

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

FOCUS MINERALS LIMITED

ABN

56 005 470 799

Quarter ended ("current quarter")

31 December 2010

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date 6 Months \$A'000
1.1 Receipts from product sales and related debtors	26,419	48,888
1.2 Payments for (a) exploration & evaluation	(3,272)	(6,522)
(b) development	(2,200)	(7,742)
(c) production	(22,928)	(34,261)
(d) administration	(1,522)	(2,298)
(e) royalties paid	(568)	(978)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	18	81
1.5 Interest and other costs of finance paid	(2)	(4)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	222	250
Net Operating Cash Flows	(3,833)	(3,506)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(1,332)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	47
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)- bonds	(2)	(184)
Net investing cash flows	(2)	(1,469)
1.13 Total operating and investing cash flows (carried forward)	(3,835)	(4,975)

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1.13	Total operating and investing cash flows (brought forward)	(3,835)	(4,975)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
	Share issue costs	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(3,835)	(4,975)
1.20	Cash at beginning of quarter/year to date	5,244	6,384
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1,409	1,409

Note - At 31 December 2010 the Group also held gold available for sale at spot gold price totalling 5,168 ozs with a realisable value of approx \$7.2 million.

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	111
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Director fees, Executive Chairman salary & superannuation expense.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

On 23 December 2010 the Group completed the swap of certain mining leases to McPhersons Reward Gold Limited. As part consideration for the swap the Group received 3,333,333 fully paid shares in MRGL valued at \$1,000,000 together with other mining tenements.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	N/a	N/a
3.2 Contingent Instrument Facility	3,500	1,890

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,000
4.2 Development	6,000
4.3 Production	15,000
4.4 Administration	1,000
Total	23,000

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,409	5,244
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
Available cash (item 1.22)	1,409	5,244
5.4 Other (provide details) - Bonds	986	984
Total: cash at end of quarter	2,395	6,228

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed		N/a		
6.2 Interests in mining tenements acquired or increased	M15/40	Direct interest	100%	0%
	M15/148	Direct interest	100%	0%
	M15/237	Direct interest	0%	100%
	P15/5209	Direct interest	0%	100%
	P15/5464	Direct interest	0%	100%

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Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference + securities (description)	N/a			
7.2	Changes during quarter (a) Increases (b) Decreases				
7.3	+Ordinary securities	2,865,543,210	2,865,543,210		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	N/a			
7.5	+Convertible debt securities (description)	N/a			
7.6	Changes during quarter (a) Increases (b) Decreases				
7.7	Options (description and conversion factor)	40,000,000 10,000,000 22,180,385 22,180,385 <u>94,360,770</u>	- - - -	<u>Exercise price</u> 6.875 cents 7.0 cents 7.5 cents 7.8 cents	<u>Expiry date</u> 30/4/2011 30/4/2011 31/12/2012 31/12/2012
7.8	Issued during quarter	N/a			
7.9	Exercised during quarter	N/a			
7.10	Expired/cancelled during quarter	(4,925,000) (4,925,000)	- -	5.0 cents 6.0 cents	6/12/2010 6/12/2010
7.11	Debentures (totals only)	N/a			
7.12	Unsecured notes (totals only)	N/a			

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Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act [or other standards acceptable to ASX \(see note 4\)](#).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Jon Grygorcewicz
Company secretary

Date: 31 January 2011

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** [ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic \(if any\) must be complied with.](#)

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