

- **Removal of duplication**

A number of provisions in the current Constitution duplicate existing (or former) Corporations Act or ASX Listing Rule requirements. Where appropriate, such provisions have been removed from the new Constitution as they would otherwise require amendment in the event of legislative or regulatory change.

The above summary is not intended to be exhaustive. In accordance with the ASX Listing Rules, a copy of the draft new Constitution was provided to ASX for examination and ASX has confirmed it has no objections. Prior to the Annual General Meeting, a copy of Focus' current Constitution and the new Constitution will be available on the Focus website at: [www.focusminerals.com.au](http://www.focusminerals.com.au)

### **Recommendation**

The Directors unanimously recommend that shareholders adopt the new Constitution.

The Chairperson intends to vote undirected proxies in favour of Resolution 6.



Shandong Gold International Mining Corporation Limited  
3 Shuntai Square  
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China, 250100

### Notice of Nomination of Auditor

In accordance with section 328B(1) of the Corporations Act (Cwlth) 2001, Shandong Gold International Mining Corporation Limited, a shareholder of Focus Minerals Limited (ACN 005 470 799), nominates PricewaterhouseCoopers for appointment as auditor of Focus Minerals Limited (ACN 005 470 799) at its next Annual General Meeting.

Signed for an on behalf of Shandong Gold International Mining Corporation Limited by:

A handwritten signature in black ink, appearing to be "Yuhuan Ge", is written over a horizontal dotted line.

Signature

Yuhuan Ge

Full name of nominator

8 October 2013

Date