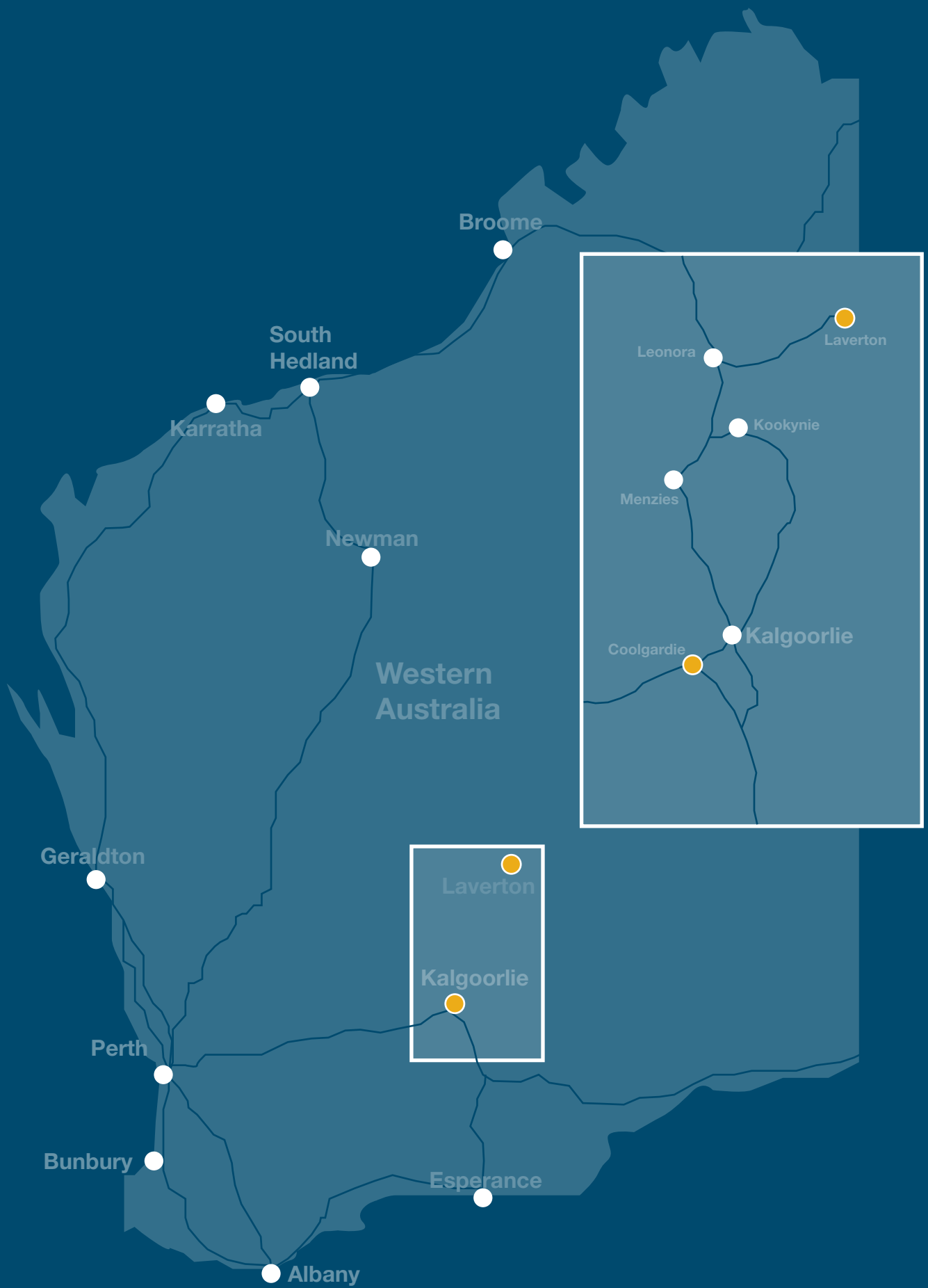


Annual Report 2013



ABOUT US

Focus' vision is to become a low cost, high value gold producer



Focus Minerals Limited is an Australian gold explorer and developer with one of the strongest bank balances of any gold miner on the ASX, a significant land holding and a strategic partnership with major international gold producer Shandong Gold International Mining Corporation Limited.

