



3 February 2022

ASX ANNOUNCEMENT

Takeover Offer Declared Wholly Unconditional and Third Supplementary Bidder's Statement

Theta Gold Mines Limited (**Theta Gold, TGM or Company**) (ASX: TGM | OTC: TGMGF) refers to its replacement bidder's statement dated 4 January 2022 (as supplemented from time to time) (**Replacement Bidder's Statement**) and offers in relation to its off-market takeover bid for all of the shares in Focus Minerals Ltd (ACN 005 470 799) (**Focus**) as at the Register Date stated in the Replacement Bidder's Statement.

Offers now wholly unconditional

TGM is pleased to announce that it has today declared its Offers to be free from all remaining defeating conditions. Those Offers are now wholly unconditional.

In accordance with section 650F of the *Corporations Act 2001* (Cth), we attach a notice declaring that the takeover offers have been freed from all remaining defeating conditions set out Appendix 2 of the Replacement Bidder's Statement.

Third Supplementary Bidder's Statement

On 28 January 2022 Focus released its Target's Statement. TGM has today lodged a third supplementary bidder's statement dated 3 February 2022 (**Third Supplementary Bidder's Statement**) which sets out some brief responses and clarifications from TGM's Chairman to statements made by Focus in its Target's Statement.

A copy of the Third Supplementary Bidder's Statement is attached to this announcement in accordance with section 647(3)(a)(ii) of the Corporations Act (as modified by ASIC Class Order [CO 13/528]).

Offers open for acceptance

TGM's wholly unconditional Offers are now open for acceptance. Those Offers are scheduled to close at 7.00pm (Sydney Time) on 21 February 2022 (unless extended or withdrawn). The full terms and conditions of the Offers are set out in the Replacement Bidder's Statement – which Focus Shareholders should carefully read together with TGM's Second and Third Supplementary Bidder's Statements.

TGM strongly encourages all Focus shareholders (who hold shares to which the Offer relates) to **ACCEPT** the Offer as soon as possible.

Focus Shareholders who require any assistance can contact the TGM Offer Information Line on 1300 737 760 (toll free within Australia) or +61 2 9290 9600 (normal charges apply) between 9.00am and 5.00pm (Sydney time) Monday to Friday.

This announcement was authorised for release by Mr Bill Guy, Chairman.

For more information, please visit www.thetagoldmines.com or contact:

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ABOUT THETA GOLD MINES LIMITED

Theta Gold Mines Limited (ASX: TGM | OTC: TGMGF) is a gold mining development company that holds a range of prospective gold assets in a world-renowned South African gold mining region. These assets include several surface and near-surface high-grade gold projects which provide cost advantages relative to other gold producers in the region.

Theta Gold's core project is located next to the historical gold mining town of Pilgrim's Rest, in Mpumalanga Province, some 370km northeast of Johannesburg by road or 95km north of Nelspruit (Capital City of Mpumalanga Province). Following small scale production from 2011 – 2015, the Company is currently focussing on the construction of a new gold processing plant within its approved footprint at the TGME plant, and for the processing of the Theta Open Pit oxide gold ore. Nearby surface and underground mines and prospects are being evaluated.

The Company aims to build a solid production platform to over 160 kozpa based primarily around shallow, open-cut or adit-entry hard rock mining sources. Theta Gold has access to over 43 historical mines and prospect areas that can be accessed and explored, with over 6.7Moz of historical production recorded.

Theta Gold holds 100% issued capital of its South African subsidiary, Theta Gold SA (Pty) Ltd ("SGSA"). SGSA holds a 74% shareholding in both Transvaal Gold Mining Estates Limited ("TGME") and Sabie Mines (Pty) Ltd ("Sabie Mines"). The balance of shareholding is held by Black Economic Empowerment ("BEE") entities. The BEE shareholding in TGME and Sabie Mines is comprised of a combination of local community trusts, an employee trust and a strategic entrepreneurial partner.



