Focus Minerals Ltd.

ABN 56 005 470 799
and Controlled Entities

Financial Report for the Half-Year to 31 December 2011

This document should be read in conjunction with the annual report of Focus Minerals Ltd for the year ended 30 June 2011

Corporate Directory

ACN	**005 470 799**
DIRECTORS:	Donald Taig (Chairman) Phillip Lockyer Gerry Fahey Bruce McComish
CHIEF EXECUTIVE OFFICER	Campbell Baird
COMPANY SECRETARY:	K Jon Grygorcewicz
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The directors present the financial report of Focus Minerals Limited ("Parent Entity") including the consolidated financial statements of the Parent Entity and its controlled entities ("Consolidated Entity") for the half-year ended 31 December 2011.

DIRECTORS

The names of the directors of the Parent Entity who held office during or since the end of the half year are:-

Donald J Taig (Chairman)
Phillip Lockyer
Gerry Fahey
Bruce McComish

REVIEW OF OPERATIONS

Operating Result for the Half-year
The consolidated Group profit, attributable to members of the Company, for the financial period ended 31 December 2011 was $2,362,000 (2010 $6,230,000).

The result includes the operating profit of Crescent from 1 October 2011, being the attributed date of control, totalling $943,000. After allowing for minority interests share of Crescent profits of $174,000, the Group's share of Crescent's profits totals $769,000.

The Group net profit was reported after deducting $3,516,000 being the costs incurred in the takeover of Crescent Gold Limited ("Crescent") and were expensed in the period.

Production
Mine production continued from the Group's three operating mining areas in Coolgardie: the Tindals Mining Centre, the Mount mine and Tindals Open Pit operations and also at Laverton.

In Coolgardie, production from the Tindals Mining Centre was 280,328 tonnes for 29,161ozs gold at an average grade of 3.24 g/t. Production from the Mount mine totalled 76,592 tonnes for 10,834 ozs gold at an average grade of 4.4g/t. Production from the Tindals Open Pit operations totalled 124,324 tonnes at 1.99g/t for 7,935oz produced.

Gold production from the Three Mile Hill facility for the six months ended 31 December 2011 increased 19% to 43,340ozs (2010 36,339ozs).

Total ore throughput for the period was 590,196 ore tonnes (574,566 ore tonnes).

Total production at Laverton for the 3 months to December 2011 was 15,666ozs derived from the sale of ore of 411,012 tonnes at an average grade of 1.19g/t.

Mine Development

Mine development activities at the new underground operation at The Mount and new open pit operations at Tindals continued through the period. By the end of the period The Mount had developed three levels. The Tindals Open pits progressed to have three pits operating with mining in December hitting the targeted 30,000tpm run rate.

Development at Laverton saw mining operations undertaken at Mary Mac Hill, Fish, Apollo and Eclipse with four excavator fleets fully productive by the end of December 2011. In total 3.2m BCM's of ore and waste were mined to generate 660,000 tonnes of high grade ore grading 2.5g/t with 445,000 tonnes grading 2.5g/t being generated in the December 2011 quarter.

Sales
Gold sales in the period totalled 41,504ozs at an average gold price of $1,625 per oz. (2010 34,335 ozs at average price A$1,385).

Gold on hand and available for sale at period end was 4,708ozs.

At Laverton receipts for sales of ore in the three months to December 2011 were $33,188,000.

Exploration

Exploration activities continued on the Lake Cowan tenements with results from an inaugural 23 hole drilling program around Treasure Island showing the high-grade mineralised vein structures mapped on the island extending at depth under the salt lake. Fine visible gold was identified in most mineralised veins and accompanied the discovery of multiple new vein systems under the lake. In addition a reconnaissance aircore programme 3km to the east across the lake has identified a new 4km gold system.

Exploration at the Apollo deposit on Laverton saw the addition of 100,000oz of resource ounces from just a few months drilling.

