



**ABN 56 005 470 799
and Controlled Entities**

Financial Report for the Half-Year to 31 December 2012



Corporate Directory

ACN

005 470 799

DIRECTORS:

Donald Taig (Chairman)
Zhang Dahui
Li Zhongyi
Michael Guo
Phillip Lockyer
Gerry Fahey
Bruce McComish

**CHIEF EXECUTIVE
OFFICER:**

Don Taig (Acting CEO)

**COMPANY
SECRETARY:**

Paul Fromson

REGISTERED OFFICE:

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Perth WA 6000

HEAD OFFICE:

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AUDITORS:

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SHARE REGISTRY:

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DIRECTORS' REPORT

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 2012.

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
Zhang Dahui
Li Zhongyi
Michael Guo

REVIEW OF OPERATIONS

Operating Result for the Half-year

The consolidated Group loss, attributable to members of the Company, for the financial period ended 31 December 2012 was \$24,596,000 (2011 \$2,362,000 profit).

The result includes the operating loss of Laverton totalling \$22,167,000 which was impacted by two major one-off costs being:

- Approximately \$22 million in Amortisation for the pre-strip of the Apollo pit complex; and
- \$9.6 million for an inherited royalty obligation with respect to a long-standing agreement on selected tenements in the Laverton region.

After allowing for minority interests share of Laverton losses of \$4,085,000, the Group's share of Laverton losses totalled \$18,082,000.

Production

Group production for the period was 90,056oz (80,921oz in 2011) from 1,513,629 tonnes milled at an average grade of 1.85g/t.

Gold sales in the period totalled 91,073oz at an average gold price of \$1,598 per oz (2011 41,504 oz at average price A\$1,625) generating revenue of \$146,181,000 (\$104,486,000 in 2011).

Laverton Operations

The production increase for the Group was driven by a solid first half at the Laverton operations which produced 51,456oz (49,092oz in 2011) from 936,206 tonnes milled at an average grade of 1.71g/t.

Ore was sourced primarily from the Apollo pit complex during the period and processed through two campaigns at the Barrick Granny Smith plant with a total of 81 days processing availability versus a planned 100 days.

At the end of the period, surface mining at Apollo was completed and the mining operations transitioned to Burtville which is a lower strip ratio than Apollo, providing economies of scale for mining; has negligible development costs; and far lower royalties associated with the operation

Coolgardie Operations

Mine production in Coolgardie totalled 38,600oz (43,340oz in 2011) from 577,423 tonnes milled at an average grade of 2.16g/t.

The drop in production on 2011 is reflective of an increasing contribution from open pit ore sources during the period and the transition at the end of the period from the Tindals underground operation as the base load for the Three Mile Hill plant to the Greenfields open pit. Greenfields is adjacent to the Three Mile Hill plant and is being targeted to provide up to 1.0Mt @ 1.9g/t over two years.

Production at The Mount operation continued steadily with the business commencing a major resource development drilling programme at the end of the period to determine the focus of the future development drives.

Note – the above production numbers are expressed at 100%. The Company owns 100% of Coolgardie but only 81.57% of Laverton.

DIRECTORS' REPORT

Exploration

Exploration during the period was limited, with key focuses being on near plant targets being the Burtville pit in Laverton, where the business established a 140% increase in Mineral Resources; the Dreadnought trial pit in Coolgardie, which had already commenced production; and at William Ford (formerly North Bayleys) in Coolgardie.

Corporate

On 20 September 2012 the Company announced, a placement to Shandong Gold International Mining Corporation Limited, to issue 4,501,997,651 new fully paid ordinary shares at 5 cents per share for approximately \$225 million.

The placement was finalised on 21 December 2012.

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

As at 31 December 2012 the company has drawn down \$8m of its \$10m revolving loan facility.

At 31 December 2012 the Company had 7,000 ounces of gold forward sales. Subsequent to the end of the half year these forward sales were closed out at a profit of approximately \$815,000.

EVENTS SUBSEQUENT TO BALANCE DATE

Other than the above close out of the gold forward sales, 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 22 for the half-year ended 31 December 2012.

Signed in accordance with a resolution of the directors.



Don Taig
Director

12 March 2013
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 21 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 2012 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.

A handwritten signature in black ink, appearing to read 'Don Taig', with a long horizontal flourish extending to the right.