Third Supplementary Bidder's Statement

in respect of the offer for shares in Focus Minerals Ltd

Important Information

This document is the third supplementary bidder's statement (**Third Supplementary Bidder's Statement**) given by Theta Gold Mines Limited (ABN 30 131 758 177) (**TGM**) in connection with its takeover offer for all shares in Focus Minerals Ltd (ABN 56 005 470 799) (**Focus**) that existed on the Register Date of 21 December 2021. This Third Supplementary Bidder's Statement supplements, and must be read together with, TGM's first supplementary bidder's statement dated 4 January 2022 (**First Supplementary Bidder's Statement**), TGM's replacement bidder's statement dated 20 December 2021, and TGM's second supplementary bidder's statement dated 18 January 2022 (**Second Supplementary Bidder's Statement**). This Third Supplementary Bidder's Statement will prevail to the extent of any inconsistency with the First Supplementary Bidder's Statement, Second Supplementary Bidder's Statement and Replacement Bidder's Statement.

A copy of this Third Supplementary Bidder's Statement was lodged with the Australian Securities and Investments Commission (**ASIC**) on 3 February 2022. Neither ASIC nor its officers takes any responsibility for the contents of this Third Supplementary Bidder's Statement. Unless the context otherwise requires, defined terms used in this Third Supplementary Bidder's Statement have the same meaning as given to them in the Replacement Bidder's Statement. Section 10.2 (*References to certain general terms*) of the Replacement Bidder's Statement also applies to this Third Supplementary Bidder's Statement.

RESPONSE FROM TGM CHAIRMAN TO FOCUS TARGET'S STATEMENT

The Focus Target's Statement released on 28 January 2022 does not give the full story in respect of TGM or the merits of the TGM Offer for Focus. On behalf of TGM, and as Chairman of the Company, I set out some brief responses and clarifications below.

1. Focus is not "an independent stand-alone company"

- Focus describes itself this way in its Target's Statement. With respect, this completely overlooks the fact that Focus is now well and truly controlled by Shandong Gold, which increased its holding to 63.18% (at a discounted price of \$0.25 per share) pursuant to the recent Focus Entitlement Offer.
- All of Focus' executive directors, and a majority of the entire Focus board, are Shandong Gold nominees.
- Focus has again emphasised in its Target's Statement that Shandong Gold's interests may not always be aligned with the interests of Focus' other shareholders, and that there is a risk that Shandong Gold may seek to make changes to the business and operating policies of Focus.
- Focus has also again emphasised that there is a risk that the interest of Focus shareholders will be diluted as a result of future Focus capital raisings that may be required to fund working capital and development requirements.
- Rather than agree to appoint an independent board committee (absent Shandong Gold nominees) to consider the TGM Offer (including in light of the Focus Entitlement Offer that was almost guaranteed to deliver increased control to Shandong Gold), Focus has instead used pages 19 – 21 of its Target's Statement to seek to justify its position for retaining a Shandong Gold controlled board to oversee this process.

The TGM Offer provides you with a premium for your Focus Shares and an ability to aggregate the minority voice in Focus in the face of such a large controlling shareholder.

2. Status of conditions to the TGM Offer

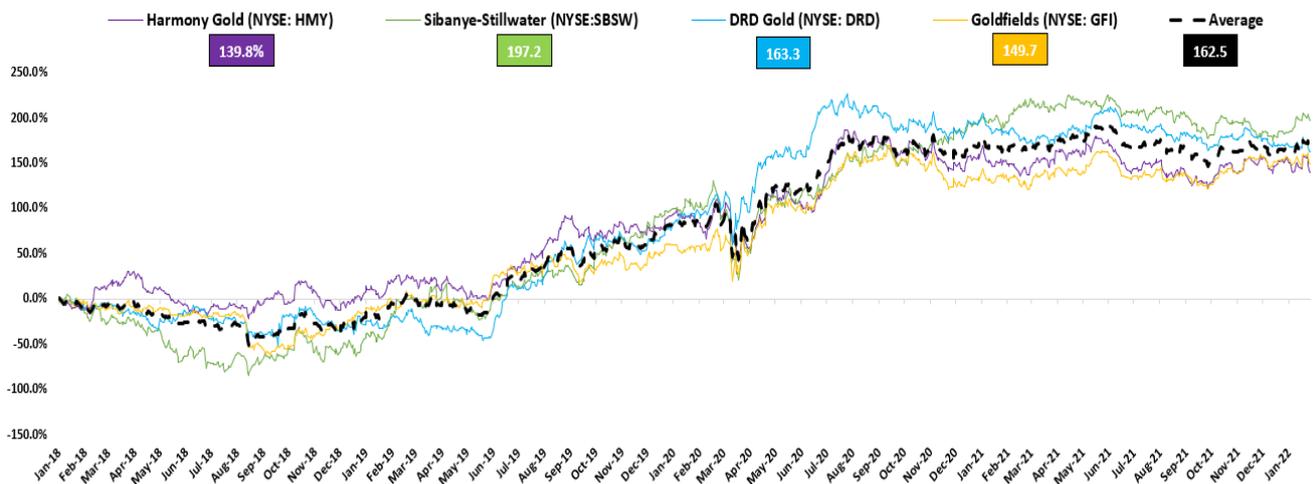
Focus has stated that the TGM Offer is “highly conditional”. While TGM did not see any reason as to why any of its Offer conditions should have been breached (given their standard nature) TGM has today determined to free the TGM Offer from all remaining defeating conditions. Accordingly:

