

## QUARTERLY ACTIVITIES REPORT: APRIL - JUNE 2013

### GROUP SUMMARY

#### Key Points

- Focus remains in a strategically strong position with one of the largest bank balances of any gold miner on the ASX (\$114.2M in cash and equivalents at 30 June) and the support of a major world gold producer in Shandong Gold
- Production for the period was 25,172oz of gold comprising 13,179oz from the Laverton operations and 11,993oz from the Coolgardie operations
- Exploration and resource development work across Coolgardie delivered some very positive intercepts from follow-up programmes across a suite of near mill targets
- As foreshadowed in the March Quarterly report, Laverton operations transitioned to care and maintenance following the completion of Campaign 15 through the Barrick Granny Smith Mill
- Coolgardie operations achieved a solid turnaround in mining, ramping-up at Greenfields, to increase production by 49% on the March quarter and deliver a reduction in C1 cash costs for the month of June of 21.14% over the March quarter
- Further to a strategic review announced in February, and subsequent to the end of the Quarter, Focus has taken the decision to suspend all mining activity at its Coolgardie operations following a further fall in the gold price (see ASX announcement dated 17 July, 2013)
- The Company remains focused on a strategy for creating long-term wealth for shareholders through the development of larger scale, higher grade ore bodies where it has full control over mining and processing
- This can be achieved either within its existing tenements through a continued focus on resource development and exploration or through the acquisition of synergistic assets that could add value to its existing landholdings

Group Results	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13
<b>Mining</b>					
Ore Mined (tonnes)	778,495	790,648	326,363	454,043	276,137
Grade (g/t)	2.31	2.02	2.26	1.50	1.86
Gold In Ore (oz)	57,936	51,410	23,682	21,924	16,537
<b>Processing</b>					
Ore Processed (tonnes)	751,186	796,407	717,222	744,398	651,975
Head Grade (g/t)	2.11	1.91	1.78	1.03	1.20
Gold Produced (oz)	48,222	48,959	41,097	24,592	25,172
<b>Sales</b>					
Average price received	1,593	1,553	1,654	1,596	1,374
Total Revenue (\$ '000s)	77,292	76,670	68,951	39,189	34,210
Attributable Revenue (\$ '000s)	70,415	69,406	61,083	34,316	34,210

# OPERATIONS REVIEW

## LAVERTON OPERATIONS

### Key Points

- As foreshadowed in the March Quarterly report, Laverton operations transitioned to care and maintenance following the completion of Campaign 15 through the Barrick Granny Smith Mill
- A core exploration and resource development group has been maintained along with a care and maintenance team at the operation
- The operation will now focus on steadily developing greenfield opportunities and rebuilding the reserve base at targets of a high enough grade and quality to enable the operation to determine potential future restart strategies.

Laverton Results	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13
Mining					
Ore Mined (tonnes)	477,238	524,493	181,694	341,747	85,005
Grade (g/t)	1.89	1.79	1.93	1.35	1.45
Gold In Ore (oz)	29,020	30,238	11,262	14,814	3,956
Processing					
Ore Processed (tonnes)	455,237	492,146	444,060	516,066	402,895
Grade (g/t)	1.76	1.83	1.80	1.00	1.08
Gold Produced (oz)	23,456	25,782	25,674	16,556	13,179

### Safety

Laverton Operations experienced one lost time injury.

### Production

As foreshadowed in the March quarterly report, the Laverton operations finished production on 30 May moving to a care and maintenance position, with a continuing focus on exploration and resource development.

The decision to close followed lengthy discussions with Barrick in regards to improving the terms of the processing agreement at its Granny Smith Mill. Given the current gold price and increasing processing fees faced, the decision was taken to cease mining operations from the close of Campaign 15 in order to protect shareholder value.

Mining ceased on the 18<sup>th</sup> of May and Milling for campaign 15 completed on 30<sup>th</sup> May with the operations producing 13,179oz of gold for the quarter.

Costs associated with the closure of Laverton included:

Redundancies	\$899,000
Break fees on contracts	\$698,000
Other costs	\$52,000
Total	\$1,649,000

Moving forward the Laverton operation is focused on its rebuilding its reserve base with a view to positioning the operation to be able to make a decision on returning to production based on having sufficient reserves at a high enough grade, and the ability to fully control its processing operations.