With over 3.8Moz of Mineral Resource, Focus has a highly strategic portfolio of assets across Australia's two leading gold producing districts - the Kalgoorlie/Coolgardie belt and Laverton - and the financial muscle to continue to unlock further potential for growth.

Focus' goal is to ensure it delivers on the most efficient use of capital, leveraging its strong financial position to create long-term wealth for its shareholders and devising a business model to ensure the lowest cost base possible into the future.

During FY 2014, Focus is pursuing a Three Point Plan to pursue its vision of becoming a low-cost, high value gold producer.

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These financial statements are the consolidated financial statements of the consolidated entity consisting of Focus Minerals Ltd and its subsidiaries. The financial statements are presented in the Australian currency.

Focus Minerals Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is: Focus Minerals Ltd, Level 2, 159 Adelaide Terrace, East Perth, Western Australia 6004.

A description of the nature of the consolidated entity's operations and its principal activities is included in the review of operations and activities contained in the directors' report on pages 28 to 30 which are not part of these financial statements.

The financial statements were authorised for issue by the directors on 30 September 2013. The directors have the power to amend and reissue the financial statements.

Through the use of the internet, we have ensured that our corporate reporting is timely and complete. All press releases, financial reports and other information is available on our website: www.focusminerals.com.au

Chairman & Acting CEO's Report



DEAR SHAREHOLDER

The resources industry has experienced a period of intense turmoil in the second half of this financial year due to the steep fall in the price of gold and other metals in a rising cost environment.

The sector has witnessed large write downs, sizeable job losses, a number of large development projects going on hold and, of course, the closure of a good many mines. The much-vaunted mining boom is clearly over.

During this period, Focus acted decisively taking the strategic decision to suspend mining at all operations in order

to preserve cash and shareholder value. This was a decision not taken lightly and Focus has not been unscathed.

For FY13, we are reporting an operating loss of \$71 million, plus takeover costs for the acquisition of the remaining minority interests in Laverton of circa \$4 million and shutdown and restructuring costs for the operations of \$12 million.

An independent review of our carrying values sees us booking write-downs of \$85 million taking the full year loss to circa \$172 million, the bulk of which has no impact on our cash position.

FY13 has been a very challenging year.

However, through this we have moved to position the business for the future under a new gold price environment.

This has seen us undertake a fundamental restructuring of our operations as we look to establish a low cost operating base upon which to build.

Importantly, Focus has a number of key strengths that will enable it to pursue some strong growth strategies.

We have a significant war chest, with around \$100 million in the bank, that enables us to pursue both organic and non-organic growth opportunities. With a number of major international gold producers recalibrating their Australian assets and many smaller operators facing significant funding cash constraints, there are many opportunities being created for those with financial strength.

We also have the strategic support of major international gold producer Shandong Gold as a cornerstone shareholder. Shandong Gold understands the industry challenges first hand and maintains its long-term view on its investment in Focus.

Shandong Gold is therefore supporting Focus' need to make some necessary changes in the business to create new growth opportunities and, moreover, an optimum cost platform moving forward.

The vision of the Board and Management is for Focus to become a low cost, high value gold producer.

To achieve this we are pursuing a Three Point Plan to:

1. Establish a new low cost operating structure
2. Pursue targeted business development opportunities; and
3. Develop our existing assets to establish a 3 year, high-grade reserve base enabling a profitable return to production





1. Establish a new, low cost operating structure

The suspension of our operations has enabled us to take a clean sheet approach to the business, and structure it in such a way that we can establish a low cost operating structure moving forward. This has created a framework that enables the company to achieve a more stable, predictable cost base, both now and in the future.