- the TGM Offer is now wholly **UNCONDITIONAL**;
- if you accept the TGM Offer, you will be provided with the Offer Consideration on or before the earlier of: (a) one month after the date you validly accept the Offer; and (b) 21 days after the end of the Offer Period; and
- a formal notice under section 650F of the Corporations Act (freeing the Offer from all remaining defeating conditions) is attached.

3. Jurisdictional and business risks

Focus makes much of the fact that TGM's projects are in South Africa.

- TGM is proud to have projects and assets situated in one of the great mining (and especially gold mining) jurisdictions of the world – a jurisdiction that is home to some of the leading tier 1 global mining companies.
- By way of example only, below is a chart showing the share prices of four leading NYSE listed gold producing entities with substantial South African operations (over the period of 1 January 2018 to 30 January 2022). While TGM is not related to these entities, is not a producing entity and is not NYSE listed, this does show that having significant South African operations does not appear to have hampered the market's or investors' view of them.



Source: Prepared by Kamara Group based on NYSE trading data. Kamara Group has consented to the inclusion of this chart in the form and context in which it is included

- Mining has strong South African government support – especially given the critical role it plays in the South African economy (providing employment to over 450,000 South Africans and contributing approximately 7.3% of total South African GDP).
- Both the current South African President (Cyril Ramaphosa) and Minister of Mineral Resources and Energy (Samson Gwede Mantashe) have backgrounds within, and are active promoters of, the South African mining industry.

The TGM Offer provides you with an opportunity to access TGM's prospective South African projects while maintaining an indirect minority interest in Focus.

4. **Potential dilution**

Focus emphasises that TGM shareholders may be diluted by the exercise of TGM options and performance rights.

- TGM does not hide from the fact that it has incentivised its management through the use of options and performance rights. The TGM performance rights all have project related hurdles (to align the interests of management with those of shareholders) and the options have stretch exercise prices of between \$0.275 and \$0.50.
- TGM finds it harder to understand why Focus has issued no options or performance rights to its own management. Coupled with a Focus board that has a negligible shareholding (with only 1 out of the 5 directors in Focus holding anything), it appears that the Focus board and management has little "skin in the game".

The TGM Offer provides you with an opportunity to become a shareholder of a company with an experienced management team that is motivated to perform and whose interests are closely aligned with those of its shareholders.

5. **Focus' "clear plan to pursue the resumption of mining operations".**

While Focus states it has a clear plan, TGM notes that:

- there is no timeline provided;
- Focus itself states that there is no guarantee that the further work (retesting and reconsidering the assumptions on which the Coolgardie 2020 PFS was based) "will result in an improvement in the economic feasibility of the Coolgardie Gold Project" or that an updated pre-feasibility study "will justify the resumption of mining operations at the Coolgardie gold project in the manner contemplated by the Coolgardie 2020 PFS or at all"; and
- Focus itself states that the Entitlement Offer funds will primarily be used to continue work programs but that these funds "may not be sufficient to complete all necessary development activities associated with that proposed resumption of mining operations".

Therefore, TGM notes that further funding may be required by Focus – and assumes that, again, this will be on terms that suit Shandong Gold and dilute other holders.

The TGM Offer 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.

6. **TGM's mineral resource and ore reserve inventories**

Focus overstates the economic consequences of Black Economic Empowerment (BEE) initiatives in TGM's projects.