## **COOLGARDIE OPERATIONS**

### **Key Points**

- *Coolgardie operations achieved a solid turnaround in mining, ramping-up at Greenfields and delivering a reduction in C1 cash costs for the month of June by 21.14% over the March quarter*
- *Mining at Coolgardie's small underground operation, The Mount, was suspended in mid-June with the operation proving to be economically unsustainable in its existing guise*
- *Further to a strategic review announced in February, and subsequent to the end of the Quarter, Focus has taken the decision to suspend all mining activity at its Coolgardie operations following a further fall in the gold price (see ASX announcement dated 17 July, 2013)*

### **Safety**

Coolgardie Operations experienced three lost time injuries.

### **Production**

Production continued to steadily ramp up at the new Greenfields open pit with the operations delivering a 49% improvement on the March quarter to deliver 11,993oz of gold.

The ramp up in mining was heavily weighted to the second half of the quarter, with the month of June showing a reduction in C1 cash costs over the March quarter of 21.14% (down to \$1,899/oz). Tonnes mined improved notably over the March quarter with the additional return to mining at Big Blow.

A decision was reached during the quarter to suspend mining at The Mount. Significant work had been undertaken by management and personnel on site in increasing production levels whilst reducing site operating costs and improving operational efficiencies. However, their efforts notwithstanding, the recent low gold price compounded by the fixed cost components in running the operation led to the decision to suspend operations.

The Mount will remain suspended until a profitable, long-term operational model is developed from the significant information that has been collected during the initial exploration mining activities and the site is being left in the best possible condition for a future restart.

Subsequent to the end of the Quarter, Focus also took the decision to suspend all other mining activity across its Coolgardie operations given the recent gold price instability and based on the Coolgardie operations having insufficient high-grade ore available to ensure profitability at these gold prices.

The operations will be transitioned to care and maintenance with the assistance of Como Engineers to ensure the mill is left in the best possible position for a future restart.

A focus will remain on exploration across the prioritised targets at Coolgardie where the business is pursuing opportunities to develop higher-grade, larger scale ore bodies that can be more resilient to sensitivity changes in the gold price.

<b>Coolgardie Results</b>	<b>Jun-12</b>	<b>Sep-12</b>	<b>Dec-12</b>	<b>Mar-13</b>	<b>Jun-13</b>
Mining					
Ore Mined (tonnes)	301,257	266,155	144,669	112,296	191,132
Grade (g/t)	2.99	2.47	2.67	1.97	2.05

Gold In Ore (oz)	28,916	21,172	12,420	7,110	12,581
Processing					
Ore Processed (tonnes)	295,949	304,261	273,162	228,332	249,080
Head Grade (g/t)	2.75	2.42	1.86	1.18	1.67
Contained Gold (oz)	26,166	23,685	16,353	8,684	13,392
Recovery %	95%	98%	94%	93%	89%
Gold Produced (oz)	24,766	23,177	15,423	8,036	11,993
Cost Summary (\$/Oz Produced):					
Mining (see Note 1)	839	855	1,108	1,092	976
Processing	250	331	411	942	666
Haulage	40	74	67	123	100
Site Admin, Safety & Environment	60	48	83	251	157
Cash Cost (excl. Royalties)	1,189	1,308	1,670	2,408	1,899
Royalties	82	43	53	54	62

## EXPLORATION & RESOURCE DEVELOPMENT

The June quarter saw a primary focus on a number of resource development projects at Coolgardie intended to firm up ore reserves for the medium-term mining schedule, and follow-up on some key regional exploration work near Lancefield in Laverton (Mt Crawford).