Don Taig
Director

12 March 2013
Perth, Western Australia

FOCUS MINERALS LIMITED

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

		Consolidated	
	Note	31 Dec 2012	31 Dec 2011
		\$'000	\$'000
Revenue	3	146,181	104,486
Mine production costs		(136,971)	(81,624)
Other income	3	1,410	778
Depreciation and amortisation expense	3	(30,173)	(11,058)
Finance charges	3	(13)	(455)
Employee expenses	3	(2,359)	(1,988)
Takeover costs		-	(3,516)
Other expenses from ordinary business	3	(6,756)	(4,087)
(Loss)/profit before income tax		(28,681)	2,536
Income tax expense		-	-
(Loss)/profit after income tax for the year		(28,681)	2,536
Other comprehensive (loss)/income, net of tax		-	-
Total comprehensive (loss)/income for the year		(28,681)	2,536
Total comprehensive (loss)/income attributable to:			
Owners of the parent		(24,595)	2,362
Non-controlling interest		(4,086)	174
		(28,681)	2,536
Earnings per share			
Earnings per share (cents per share) for (loss)/profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share (cents)	6	(0.63)	0.06
Diluted earnings per share (cents)	6	(0.63)	0.06

The accompanying notes form part of this financial report

FOCUS MINERALS LIMITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

	Consolidated	
	31 Dec 2012	30 Jun 2012
	\$'000	\$'000
CURRENT ASSETS		
Cash and cash equivalents	208,196	2,604
Restricted cash	381	381
Trade and other receivables	7,752	6,509
Inventories	15,149	25,559
Other assets	126	623
Financial assets	1,806	1,347
Total current assets	233,410	37,023
NON-CURRENT ASSETS		
Restricted cash	14,461	12,885
Property, plant and equipment	51,458	54,064
Development expenditure	32,286	53,023
Exploration and evaluation assets	146,756	141,243
Total non-current assets	244,961	261,215
Total assets	478,371	298,238
CURRENT LIABILITIES		
Trade and other payables	52,817	61,553
Interest bearing liabilities	9,455	9,455
Total current liabilities	62,272	71,008
NON-CURRENT LIABILITIES		
Interest bearing liabilities	1,626	2,404
Provisions	8,631	8,397
Total Non-current liabilities	10,257	10,801
Total liabilities	72,529	81,809
Net assets	405,842	216,429
EQUITY		
Issued capital	5	422,004
Reserves		203,910
Retained earnings		(1,732)
Minority interest		(15,344)
		9,251
		914
		5,000
Total equity	405,842	216,429

The accompanying notes form part of this financial report.

FOCUS MINERALS LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	Consolidated	
	31 Dec 2012	31 Dec 2011
	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	147,412	94,788
Payments to suppliers and employees	(153,861)	(70,005)
Royalties paid	(1,397)	(3,803)
Interest received	1,250	244
Sundry income	489	534
Interest & finance costs	-	(455)
Net cash (outflow)/inflow from operating activities	(6,107)	21,303
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,361)	(6,218)
Purchase of exploration tenements	-	(480)
Bond secured deposits	(1,576)	-
Mine development expenditure	(5,507)	(19,638)
Exploration expenditure	(5,512)	(10,236)
Net cash (outflow) from investing activities	(13,956)	(36,572)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from equity	225,655	-
Proceeds from borrowings	-	2,000
Net cash inflow from financing activities	225,655	2,000
Net increase/(decrease) in cash and cash equivalents	205,592	(13,269)
Cash and cash equivalents at 1 July	2,604	31,521
Cash and cash equivalents at 31 December 2012	208,196	18,252

The accompanying notes form part of this financial report.

FOCUS MINERALS LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	Note	Ordinary Shares	Retained Earnings	Reserves	Asset Acquisition Reserve	Minority Interest	Total
Consolidated							
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 30 June 2012		203,910	9,251	(1,732)	-	5,000	216,429
Total comprehensive loss for the period		-	(24,595)	-	-	-	(24,595)
Shares issued in the period		225,098	-	-	-	-	225,098
Share issue expense		(7,004)	-	-	-	-	(7,004)
OEI created on partial takeover of Crescent Gold Limited		-	-	-	-	(4,086)	(4,086)
Balance at 31 December 2012		422,004	(15,344)	(1,732)	-	914	405,842

	Ordinary Shares	Retained Earnings	Reserves	Asset Acquisition Reserve	Minority Interest	Total
Consolidated						
	\$'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
Option reserve transferred to Retained Earnings on lapsed and cancelled options	-	-	-	-	4,307	4,307
Option reserve on recognition of equity based payments	-	-	-	(1,855)	-	(1,855)
Balance at 31 December 2011	203,910	5,462	123	(1,855)	4,481	212,121