We have a small and committed group of core leaders and technical experts now in the business who can continue to pursue these goals, whilst having the capability to gear the business for future growth.

This team will be supported by a number of outsourced functions. We have already arranged to outsource the payroll system, company secretarial function, human resources capability and investor relations. We intend to outsource as much of our operations as is logical which will include all mining services on a future return to production and outsourcing our processing requirements on a return to gold production.

The business is now lean, with low capital expenditure. It has a strong, unencumbered balance sheet moving forward and the right people and support structure in place to enable us to pursue our vision of returning to production as a low cost, high grade gold producer.

2. Business Development

The second pillar in our Three Point Plan is to leverage our financial strength to pursue targeted business development opportunities.

Our strategic partnership with Shandong Gold enhances our access to international capital markets, and we have a flexible remit in our business development strategy contemplating a full suite of options including acquisitions, divestments, mergers, and joint ventures.

In order to pursue our business development goals, we have set in place a stringent criteria for assessing projects in that they must be:

- High grade assets that can be economic across a range of potential gold prices especially against the consensus view from time to time of the long term gold price and exchange rate position;
- Synergistic to Focus' existing operations – either adjacent to and releasing value in Focus' current ground, or within economic trucking distance;
- Australian assets that are in, or very close to, production outside of our immediate footprint; or
- Overseas assets that are in, or close to production.

Importantly, with a well-managed cost base and a strong balance sheet, Focus can act on opportunities with patience, not haste.

Chairman & Acting CEO's Report

3. Asset Development

Thirdly, Focus will leverage its capital to develop its current assets for a return to production, or for potential sale.

With the suspension of mining in Coolgardie, we have been able to shift our focus from short-term tonnes to feed the mill, to high-grade targets on which we can build our future. We have developed an exploration plan goaled with building a solid, sustainable reserve base that provides at least three years of mining confidence.

Critically, we are targeting future Ore Reserves at Coolgardie that are of sufficiently high grade, to safeguard the operation against future down-turns in the gold price.

The plan has been designed with a view to re-starting operations within two years.

Delivering on this would enable us to lock in highly competitive commercial contracting arrangements to ensure the business can continue its predictable, sustainable cost base going forward.

During this exploration phase, the Three Mile Hill mill remains a key asset that can continue to be monetised for shareholders. It is one of the only operating mills within a 100km radius around the Coolgardie/Kalgoorlie gold belt with significant spare capacity for processing, and there are a number of developers in the region who have a need to process their ore. We will explore this potential as long as it is economically viable.

In Laverton, we are pursuing a number of business development opportunities in parallel with a greenfields methodology to our exploration.

This has seen us return to first principles in the area. We have developed a conceptual model based on the regional stratigraphy, geology and past mapping to develop a set of priority targets where our exploration geologists believe there are the best opportunities for discovering large scale, high grade deposits.

As a part of this work, we are also in the process of rationalising the tenement holding we inherited from Crescent to drop a number of unprospective tenements which also helps reduce our minimum expenditure commitments.

As a result of this work we will now systematically pursue nine priority target areas in the Laverton district that are not exposed to extraneous royalty constraints and, we believe, are highly prospective for discovery.



Chairman & Acting CEO's Report



Corporate Governance

The Board is pleased with the progress being made so far on this Three Point Plan and has asked me to commit to continue to lead these changes in the dual role of Chairman and Acting CEO until we have delivered the foundations for the changes we are driving towards.

As a result of this, we have made some significant changes to our Committee structure which underpins the board's Governance activities in order to ensure transparency – especially in the key area of Audit and Risk – of this approach.

With a low cost operating model moving forward, some smart acquisitions, a high-grade focus at Coolgardie, multiple options around our Laverton business, a strong cash balance and the support of our cornerstone investor, Focus is well positioned to pursue its vision of returning to production as a low cost, high value gold producer.