### Coolgardie

#### Regional Exploration

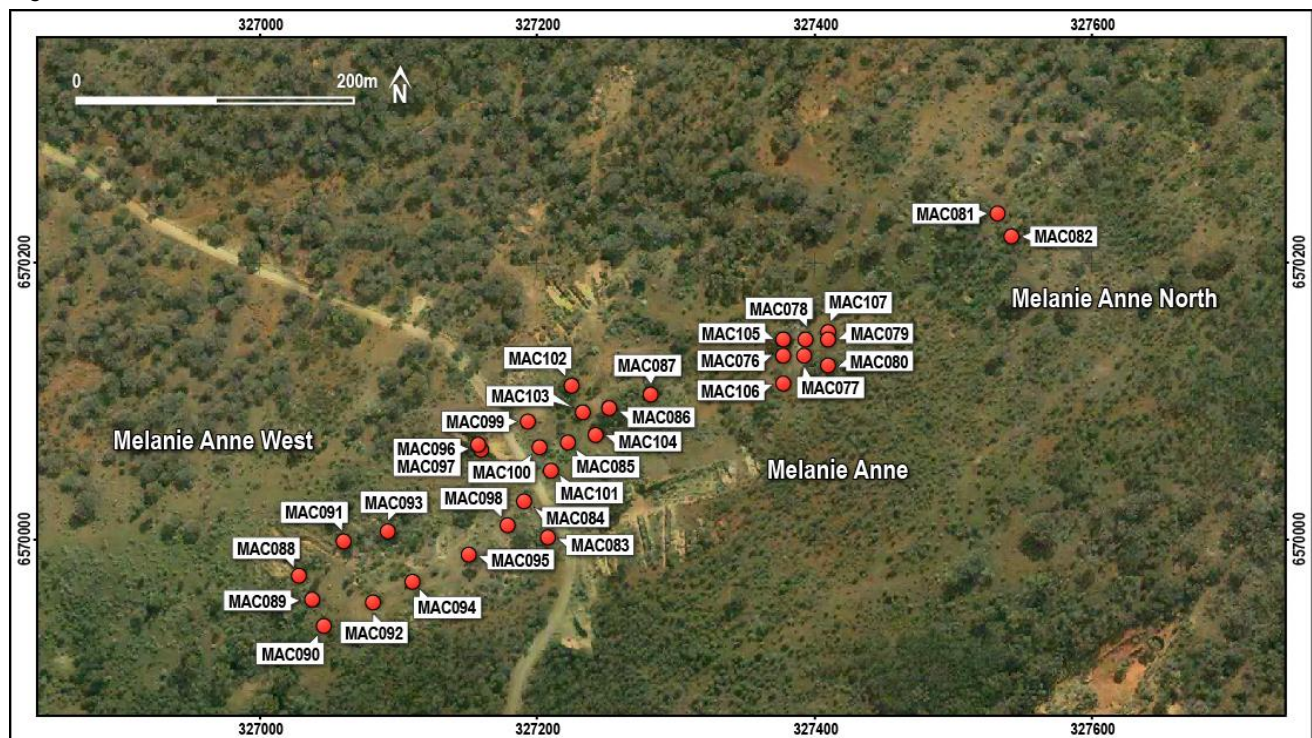
Exploration at Coolgardie during the quarter continued to work through priority near-mill targets which included follow-up drilling programs at Jolly Briton and Patricia Jean in the northern area of the Coolgardie tenement package, and also at Melanie Anne in the Tindals area – a total of 42 RC holes for 4,222m. (See ASX announcements dated 28 March 2013 and 27 June 2012)

Highlights from the drilling included a number of high-grade intersections:

- Australasian: **8m @ 3.78g/t** from 62m in AUSC002;
- Jolly Briton: **4m @ 5.87g/t** from 101m in PJJBC028;
- Melanie Anne: **11m @ 4.84g/t** from 161m in MAC087;
- 5m @ 6.50g/t** from 29m in MAC088;
- 8m @ 4.53g/t** from 91m in MAC094; and
- 2m @ 35.93g/t** from 29m in MAC105.

Full details of significant intersections are listed in Table 1 to Table 3.

Figure 1: Melanie Anne drill collars



Resource Development

Resource development drilling at Coolgardie during the quarter consisted of 69 RC holes and two diamond holes for 7,654m. Drill programs included additional definition drilling at Dreadnought, an infill drilling program at CNX (



Table 5) and extensional drilling programs at Brilliant (Table 4) and Cookes Pit (Table 6) deposits. An underground resource development program was also completed at The Mount, consisting of 11 diamond holes for 2,206m.

The two development programs at Dreadnought and CNX were broadly in line with expectations, with both programs designed to improve confidence in the existing resource. The Brilliant drilling (Figure 2) was intended to infill and extend the existing mineral resource beneath the southern half of the current pit, and there were a number of outstanding intersections, including:

- **8m @ 20.68g/t** from 142m in BRC103;
- **7m @ 3.66g/t** from 142m in BRC121;
- **11m @ 6.63g/t** from 27m in BRC109; and
- **12m @ 3.30g/t** from 76m in BRC129.

Results of this width and tenor provide great encouragement for the potential of Brilliant to host a future underground operation. Further drilling is being planned, initially to better define near-surface ounces for a potential pit cutback but also to test the orebody at depth.

The small drilling program at Cookes Pit proved inconclusive, and some follow-up drilling is likely in the coming quarter.