Corporate

On 20 June 2011 the Company jointly announced, with Crescent Gold Limited, an off-market bid by the Company to acquire the issued ordinary shares of Crescent Gold Limited (Crescent). The Bidder's Statement was lodged with the Australian Investments and Securities Commission on 29 June 2011.

The Offer opened on 30 June 2011 and consisted of one Focus share for every 1.18 Crescent shares and was conditional, among other conditions, on achieving ownership of 90% of the issued shares of Crescent.

On 18 August 2011 the Company declared the Offer unconditional.

The Offer closed on 5 October 2011 and the Company received acceptances totalling 81.57% of Crescent issued ordinary shares.

The Company issued 880,258,270 Focus shares in consideration for acceptances received.

During December 2011 the Company extended its Finance Facilities with inclusion of a $10 million revolving loan facility. At balance date $2 million had been drawn on the loan facility.

At 31 December 2011 the Company does not have any outstanding hedging commitments.

EVENTS SUBSEQUENT TO BALANCE DATE

There has not been any matter or circumstance that has arisen since balance date that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial periods.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 21 for the half-year ended 31 December 2011.

Signed in accordance with a resolution of the directors.

Don Taig
Director

15 March 2012

Perth, Western Australia

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 4 to 20 are in accordance with the *Corporations Act 2001*, including:

   a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and

   b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date.

2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Don Taig
Director

15 March 2012
Perth, Western Australia

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Note	Consolidated Entity	
		31 Dec 2011	31 Dec 2010
		$'000	$'000
Revenue		**104,486**	48,888
Royalties paid		**(3,803)**	(978)
Cost of sales		**(77,821)**	(31,671)
Gross profit		**22,862**	16,239
Other revenue	**3**	**778**	1.318
Depreciation		**(4,670)**	(2,287)
Amortisation	**3**	**(6,388)**	(6,085)
Finance charges	**3**	**(455)**	(4)
Employee expenses		**(1,988)**	(1,270)
Takeover costs		**(3,516)**	-
Other expenses from ordinary business	**3**	**(4,087)**	(1,681)
Profit before income tax		**2,536**	6,230
Income tax expense		**-**	-
Profit after income tax expense		**2,536**	6,230
Other comprehensive income, net of tax		**-**	-
Total comprehensive income for the period, net of tax		**2,536**	6,230
Total comprehensive income attributable to:			
Members of the parent entity		**2,362**	6,230
Minority interest		**174**	-
		2,536	6,230

Earnings per share

Earnings per share (cents per share) for (loss)/profit attributable to the ordinary equity holders of the Company:

	Note	31 Dec 2011	31 Dec 2010
Basic earnings per share (cents)	**6**	0.06	0.22
Diluted earnings per share (cents)	**6**	0.06	0.21

The accompanying notes form part of this financial report

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2011

	Consolidated Entity	
	31 Dec 2011	31 Dec 2010
	$'000	$'000
CURRENT ASSETS		
Cash and cash equivalents	**18,252**	31,521
Trade and other receivables	**5,086**	1,378
Inventories	**16,929**	7,717
Other assets	**533**	560
Financial assets	**1,000**	4,195
Total current assets	**41,800**	45,371
NON-CURRENT ASSETS		
Property, plant and equipment	**93,332**	52,349
Development expenditure	**1,411**	2,700
Exploration and evaluation assets	**131,871**	77,667
Total non-current assets	**226,614**	132,716
Total assets	**268,414**	178,087
CURRENT LIABILITIES		
Trade and other payables	**41,244**	22,206
Financial liabilities	**3,455**	1,445
Total current liabilities	**44,699**	23,651
NON-CURRENT LIABILITIES		
Financial liabilities	**3,260**	4,454
Provisions	**8,334**	1,750
Total Non-current liabilities	**11,594**	6,204
Total liabilities	**56,293**	29,854
Net Assets	**212,121**	148,233
EQUITY		
Issued capital	**203,910**	145,010
Reserves	**(1,732)**	123
Retained earnings	**5,462**	3,100
Minority Interest	**4,481**	-
Total equity	**212,121**	148,233