The accompanying notes form part of this financial report

FOCUS MINERALS LIMITED

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

NOTE 1: BASIS OF PREPARATION

These general purpose financial statements for the interim half-year reporting period ended 31 December 2012 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 2012, 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	Superseded 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)	<p>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.</p> <p>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.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:</p> <p>(1) The change attributable to changes in credit risk are presented in other comprehensive income (OCI).</p> <p>(2) The remaining change is presented in profit or loss.</p> <p>If this approach creates or enlarges</p>	31 December 2013	<p>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.</p> <p>Minimal 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.</p>	<p>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.</p> <p>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.</p>

FOCUS MINERALS LIMITED

New/revised pronouncement	Superseded 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
		<p>an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.</p> <p>Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11.</p>			
AASB 1054 Australian Additional Disclosures	None	<p>This standard is as a consequence of phase 1 of the joint Trans-Tasman Convergence project of the AASB and FRSB.</p> <p>This standard, with AASB 2011-01, relocates all Australian specific disclosures from other standards to one place and revises disclosures in the following areas:</p> <ul style="list-style-type: none"> (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 (e.g. 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.

FOCUS MINERALS LIMITED

New/revised pronouncement	Superseded 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	<p>AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 <i>Consolidated and Separate Financial Statements</i> dealing with the accounting for consolidated financial statements and SIC-12 <i>Consolidation – Special Purpose Entities</i>.</p> <p>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.</p> <p>Consequential amendments were also made to other standards via AASB 2011-7 and amendments to AASB 127.</p>	31 December 2013	<p>It introduces a new, principle-based definition of control which will apply to all investees to determine the scope of consolidation.</p> <p>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.</p>	<p>Entities most likely to be impacted are those that:</p> <ul style="list-style-type: none"> - have significant, but not a majority equity interests in other entities; - hold potential voting rights over investments, such as options or convertible debt.

FOCUS MINERALS LIMITED

New/revised pronouncement	Superseded 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	<p>AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures</p> <p>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.</p>	31 December 2013	<p>AASB 12 combines the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities within a comprehensive disclosure standard.</p> <p>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.</p>	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	<p>AASB 13 establishes a single source of guidance under AASB for determining the fair value of assets and liabilities. AASB 13 does</p> <p>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.</p> <p>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.</p> <p>Consequential amendments were also made to other standards via AASB 2011-8.</p>	31 December 2013	<p>AASB 13 has been created to:</p> <ul style="list-style-type: none"> establish a single source of guidance for all fair value measurements; clarify 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.

FOCUS MINERALS LIMITED

New/revised pronouncement	Superseded 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	<p>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.</p> <p>Consequential amendments were also made to other standards via AASB 2011-10.</p>	31 December 2013	<p>The main change for accounting for defined benefit plans is:</p> <ol style="list-style-type: none"> (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	<p>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.</p> <p>Consequential amendments were also made to other standards via AASB 2011-12.</p>	31 December 2013	<p>This interpretation provides guidance on</p> <ol style="list-style-type: none"> (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. <p>The company has not assessed the impact, however this may result in either recognising or derecognising a stripping asset.</p>	Only impacts entities that are incurring stripping costs within the production phase of surface mining

FOCUS MINERALS LIMITED

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	Consolidated	
	31 Dec 2012	31 Dec 2011
	\$'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	145,621	104,160
Silver sales	560	326
Total revenue	146,181	104,486
(ii) Other income		
Interest received	462	273
Rental revenue	489	-
Realised gold forward contracts and AFS investments MTM gain	459	-
Other	-	505
Total other revenue	1,410	778
(iii) Expenses		
<i>Depreciation & Amortisation Expense</i>		
Depreciation	2,881	1,289
Amortisation	27,292	5,099
	30,173	6,388
<i>Finance costs</i>		
Finance charges payable on finance leases and hire purchase contracts	13	455
<i>Other expenses</i>		
Legal fees	864	71
Employee benefit expense	2,359	-
Corporate	5,892	4,016
	9,115	4,087

FOCUS MINERALS LIMITED

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

NOTE 4: DIVIDENDS PAID AND PROPOSED

There were no dividends proposed or paid during the half-year ended 31 December 2012.