Figure 2: Brilliant RC drill collar locations.

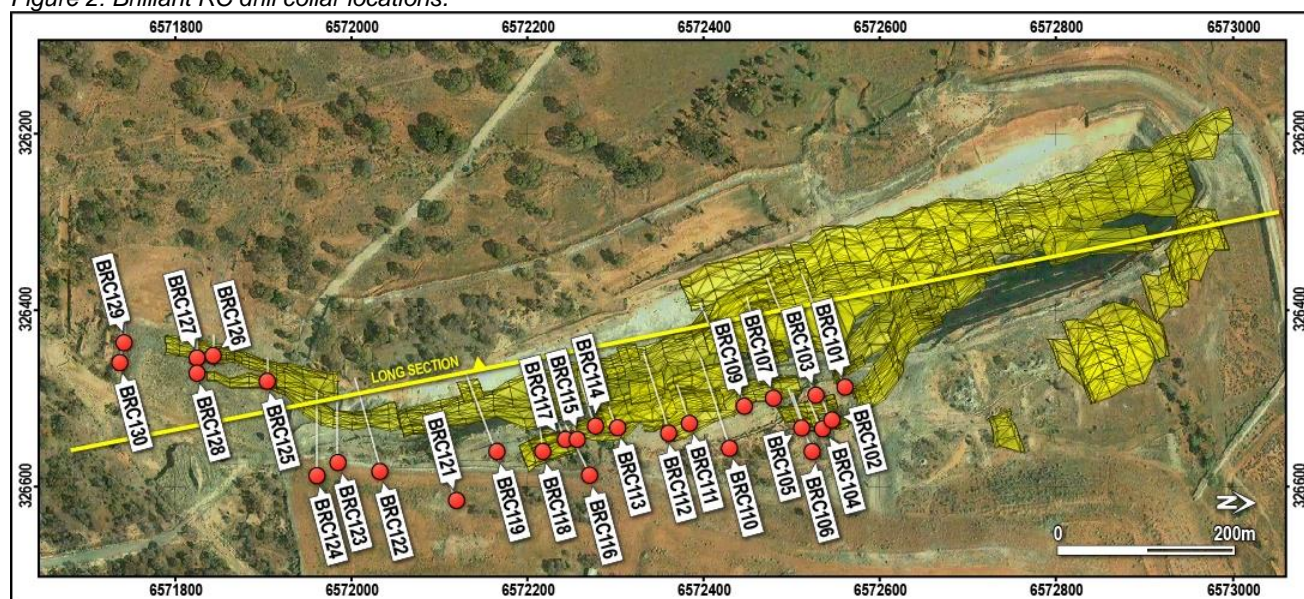
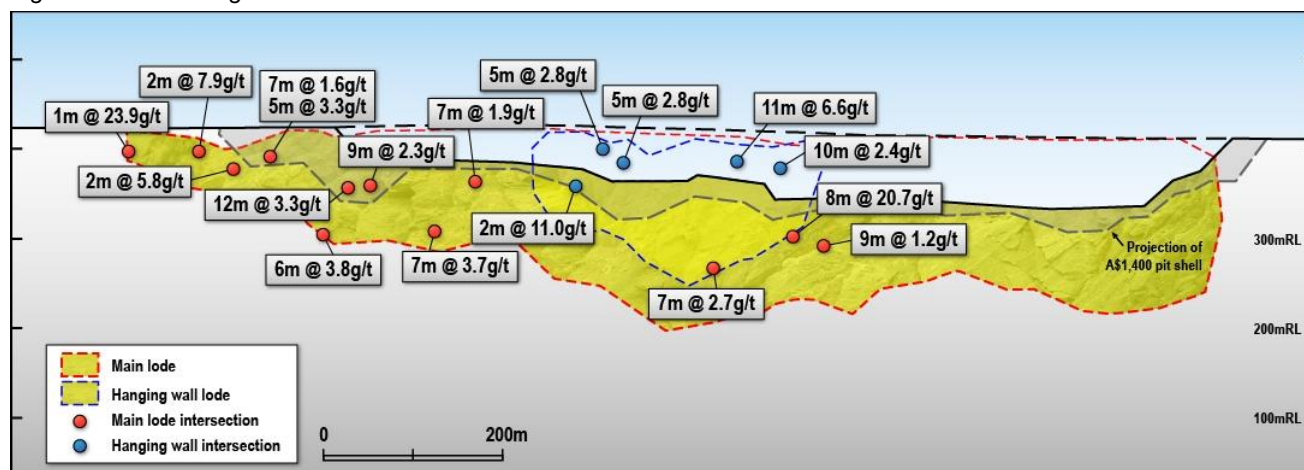


Figure 3: Brilliant long section.