The accompanying notes form part of this financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Consolidated Entity	
	31 Dec 2011	31 Dec 2010
	$'000	$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts form customers	**94,788**	49,516
Payments to suppliers and employees	**(70,005)**	(36,142)
Royalties paid	**(3,803)**	(977)
Interested received	**244**	81
Sundry income	**534**	250
Interest & finance costs paid	**(455)**	(3)
Net cash from operating activities	**21,303**	12,724
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(6,218)**	(1,298)
Proceeds from sale of investments	**-**	47
Purchase of investments	**-**	(1,000)
Purchase of exploration tenements	**(480)**	(150)
Bond secured deposits	**-**	(184)
Mine development expenditure	**(19,638)**	(7,742)
Exploration expenditure	**(10,236)**	(7,521)
Net cash used in operating activities	**(36,572)**	(17,849)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from equity	**-**	150
Proceeds from borrowings	**2,000**	-
Net cash (used in)/from operating activities	**2,000**	150
Net decrease in cash held	**(13,269)**	(4,974)
Cash at the beginning of period	**31,521**	6,383
Cash at end of period	**18,252**	1,409

The accompanying notes form part of this financial report.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

Consolidated	Note	Ordinary Shares	Retained Earnings	Reserves	Asset Acquisition Reserve	Minority Interest	**Total**
		$'000	$'000	$'000	$'000	$'000	$'000
Balance as at 30 June 2011		**145,010**	**3,100**	**123**	**-**	**-**	**148,233**
Total comprehensive income for the period		**-**	**2,362**	**-**	**-**	**174**	**2,536**
Shares issued in the period		**58,900**	**-**	**-**	**-**		**58,900**
Minority interest created on partial takeover of Crescent Gold Limited		**-**	**-**	**-**	**-**	**4,307**	**4,307**
Acquisition reserve recognised on con	**13**	**-**	**-**	**-**	**(1,855)**	**-**	**(1,855)**
Balance at 31 December 2011		**203,910**	**5,462**	**123**	**(1,855)**	**4,481**	**212,121**

Consolidated	Ordinary Shares	Retained Earnings	Reserves	Asset Acquisition Reserve	Minority Interest	**Total**
	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at 30 June 2010	102,770	(5,109)	2,026	-	-	99,687
Total comprehensive income for the period	-	6,230	-	-	-	6,230
Shares issued in the period	150	-	-	-	-	150
Option reserve transferred to Retained Earnings on lapsed and cancelled options	-	564	(564)	-	-	-
Option reserve on recognition of equity based payments	-	-	42	-	-	42
Balance at 31 December 2010	102,920	1,685	1,504	-	-	106,109

The accompanying notes form part of this financial report

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

NOTE 1: BASIS OF PREPARATION

These general purpose financial statements for the interim half-year reporting period ended 31 December 2011 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Focus Minerals Ltd and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2011, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements except for the adoption of the following new and revised Accounting Standards.

Comparatives

Comparative information has been reclassified where appropriate to enhance comparability.

Accounting Standards not previously applied

New/revised pronouncement	Superseeded pronouncement	Explanation of amendments	Effective date (i.e. annual reporting periods ending on or after)	Example disclosure of impact of new standard on the financial report (if standard is not adopted early)	Likely impact
AASB 9 Financial Instruments	AASB 139 Financial Instruments: Recognition and Measurement (part)	AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below. (a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. (b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. (c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. (d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: (1) The change attributable to changes in credit risk are presented in other comprehensive income (OCI). (2) The remaining change is presented in profit or loss. If this approach creates or enlarges	31 December 2013	AASB 9 amends the classification and measurement of financial assets; the effect on the entity will be that more assets are held at fair value and the need for impairment testing has been limited to assets held at amortised cost only. Minimial changes have been made in relation to the classification and measurement of financial liabilities, except 'own credit risk' instruments. The effect on the entity will be that the volatility in the profit or loss will be moved to the OCI, unless there is an accounting mismatch.	Depending on assets held, there may be significant movement of assets between fair value and cost categories and ceasing of impairment testing on available for sale assets. If the entity holds any 'own credit risk' financial liabilities, the fair value gain or loss will be incorporated in the OCI, rather than profit or loss, unless accounting mismatch.