- As TGM has explained in its Replacement Bidder's Statement, while TGM holds 74% of its projects (in line with South African regulations – with the balance of 26% being held by BEE interests) it has funded 100% of all development costs to date by way of loan. It will therefore be entitled to up to 100% of free cash flows from these projects until such time as this loan has been repaid in full. The loan balance at 30 November 2021 was A\$79 million.

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- Over and above this, the BEE arrangements help to ingrain TGM into the communities in which it operates – establishing bonds with community and stakeholder groups. This in turn helps to guard against the potential jurisdictional and business risks that Focus alleges exist in South Africa.

The TGM Offer provides you with an opportunity to share in the upside that this significant TGM investment represents.

7. **Relevant premium**

Focus suggests that the TGM Offer provides only a “negligible” premium. The TGM Offer is of ASX listed shares, so will the implied value of the Offer will fluctuate in line with the market prices of those shares. However:

- when it was announced (and as at the close of trade on 8 December 2021) the implied Offer price represented a 41.2% premium to the closing price of Focus Shares; and
- as at the close of trade on 2 February 2022 (the last day before lodgement of this document with ASIC) the implied Offer price still represents a premium of 23.1% (based on closing prices of \$0.16 for TGM Shares and \$0.26 for Focus Shares).

Based on these relative values, the TGM Offer continues to provide you with what the TGM directors consider to be an attractive premium for your Focus Shares.

TGM's Offer is open for acceptance now and is wholly unconditional. If you accept it you will receive 2 New TGM Shares for every 1 Focus Share (on issue as at the Register Date of 21 December 2021) subject to the Offer terms.

The full terms and conditions of the TGM Offer are set out in TGM's Replacement Bidder's Statement – which you should carefully read together with TGM's Second and Third Supplementary Bidder's Statements.

On behalf of TGM, I strongly encourage you to **ACCEPT** the Offer as soon as possible. It is scheduled to close on 21 February 2022 (unless extended or withdrawn).

If you require any assistance, please contact the Offer Information Line on 1300 737 760 (toll free within Australia) of +61 2 9290 9600 (normal charges apply) between 9.00am and 5.00pm (Sydney time) Monday to Friday.

I look forward to receiving your acceptance and welcoming you as a fellow TGM Shareholder.

AUTHORISATION

This Third Supplementary Bidder's Statement has been approved by a unanimous resolution of the directors of Theta Gold Mines Limited.

Dated 3 February 2022

Signed for and on behalf of Theta Gold Mines Limited by



Charles William Guy – Chairman

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Theta Gold Mines Limited ABN 30 131 758 177

Notice Freeing Takeover Offer from Defeating Conditions

To: Focus Minerals Ltd (**Target**)
ASX Limited (**ASX**)

This notice is issued by Theta Gold Mines Limited (ABN 30 131 758 177) (**TGM**) in relation to TGM's takeover bid for all Focus Shares that existed on the Register Date of 21 December 2021 made under TGM's Replacement Bidder's Statement dated 4 January 2022 (as supplemented from time to time) (**Bidder's Statement**).

Words defined in the Bidder's Statement have the same meaning in this notice unless the context requires otherwise.

OFFER FREE FROM ALL CONDITIONS

In accordance with section 650F of the *Corporations Act 2001* (Cth), TGM gives notice that:

- (a) the Offer is free from all remaining defeating conditions set out in Appendix 2 (*Conditions of the Offer*) of the Bidder's Statement, being:
- (i) no prescribed occurrences (paragraph (b) of Appendix 2);
 - (ii) no prescribed occurrences between the Announcement Date and date of the Bidder's Statement (paragraph (c) of Appendix 2);
 - (iii) no Focus Material Adverse Change (paragraph (d) of Appendix 2);
 - (iv) no litigation (paragraph (e) of Appendix 2);
 - (v) no material acquisitions, disposals or new commitments (paragraph (f) of Appendix 2);
 - (vi) non-existence of certain rights (paragraph (g) of Appendix 2); and
 - (vii) no restraints (paragraph (h) of Appendix 2); and
- (b) as at the date of this notice, TGM's voting power in the Target is 1.19%.

Accordingly, the Offer is now wholly unconditional.

Date: 3 February 2022

Signed for and on behalf of Theta Gold Mines Limited by



Charles William Guy

Chairman

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