At The Mount underground mine the final 11 holes of an underground infill diamond drilling program were completed during the quarter, for a total of 2,206m. The results from this program are now being compiled into a revised resource model, which is due to be completed during the September 2013 quarter. No further drilling is planned at The Mount following the suspension of mining in June.

## **Laverton**

### Regional Exploration

15 RC holes were drilled at the Mt Crawford project during the quarter for a total of 1,440m. Seven of these were the last holes of a program started in March, which resulted in an intersection of 3m @ 36.97g/t from 105m in hole CFRC025. The latter eight holes were drilled in late June on M38/159, and no assay results have yet been received.

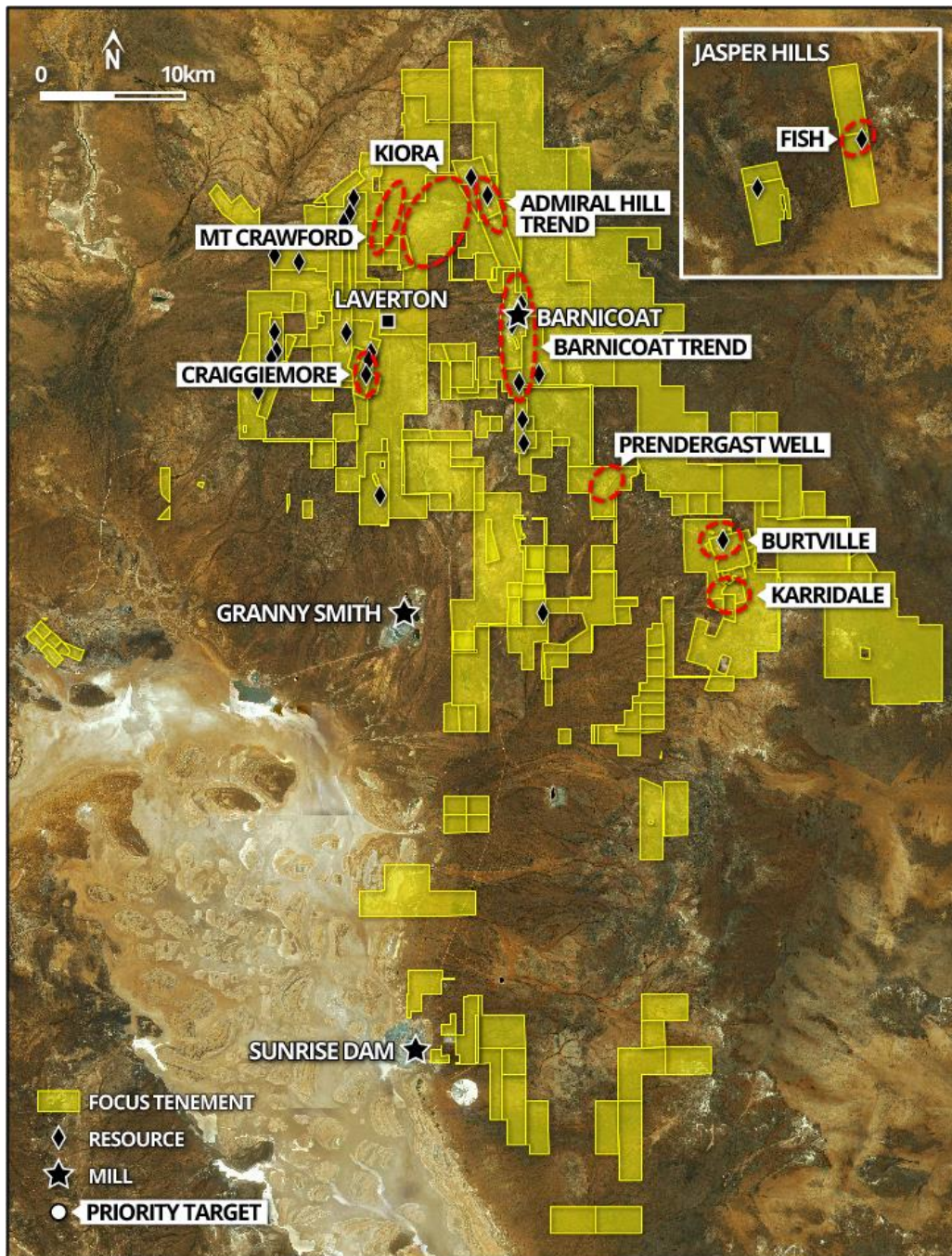
Full details of significant intersections from the earlier drilling at Mt Crawford are listed in Table 7.