New/revised pronouncement	Superseeded pronouncement	Explanation of amendments	Effective date (i.e. annual reporting periods ending on or after)	Example disclosure of impact of new standard on the financial report (if standard is not adopted early)	Likely impact
		an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11.			
AASB 1054 Australian Additional Disclosures	None	This standard is as a consequence of phase 1 of the joint Trans-Tasman Convergence project of the AASB and FRSB. This standard, with AASB 2011-01, relocates all Australian specific disclosures from other standards to one place and revises disclosures in the following areas: (a) Compliance with Australian Accounting Standards (b) The statutory basis or reporting framework for financial statements (c) Whether the financial statements are general purpose or special purpose (d) Audit fees (e) Imputation credits (f) reconciliation of net operating cash flow to profit (loss).	30 June 2012	This Standard sets out the Australian-specific disclosures for entities that have adopted Australian Accounting Standards. This Standard contains disclosure requirements that are additional to IFRSs.	Not expected to have significant impact, as only relocating Australian specific disclosures from existing standards to this new standard.
AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets (AASB 1 & AASB 7)	None	The Standard amends the disclosures required, to help users of financial statements evaluate the risk exposures relating to more complex transfers of financial assets (eg. securitisations) and the effect of those risks on an entity's financial position. .	30 June 2012	The Amendments will introduce more extensive and onerous quantitative and qualitative disclosure requirements for de-recognition of financial assets.	More extensive and onerous quantitative and qualitative disclosure requirements for de-recognition of financial assets.
AASB 2011-3 Amendments to Australian Accounting Standards – Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments [AASB 1049]	None	The Standard makes amendments to AASB 1049 so as to clarify the definition of the ABS GFS Manual, facilitate the orderly adoption of changes to the ABS GFS Manual and related disclosures.	30 June 2013	The Standard makes amendments to AASB 1049 in relation to the Whole of Government and General Government Financial Reporting so as to clarify the definition of the ABS GFS Manual, and to facilitate the orderly adoption of changes to the ABS GFS Manual and related disclosures.	Unlikely to have significant impact in Australia, unless entity is in the Government industry.

New/revised pronouncement	Superseeded pronouncement	Explanation of amendments	Effective date (i.e. annual reporting periods ending on or after)	Example disclosure of impact of new standard on the financial report (if standard is not adopted early)	Likely impact
AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]	None	The Standard makes amendments to AASB 124 Related Party Disclosures to remove individual key management personnel disclosure requirements.	30 June 2014	The Standard makes amendments to remove the individual key management personnel disclosure requirements, as these are considered to be more in the nature of corporate governance and are generally covered in the Corporations Act and disclosed within the Directors and/or Remuneration Report.	This will result in the removal of various key management personnel disclosures relating to disclosing entities within the financial report.
AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Other Comprehensive Income [AASB 101]	None	This Standard requires entities to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss in subsequent periods (reclassification adjustments).	30 June 2013	The main change will be the separation and classification of components within the other comprehensive income between reclassification adjustments to profit or loss and those that will not be reclassified.	Impacts on separating components in other comprehensive income between reclassification and non-reclassification adjustments.
AASB 10 Consolidated Financial Statements	AASB 127	AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 *Consolidated and Separate Financial Statements* dealing with the accounting for consolidated financial statements and SIC-12 *Consolidation – Special Purpose Entities.* The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. This is likely to lead to more entities being consolidated into the group. Consequential amendments were also made to other standards via AASB 2011-7 and amendments to AASB 127.	31 December 2013	It introduces a new, principle-based definition of control which will apply to all investees to determine the scope of consolidation. Traditional control assessments based on majority ownership of voting rights will very rarely be affected. However, 'borderline' consolidation decisions will need to be reviewed and some will need to be changed taking into consideration potential voting rights and substantive rights.	Entities most likely to be impacted are those that: - have significant, but not a majority equity interests in other entities; - hold potential voting rights over investments , such as options or convertible debt.