NOTE 5: ISSUED CAPITAL

Ordinary shares

	31 Dec 2012 \$'000	30 Jun 2012 \$'000
Issued and fully paid	422,004	203,910
	Number of Shares	\$'000
<i>Movements in ordinary shares on issue</i>		
Balance at 1 July 2012	4,320,773,701	203,910
Shares issued to Shandong Gold	4,501,997,651	218,094
Balance at 31 December 2012	8,822,771,352	422,004

On 21 December 2012 Focus Minerals Ltd completed a placement to Shandong Gold International Mining Corporation Limited, issuing 4,501,997,651 new fully paid ordinary shares at 5 cents per share for approximately \$225 million.

Options	Expiry date	Number of options
<i>Movements in issued options</i>		
Balance at 1 July 2012		51,733,846
Options Lapsed unexercised – 7.5 cents per share	31/12/2012	14,116,923
Options Lapsed unexercised – 7.8 cents per share	31/12/2012	14,116,923
Balance at 31 December 2012		23,500,000

Total options on issue comprise:	Expiry date	Number issued
Exercise price – 12.3 cents per share	30/06/2014	23,500,000
Balance at 31 December 2012		23,500,000

FOCUS MINERALS LIMITED

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

NOTE 6: EARNINGS PER SHARE

	31 Dec 2012 Cents per Share	31 Dec 2011 Cents per Share
Basic earnings per share:		
Total Basic EPS	(0.63)	0.06
Diluted earnings per share		
Total Diluted EPS	(0.63)	0.06
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:	(\$28,681,397)	\$2,535,876
(Loss)/profit net of tax		
Weighted average number of ordinary shares for the purposes of basic earnings per share	4,565,447,486	4,038,380,174
Diluted Earnings per share		
The earnings and weighted average number of ordinary shares used in the calculation of diluted earnings per share:	(\$28,681,397)	\$2,535,876
Weighted average number of ordinary shares for the purposes of diluted earnings per share	4,565,447,486	4,113,960,174

	Consolidated	
Note	31 Dec 2012	31 Dec 2011
	\$'000	\$'000

NOTE 7: RECONCILIATION OF CASH

For the purposes of the Condensed Cash Flow Statement, cash and cash equivalents comprise the following at 31 December 2012:

Current Assets		
Cash at bank and in hand	208,196	6,656
Short term deposits - unsecured	381	-
	<u>208,577</u>	<u>6,656</u>
Non-current Assets		
Term deposits - secured	(a) <u>14,461</u>	<u>11,596</u>
Cash at end of period	<u>223,038</u>	<u>18,252</u>

FOCUS MINERALS LIMITED

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

(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 \$14,496,000 (30 June 2012 - \$885,000) have been secured to issuing banks as security for performance bonds issued in respect of Western Australian mining tenements and various supply agreements.

	Note	Consolidated	
		31 Dec 2012	31 Dec 2011
		\$'000	\$'000
NOTE 8: FINANCIAL LIABILITIES			
Bank loan – refer Note a		8,000	2,000
Lease liabilities		1,455	1,455
		9,455	3,455
Non- Current Liabilities			
Lease liabilities		1,626	3,260

Note a) – Banking Facility

At 31 December 2012, the Group has a Contingent Instrument Facility. The Facility provides bankers' guarantees to meet tenement 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, and
- a mining mortgage over specified mining leases owned by the Company, in Austminex Pty Ltd and Focus Operations Pty Ltd.

The facility is comprised of the following at 31 December 2012:

	Drawn	Undrawn	Facility Limit
Contingent Instruments	\$3,102,300	\$397,700	\$3,500,000

FOCUS MINERALS LIMITED

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

The Facility Agreement requires the Company to maintain a minimum bank balance of \$3 million.

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

At 30 June 2012, the Group has an interest bearing loan facility with Investec.

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,

The facility is comprised of the following at 31 December 2012:

	Drawn	Undrawn	Facility Limit
Contingent Instruments	\$8,000,000	\$2,000,000	\$10,000,000

NOTE 9: COMMITMENTS

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

FOCUS MINERALS LIMITED

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

NOTE 10: SEGMENT REPORTING

The Group has three reportable geographic 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.