### Resource Development

During April the final 20 RC holes of the Burtville resource development program were drilled, for a total of 2,486m. Three diamond holes (244m) were also drilled to gain structural information within specific high-grade mineralisation zones. Upon completion of this drilling the rigs were demobilised and drill sites rehabilitated in preparation for the cessation of mining operations.



Figure 2: Priority exploration target areas at Laverton.



## CORPORATE

Focus remains in a strategically strong position with \$114.2M in cash and equivalents at 30 June and the support of its major shareholder Shandong Gold, a major world gold producer.

### Revenue

The Focus Group sold 24,903 ounces of gold at an average price of A\$1,374/oz, to generate revenue of A\$34.2M for the quarter.

## Expenditure

The following major expenditure items were incurred this quarter:

Payment of third party Royalty at Laverton	\$12.7 M
Laverton closure costs operations	\$1.6 M
Exploration	\$3.7 M
Mine development	\$4.3 M

Net Operating Cashflows for the quarter were an outflow \$52.5M (including the above items) being a reflection of the loss for the quarter plus a further significant reduction in creditors.

## Focus Minerals (Laverton) ownership

During the quarter Focus completed the acquisition of the minority interest in Focus Minerals (Laverton) and is now the 100% owner. The company was then converted to a Pty Ltd company on 30 June in order to reduce administration costs.

## Administration

As a further cost cutting measure the head office was moved to less expensive premises during the quarter resulting in a 40% reduction in rental costs per annum.

## Cash

At 30 June 2013, the Focus Group held cash, deposits and bullion comprising:

Cash at Bank and Deposits	\$114.2 million
Bullion on Hand	\$1.7 million
Cash held on bond	\$25.4m
<b>Total Cash and Equivalents</b>	<b>\$141.3 million</b>

The Company has commenced the process to replace its environmental bonds with an annual fee in line with the proposed changes by DMP. It is expected that this process will be completed by December 2013 for both Coolgardie and Laverton and this will free up in excess of \$15m cash from the above "Cash held on bond".

**ENDS**

### Competent Person's Statement

The information in this announcement that relates to Exploration Results is based on information compiled by Andrew Paterson who is a member of the Australian Institute of Mining and Metallurgy. Mr Paterson is employed by Focus Minerals Limited and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Paterson consents to the inclusion in this announcement of the matters based on the information compiled by him in the form and context in which it appears.

### Note for Drill Results Tables below:

All RC drill holes are sampled to 1m intervals. Assay method is by a 40 gram fire assay at Bureau Veritas or ALS in Kalgoorlie for Coolgardie drilling, and Bureau Veritas in Leonora for the Laverton drilling. All mineralised intersections are quoted as down-hole lengths with uncut gold values, hence the true thicknesses of mineralised intervals may vary. All gold grades are reported with a nominal cut-off grade of 1g/t Au. NSR = "no significant result" (above 1g/t).

Table 1: Melanie Anne significant intersections, June quarter 2013.