New/revised pronouncement	Superseeded pronouncement	Explanation of amendments	Effective date (i.e. annual reporting periods ending on or after)	Example disclosure of impact of new standard on the financial report (if standard is not adopted early)	Likely impact
AASB 12 Disclosure of Interests in Other Entities	AASB 127 AASB 128 AASB 131	AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities. New disclosures have been introduced about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.	31 December 2013	AASB 12 combines the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities within a comprehensive disclosure standard. It aims to provide more transparency on 'borderline' consolidation decisions and enhance disclosures about unconsolidated structured entities in which an investor or sponsor has involvement.	There are some additional enhanced disclosures centred around significant judgements and assumptions made around determining control, joint control and significant influence.
AASB 13 Fair Value Measurement	None	AASB 13 establishes a single source of guidance under AASB for determining the fair value of assets and liabilities.AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value under AASB when fair value is required or permitted by AASB. Application of this definition may result in different fair values being determined for the relevant assets. AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. Consequential amendments were also made to other standards via AASB 2011-8.	31 December 2013	AASB 13 has been created to: ▪ establish a single source of guidance for all fair value measurements; ▪ clarifyi the definition of fair value and related guidance; and ▪ enhance disclosures about fair value measurements (new disclosures increase transparency about fair value measurements, including the valuation techniques and inputs used to measure fair value).	For financial assets, AASB 13's guidance is broadly consistent with existing practice. It will however also apply to the measurement of fair value for non-financial assets and will make a significant change to existing guidance in the applicable standards.

New/revised pronouncement	Superseeded pronouncement	Explanation of amendments	Effective date (i.e. annual reporting periods ending on or after)	Example disclosure of impact of new standard on the financial report (if standard is not adopted early)	Likely impact
AASB 119 Employee Benefits	AASB 119	The main change introduced by this standard is to revise the accounting for defined benefit plans. The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans is recognized in full with actuarial gains and losses being recognized in other comprehensive income. It also revised the method of calculating the return on plan assets. Consequential amendments were also made to other standards via AASB 2011-10.	31 December 2013	The main change for accounting for defined benefit plans is: (1) the removal of the option to defer the full recognition of gains and losses under the corridor approach: and (2) the revised method of calculating the return on plan assets.	Only impacts entity's which have any defined benefit plans, and the removal of the deferral of gains and losses under the corridor approach.
Interpretation 20 Stripping Costs in the Production Phase of Surface Mining	None	This Interpretation clarifies when production stripping costs should lead to the recognition of an asset and how that asset should be initially and subsequently measured. Consequential amendments were also made to other standards via AASB 2011-12.	31 December 2013	This interpretation provides guidance on (1) recognition of production stripping costs as an asset; (2) initial measurement of the stripping activity asset; and (3) subsequent measurement of the stripping activity asset. The company has not assessed the impact, however this may result in either recognising or derecognising a stripping asset.	Only impacts entities that are incurring stripping costs within the production phase of surface mining