Gold produced is sold through agents at spot pricing or delivered into forward gold contracts. Segment financial information for the half year ended 31 December 2012 is presented below:

	2012	2012	2012	2012	2012
	Coolgardie	Laverton	Corporate	Intercompany	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from Main Product Sales - Gold	63,518	82,103	-	-	145,621
Revenue from By Product Sales - Silver	356	204	-	-	560
TOTAL GROSS REVENUE	63,874	82,307	-	-	146,181
Cost of Sales	58,874	78,097	-	-	136,971
Depreciation and amortisation	6,824	23,349	-	-	30,173
SEGMENTED OPERATING (LOSS)	(1,824)	(19,139)	-	-	(20,963)
Interest and financing fees	-	972	-	(959)	13
Other income	(5)	(761)	(1,603)	959	(1,410)
Other expenses	-	2,817	6,298	-	9,115
SEGMENTED (LOSS) BEFORE UNDER NOTED ITEMS	(1,819)	(22,167)	(4,695)	-	(28,681)
Income taxes	-	-	-	-	-
Non-controlling interest	-	(4,085)	-	-	(4,085)
SEGMENTED PROFIT (LOSS)	(1,819)	(18,082)	(4,695)	-	(24,596)
Current Assets	8,808	18,282	206,320	-	233,410
Non-Current Assets					
- Restricted Cash	676	12,769	1,016	-	14,461
- Property, Plant & Equipment	31,253	19,682	473	51	51,459
- Mine Property	31,725	561	-	-	32,286
- Exploration	61,546	16,141	35,434	32,106	145,227
-Other	10,368	10,143	152,026	(171,009)	1,528
TOTAL ASSETS	144,376	77,578	395,269	(138,852)	478,371
Current Liabilities	18,058	25,685	17,076	1,454	62,272
Non-Current Liabilities	55,793	46,935	4,986	(97,457)	10,257
TOTAL LIABILITIES	73,851	72,620	22,061	(96,003)	72,529
NET ASSETS	70,525	4,958	373,208	(42,849)	405,842

FOCUS MINERALS LIMITED

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

Segment Financial Information for the half year ended 2011 are presented below:

	2011 Coolgardie \$'000	2011 Laverton \$'000	2011 Corporate \$'000	2011 Intercompany \$'000	2011 Consolidated \$'000
Revenue from Main Product Sales - Gold	70,973	33,188	-	-	104,161
Revenue from By Product Sales - Silver	249	76	-	-	325
TOTAL GROSS REVENUE	71,222	33,264	-	-	104,486
Cost of Sales	52,591	29,033	-	-	81,624
Depreciation and amortisation	8,988	2,025	45	-	11,058
SEGMENTED OPERATING (LOSS)	9,643	2,202	45	-	11,804
Interest and financing fees	-	856	-	(401)	455
Other income	(321)	(155)	(703)	401	(778)
Takeover costs	-	-	3,516	-	3,516
Other expenses	-	1,225	4,850	-	6,075
SEGMENTED (LOSS) BEFORE UNDER NOTED ITEMS	(9,964)	280	(7,708)	-	2,536
Income taxes	-	-	-	-	-
Non-controlling interest	-	(174)	-	-	(174)
SEGMENTED PROFIT (LOSS)	(9,963)	106	(8,392)	-	2,362
Current Assets	12,343	10,338	8,584	-	31,265
Non-Current Assets					
- Restricted Cash	61	10,755	1,010	-	11,827
- Property, Plant & Equipment	28,903	18,379	4,956	51	52,290
- Mine Property	31,539	10,828	88	-	42,456
- Exploration	55,292	8,024	36,837	32,106	132,259
- Other	10,368	9,872	118,719	(138,958)	-
TOTAL ASSETS	138,505	68,197	170,195	(106,801)	478,873
Current Liabilities	18,908	17,915	7,746	1,455	46,024
Non-Current Liabilities	44,872	25,971	6,537	(65,406)	11,973
TOTAL LIABILITIES	63,780	43,886	14,283	(63,951)	57,997
NET ASSETS	74,725	24,311	155,912	(42,849)	212,099

FOCUS MINERALS LIMITED

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

NOTE 11: SIGNIFICANT EVENTS AFTER BALANCE DATE

Subsequent to year end the Company closed out its gold forward sales at a profit of approximately \$815,000, other than this there were no other significant events after the balance date.

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**Auditor's Independence Declaration
To The Directors of Focus Minerals Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Focus Minerals Limited for the half-year ended 31 December 2012, 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



J W Vibert
Partner - Audit & Assurance

Perth, 12 March 2013

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

We have reviewed the accompanying half-year financial report of Focus Minerals Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information 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 Focus Minerals Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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 half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Focus Minerals Limited consolidated entity's financial position as at 31 December 2012 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 Limited, 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 Limited 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 2012 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 AUDIT PTY LTD
Chartered Accountants



J W Vibert
Partner - Audit & Assurance

Perth, 12 March 2013