Hole ID	Northing (GDA94)	Easting (GDA94)	RL (GDA94)	Depth (m)	Dip (°)	Azimuth (Grid)	From (m)	To (m)	Interval (m)	Grade (ppm Au)
MAC076	6570134	327378	448	68	-50	0	15	17	2	5.45
							23	27	4	1.50
MAC077	6570133	327392	449	57	-60	0	17	21	4	1.00
MAC078	6570146	327393	448	53	-50	0	26	30	4	1.07
							40	42	2	1.43
MAC083	6570001	327206	445	131	-50	155	46	50	4	1.47
							102	104	2	1.71
MAC084	6570025	327190	444	167	-50	155	60	63	3	1.17
							106	114	8	1.90
MAC085	6570069	327220	442	217	-55	155	158	160	2	1.11
MAC086	6570096	327254	443	251	-58	155	234	235	1	7.41
MAC087	6570105	327282	444	227	-52	155	80	82	2	4.11
							161	172	11	4.84
MAC088	6569975	327028	457	56	-50	335	21	23	2	2.86
							29	30	1	2.33
							33	34	1	30.00
MAC090	6569939	327045	453	110	-50	335	25	29	4	2.51
MAC092	6569956	327082	453	113	-60	335	31	32	1	2.02
							102	104	2	1.31
MAC094	6569971	327109	452	107	-60	335	91	99	8	4.53
MAC095	6569989	327151	449	125	-60	335	15	17	2	1.07
							109	114	5	4.70
MAC096	6570070	327156	446	29	-50	335	12	14	2	1.40
MAC097	6570065	327159	445	35	-60	335	8	23	15	1.91
MAC098	6570014	327177	445	125	-60	335	49	57	8	3.78
							84	90	6	3.11
MAC099	6570085	327193	442	59	-60	335	30	38	8	1.86
MAC100	6570068	327201	442	83	-60	335	58	61	3	1.49
MAC102	6570113	327224	440	59	-60	335	44	48	4	1.77
MAC103	6570095	327232	441	77	-60	335	62	66	4	2.88
MAC104	6570076	327240	443	113	-60	335	19	21	2	4.59
							103	105	2	2.55
MAC105	6570148	327379	447	47	-50	0	29	31	2	35.93
MAC106	6570116	327378	449	59	-50	0	17	20	3	1.70
MAC107	6570153	327410	449	50	-50	0	25	28	3	1.39

Table 2: Jolly Briton significant intersections, June quarter 2013

Hole ID	Northing (GDA94)	Easting (GDA94)	RL (GDA94)	Depth (m)	Dip (°)	Azimuth (Grid)	From (m)	To (m)	Interval (m)	Grade (ppm Au)
PJJBC024	6578274	324541	445	83	-55	295	28	31	3	1.26
							69	70	1	27.29
PJJBC025	6578266	324559	443	86	-55	295	69	74	5	1.61
PJJBC027	6578247	324550	444	106	-55	295	30	32	2	3.06
							63	64	1	5.17
PJJBC028	6578251	324642	445	151	-54	295	101	105	4	5.87
PJJBC033	6578254	324585	445	119	-55	295	45	57	12	1.62
							75	79	4	1.36

Table 3: Australasian significant intersections, June quarter 2013.

Hole ID	Northing (GDA94)	Easting (GDA94)	RL (GDA94)	Depth (m)	Dip (°)	Azimuth (Grid)	From (m)	To (m)	Interval (m)	Grade (ppm Au)
AUSC001	6570255	326640	444	112	-50	90	66	71	5	1.14
AUSC002	6570232	326633	445	100	-50	90	23	26	3	1.86
							62	70	8	3.78
							67	70	3	8.48

Table 4: Brilliant resource development drilling significant intercepts, June Quarter 2013

Hole ID	Northing (GDA94)	Easting (GDA94)	RL (GDA94)	Depth (m)	Dip (°)	Azimuth (Grid)	From (m)	To (m)	Interval (m)	Grade (ppm Au)
BRC101	6572560	326488	413	231	-53	249	18	27	9	1.22
							155	158	3	6.14
							213	217	4	3.40
BRC103	6572528	326499	414	231	-51	247	142	150	8	20.68
BRC107	6572479	326502	409	222	-57	255	32	42	10	2.38
BRC109	6572447	326508	410	195	-50	246	27	38	11	6.63
BRC110	6572432	326555	416	200	-58	252	97	103	6	1.91
							179	186	7	2.73
BRC113	6572300	326534	415	80	-72	250	30	33	3	6.78
BRC114	6572276	326531	416	146	-69	251	16	21	5	2.82
BRC116	6572271	326586	420	100	-52	243	84	86	2	11.02
BRC119	6572162	326555	420	131	-48	249	78	85	7	1.91
BRC121	6572118	326617	422	157	-53	251	142	149	7	3.66
BRC122	6572032	326578	421	147	-45	254	87	96	9	2.30
BRC123	6571983	326573	419	105	-50	270	76	88	12	3.30
BRC124	6571960	326587	421	192	-60	270	131	137	6	3.82
BRC125	6571904	326484	417	55	-59	270	31	38	7	1.55
							42	47	5	3.28
BRC126	6571843	326451	417	43	-60	270	39	41	2	5.76
BRC128	6571824	326473	416	75	-61	270	52	54	2	7.86
BRC129	6571742	326438	416	61	-60	270	19	20	1	23.90



Table 5: CNX significant intersections, June quarter 2013.