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Consolidated Entity	
	31 Dec 2011	31 Dec 2010
	$'000	$'000
NOTE 3 REVENUE AND EXPENSES		
The following revenue and expense items are relevant in explaining the financial performance for the interim period		
(i) Revenue		
Gold sales	**70,972**	47,478
Ore sales	**33,188**	-
Silver sales	**326**	78
Toll milling income	**-**	1,332
Total revenue	**104,486**	48,888
(ii) Other revenue		
Interest received	**273**	81
Profit on sale of investments	**-**	24
Profit on sale of mining tenements	**-**	961
Other	**505**	251
Total other revenue	**778**	1,317
(iii) Expenses		
Amortisation		
Amortisation of development expenditure	**1,289**	2,333
Amortisation of mine development costs	**5,099**	3,752
Total amortisation	**6,388**	6,085
Finance charges		
Finance charges payable on finance leases	**455**	4
Other		
ASX listing fees	**130**	57
Bank Charges	**256**	73
Consulting fees	**615**	95
Directors' fees	**218**	98
Insurance	**553**	107
Legal fees	**71**	8
Operating lease expenses	**98**	62
Employee option cost	**-**	42
Investor relations expenses	**584**	383
Other expenses	**1,562**	756
Other expenses from ordinary activities	**4,087**	1,680

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Consolidated Entity	
	31 Dec 2011	31 Dec 2010
	$'000	$'000

NOTE 4 DIVIDENDS PAID AND PROPOSED

There were no dividends proposed or paid during the half-year ended 31 December 2011.

NOTE 5 ISSUED CAPITAL

Ordinary shares	**31 December 2011**	30 June 2011
	$'000	$'000
Issued and fully paid	**203,910**	145,010

	Number of Shares	**$**
Movements in ordinary shares on issue		
Balance at 1 July 2011	3,440,515,431	145,010
Issued under off market bid for Crescent Gold Limited	**880,258,270**	**58,900**
Balance at 31 December 2011	**4,320,773,701**	**203,910**

Options	**Number of options**
Movements in issued options	
Balance at 1 July 2011	75,580,000
Balance at 31 December 2011	**75,580,000**

Total options on issue comprise:	**Expiry date**	**Number issued**
Exercise price – 7.5 cents per share	31/12/2012	21,040,000
Exercise price – 7.8 cents per share	31/12/2012	21,040,000
Exercise price – 12.3 cents per share	30/06/2014	33,500,000
Balance at 31 December 2011		**75,580,000**

NOTE 6: EARNINGS PER SHARE

	31 December 2011 Cents per Share	31 December 2010 Cents per Share
***Basic earnings per share*:**		
Total Basic EPS	**0.06**	0.22
Diluted earnings per share		
Total Diluted EPS	**0.06**	0.21
Basic Earnings per share		
The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:	**$2,535,876**	$6,230,173
Weighted average number of ordinary shares for the purposes of basic earnings per share	**4,038,380,174**	2,865,429,080
Diluted Earnings per share		
The earnings and weighted average number of ordinary shares used in the calculation of diluted earnings per share:	**$2,535,876**	$6,230,173
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**4,113,960,174**	2,971,545,381

NOTE 7 RECONCILIATION OF CASH

For the purposes of the Condensed Cash Flow Statement, cash and cash equivalents comprise the following at 31 December 2011:

		Consolidated Entity	
	Note	31 Dec 2011	31 Dec 2010
		$'000	$'000
Current Assets			
Cash at bank and in hand		**6,656**	2,290
Short term deposits - unsecured		**-**	28,419
		6,656	30,709
Term deposits - secured	(a)	**11,596**	812
Cash at end of period		**18,252**	31,521

(a) The Group has indemnified issuing banks against any loss arising from performance bonds issued on behalf of the Group to secure mining tenement obligations and as guarantees for payment performance under various supply agreements. The indemnities are secured against cash held in short term deposits.

Term deposits totalling $11,596,000 (30 June 2011 - $812,000) have been secured to issuing banks as security for performance bonds issued in respect of Western Australian mining tenements and various supply agreements.

NOTE 8 BUSINESS COMBINATION

Merger with Crescent Gold Limited

On 20 June 2011 the Company jointly announced, with Crescent Gold Limited, an off-market bid by the Company to acquire the issued ordinary shares of Crescent Gold Limited (Crescent). The Bidder's Statement was lodged with the Australian Investments and Securities Commission on 29 June 2011.