Hole ID	Northing (GDA94)	Easting (GDA94)	RL (GDA94)	Depth (m)	Dip (°)	Azimuth (Grid)	From (m)	To (m)	Interval (m)	Grade (ppm Au)
CNXC019	6577721	327252	418	90	-60	50	45	48	3	2.14
							56	60	4	2.12
CNXC020	6577709	327229	416	114	-55	50	43	54	11	2.30
							60	88	28	1.88
							93	96	3	2.84
CNXC021	6577708	327275	420	72	-60	50	2	8	6	4.42
							12	21	9	1.43
							38	41	3	1.75
							49	64	15	2.05
CNXC022	6577695	327258	417	110	-60	50	63	66	3	1.72
							71	74	3	1.42
							80	84	4	1.62
CNXC023	6577704	327290	421	75	-60	50	6	11	5	1.07
							28	30	2	2.34
CNXC024	6577694	327279	420	110	-60	50	38	42	4	1.50
							47	51	4	1.81
							71	72	1	8.67
							85	88	3	3.08
CNXC025	6577679	327293	421	110	-59	50	35	42	7	1.77
							56	58	2	1.05
CNXC026	6577682	327331	425	60	-60	50	40	43	3	1.44
CNXC027	6577669	327314	423	90	-60	50	72	77	5	0.96
CNXC029	6577655	327348	426	60	-60	50	10	17	7	1.33
CNXC031	6577638	327372	427	78	-68	50	2	6	4	1.37
							40	54	14	1.28
							60	62	2	3.15
							70	72	2	4.65
CNXC032	6577601	327357	421	113	-62	50	65	76	11	3.61
							82	93	11	1.83

Table 6: Cookes Pit significant intersections, June quarter 2013.

Hole ID	Northing (GDA94)	Easting (GDA94)	RL (GDA94)	Depth (m)	Dip (°)	Azimuth (Grid)	From (m)	To (m)	Interval (m)	Grade (ppm Au)
CKC001	6571227	326791	419	-58	270	130	51	54	3	5.5
CKC002	6571239	326779	419	-50	270	119	105	106	1	11.9
CKC004	6571279	326760	419	-60	270	120	40	42	2	3.3
							47	57	10	2.1
CKC006	6571339	326791	422	-60	270	90	68	71	3	2.7
CKC008	6571380	326774	423	-55	270	138	73	75	2	1.6
							93	95	2	3.4
CKC009	6571407	326757	424	-62	270	149	99	103	4	1.8
TTC001	6571434	326637	423	-60	270	89	64	70	6	1.3
TTC002	6571459	326651	424	-60	270	107	63	65	2	2.2
							68	71	3	1.2



Table 7: Mt Crawford significant intersections, June quarter 2013.

Hole ID	Y	X	Z	Hole Depth (m)	From (m)	To (m)	Down hole Interval (m)	Grade g/t Au
<b>CFRC001</b>	6839000	441879	472	120	41	42	1	1.54
<b>CFRC002</b>	6839000	441959	474	120	6 85	7 87	1 2	2.52 3.98
<b>CFRC006</b>	6838799	442179	469	100	30	31	1	2.56
<b>CFRC009</b>	6838402	442019	464	96	25 39	27 41	2 2	1.06 0.98
<b>CFRC011</b>	6838402	442180	468	138	14 21	17 22	3 1	1.17 1.11
<b>CFRC013</b>	6838400	442340	471	78	33	35	2	1.53
<b>CFRC015</b>	6838200	441479	460	78	27 45	28 49	1 4	1.07 1.23
<b>CFRC017</b>	6838200	442400	468	128	9 17	10 18	1 1	2.12 3.7
<b>CFRC020</b>	6838000	442079	462	78	39	43	4	1.07
<b>CFRC024</b>	6838000	442480	465	48	6 13 27	9 15 28	3 2 1	1.19 2.02 1.71
<b>CFRC025</b>	6838000	442558	464	150	105	108	3	36.97
<b>CFRC028</b>	6837800	442119	466	126	52 89	54 90	2 1	1.09 0.99
<b>CFRC031</b>	6837603	442119	469	84	70	71	1	1.05
<b>CFRC033</b>	6837600	442279	470	108	3 17 27	10 18 28	7 1 1	2.05 1.51 1.95
<b>CFRC034</b>	6838000	442474	465	114	13 36	17 37	2 1	1.20 4.25