The Offer opened on 30 June 2011 and consisted of one Focus share for every 1.18 Crescent share and option on issue and was conditional, among other conditions, on achieving ownership of 90% of the issued shares of Crescent.

On 18 August 2011 the Company declared the Offer unconditional, this for accounting purposes was considered the date control was passed in accordance with AASB3.

The Offer closed on 5 October 2011 and the Company received acceptances totalling 81.57% of Crescent issued ordinary shares.

The Company issued 880,258,270 Focus shares in consideration for acceptances received.

Crescent is a gold producer with extensive landholdings in Laverton within the Eastern Goldfields of Western Australia

The merger of Focus Minerals Ltd and Crescent Gold Limited has been accounted as a business acquisition and has been calculated in accordance with the proportional interest method.

The purchase price allocation is as follows:

	Note	August 2011 $'000
Identifiable assets acquired and liabilities assumed		
Cash and cash equivalents		1,910
Restricted deposits		9,078
Other receivable and prepayments		3,417
Inventories		2,606
Property, plant and equipment		18,558
Exploration and evaluation expenditure		16,128
Trade and other payables		(9,938)
Provisions		(7,027)
Loans and borrowings		(11,366)
Net Assets		23,368
Less : Minority Interest		(4,307)
Net Assets Acquired		23,368
Consideration paid		58,900
Excess purchase price allocated to evaluation and exploration assets recognised on acquisition	**(a)**	37,983

(a) The purchase price allocation has been determined on a provisional basis for a period up to 12 months from the transaction date in accordance with AASB 3.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Note	Consolidated Entity 31 Dec 2011 $'000	Consolidated Entity 31 Dec 2010 $'000
NOTE 9 FINANCIAL LIABILITIES			
Bank loan – refer Note a		**2,000**	-
Lease liabilities		**1,455**	1,455
		3,455	1,455
Non- Current Liabilities			
Lease liabilities		**3,260**	4,454

Note a – Banking Facility

At balance date, the Group has an established multi-faceted Credit Facility with Investec Bank (Australia) Limited.

During the period the Group expanded the Facility to include a Revolving Loan Facility to provide working capital on a revolving basis. The facility also contains a Contingent Instrument Facility which provides bankers' guarantees to meet tenement security requirements and to secure services supply contracts.

The Facility is secured by:
- fixed and floating charge over all the assets and undertakings of the Company, Austminex Pty Ltd and Focus Operations Pty Ltd,
- an equitable mortgage over the issued shares owned by the Company in Austminex Pty Ltd and Focus Operations Pty Ltd,
- a mining mortgage over specified mining leases owned by the Company, in Austminex Pty Ltd and Focus Operations Pty Ltd, and
- an equitable share mortgage over all the ordinary shares the Company holds in Crescent Gold Limited.

The facility is comprised of the following:

	31 December 2011		
	Drawn	Undrawn	Facility Limit
Revolving Loan	$2,000,000	$8,000,000	$10,000,000
Contingent Instruments	$3,153,000	$347,000	$3,500,000

The Facility Agreement requires that the Company maintain a minimum bank balance of $3 million, net assets of the Group are not less than $85 million and to maintain an Annual Forward Cover Ratio of 1.5 times.

The Annual Forward Cover Ratio is the ratio of the Company's budgeted cashflow available for debt servicing plus available cash that exceeds the aggregate of the scheduled repayments plus interest to be repaid under the Revolving Loan Facility.

There were no breaches of the Facility covenants during the period.

NOTE 10 EVENTS AFTER THE BALANCE DATE

There were no other changes in commitments since the last annual report.

NOTE 11 COMMITMENTS

There were no other changes in commitments since the last annual report.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

NOTE 12 SEGMENT REPORTING

The Group has two reportable segments, as described below, which are the Group's strategic business units. The business units are managed separately as they require differing processes and skills. The Chief Executive Officer reviews internal management reports on a monthly basis. The business units operate in one geographical segment being Western Australia.

The Group's reportable segments and activities are:

- **Production**
  Includes mining, extraction and treatment of gold across the Group's two geographically separate operating sites being Coolgardie and Laverton.

- **Exploration**
  Includes exploration for mineral resources.

The Group has no reliance on any one customer as gold produced is sold through agents at spot pricing or delivered into forward gold contracts.

Segment Financial Information — **December 31**

	Production Coolgardie		**Production Laverton**		**Exploration**		**TOTAL**	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Revenue	**71,222**	48,888	**33,264**	-	**-**	-	**104,486**	48,888
Interest income	**-**	-	**-**	-	**-**	-	**-**	-
Interest expense	**(455)**	-	**-**	-	**-**	-	**(455)**	-
Depreciation and amortisation	**(8,965)**	(8,322)	**(2,007)**	-	**-**	-	**(10,972)**	(8,322)
Reportable segment profit before income tax	**9,766**	7,877	**1,560**	-	**-**	-	**11,326**	7,877

	Production Coolgardie		**Production Laverton**		**Exploration**		**TOTAL**	
	December 2011	June 2011	**December 2011**	June 2011	**December 2011**	June 2011	**December 2011**	June 2011
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Reportable segment assets	**76,795**	60,612	**39,116**	-	**132,297**	80,875	**248,208**	141,487
Reportable segment liabilities	**(27,583)**	(28,224)	**(24,607)**	-	**(1,275)**	(1,255)	**(53,465)**	(27,479)
Capital expenditure	**17,390**	25,112	**2,248**	-	**10,716**	24,673	**30,354**	49,785

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

NOTE 12 SEGMENT REPORTING (CONT)

	Consolidated	
	31 Dec 2011	31 Dec 2010
	$'000	$'000
Reconciliation of reportable segment revenue		
Total Revenue for reportable segments		
Consolidated revenue	**104,486**	48,888
Reconciliation of reportable segments		
Total profit for reportable segments	**11,326**	7,877
Interest received	**647**	81
Finance costs	**-**	(4)
Other corporate expenses	**(5,921)**	(1,724)
Takeover costs	**(3,516)**	-
Consolidated profit before income tax	**2,536**	6,230

The Group has no material reconciliation items between management reports and financial statement amounts.

	Consolidated	
	31 Dec 2011	30 June 2011
	$'000	$'000
Reconciliation of reportable segments assets		
Total assets for reportable segments	**248,208**	141,487
Add unallocated amounts		
		30,709
Cash and cash equivalents	**6,656**	812
Environmental bonds – secured short term deposits	**11,596**	
Corporate assets	**1,954**	5,079
Consolidated total assets	**268,414**	178,087

NOTE 13 RESERVE

Acquisition Reserve

On 5 August 2011 Focus Minerals Ltd entered into an off-market bid for the acquisition of Crescent Gold Ltd. The company recognised control in accordance with AASB 3 "Business Combinations" on 5 August 2011. The offer closed 5 October 2011 resulting in a difference to the minority interest recognised between these dates.

The reserve details the difference between the carrying value of the non-controlling interest in Crescent Gold Ltd as at the date of acquisition to the consideration paid at the date of closing the offer. The consideration paid is recognised in equity attributable to the parent. Accordingly a debit to Acquisition Reserve of $1.855m is reflected in the statement of changes in equity.

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Auditor's Independence Declaration
To The Directors of Focus Minerals Ltd

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Focus Minerals Ltd for the half-year ended 31 December 2011, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

b no contraventions of any applicable code of professional conduct in relation to the review.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

P W Warr
Partner - Audit & Assurance

Perth, 15 March 2012

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Independent Auditor's Review Report
To the Members of Focus Minerals Ltd

We have reviewed the accompanying half-year financial report of Focus Minerals Ltd ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Focus Minerals Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Focus Minerals Ltd is not in accordance with the Corporations Act 2001, including:

a giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and

b complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

P. Warr.

P W Warr
Partner - Audit & Assurance

Perth, 15 March 2012