The most important outcome for you as shareholders will be our actions underpinning our Three Point Plan and their results. I have every confidence that we will be talking about the success of this process throughout FY 2014 and in next year's Annual Report.

I thank you for your continued patience and support.

Yours sincerely,



Donald Taig

Chairman & Acting CEO

REVIEW OF OPERATIONS

LAVERTON GOLD PROJECT

OVERVIEW

The Laverton district is one of the best gold endowed regions in Australia with over 28 million ounces of gold discovered in recent history and a current stable of three world class producing mines: The 10Moz Sunrise Dam mine; 8Moz Wallaby mine; & 3Moz Granny Smith mine. Focus has a significant, strategic landholding in the region following its takeover of Crescent Gold and produced over 100,000oz of gold in Laverton through CY2012. Due to increasing processing costs being incurred through its Ore Purchase Agreement, and the dramatic drop in the price of gold in the second half of the financial year, Focus suspended production in Laverton in May 2013, moving to preserve cash and shareholder value for the long term. With over 1.8Moz of gold resource, the company is currently focused on expanding its mineable reserves targeting higher grade, larger scale orebodies.

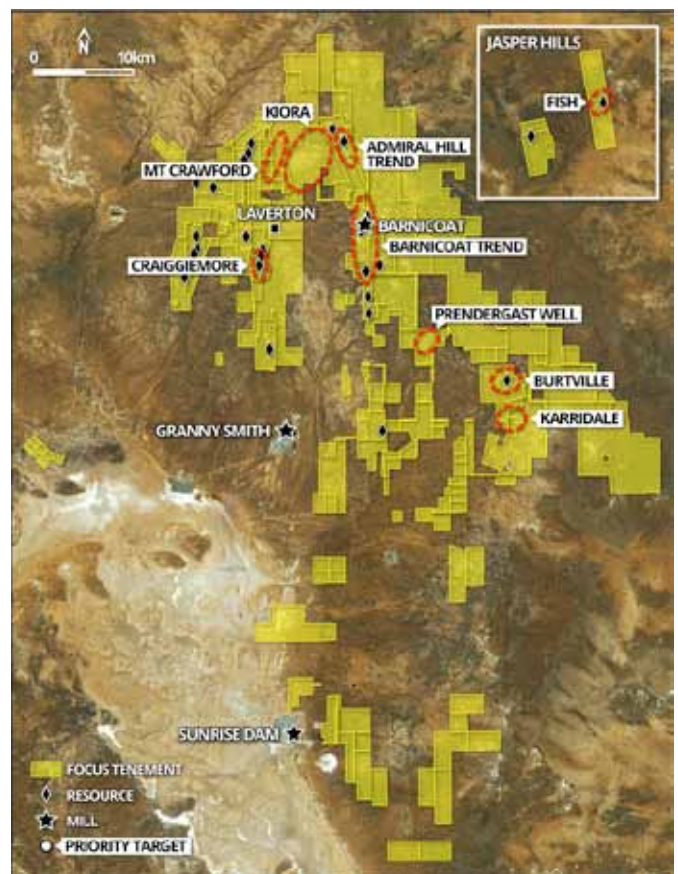
EXPLORATION STRATEGY

The Laverton operations have a Mineral Resource of 23.2Mt @ 2.5g/t for 1.8Moz. During FY13, the company has undertaken a first principal's regional review enabling it to identify what are believed to be the most prospective targets for discovering high grade, large-scale deposits.

The business is now focused on nine priority targets with the goal of expanding its Ore Reserves targeting higher grade, larger scale orebodies.

KEY STATS

- **Region:** Laverton
- **Ownership:** 100%
- **Location:** Surrounding the town of Laverton
- **Product:** Gold
- **Project Status:** Exploration & development
- **Mining Method:** Open pit & underground
- **Recent production history:** 100,000oz (CY12)
- **Resource:** 23.2Mt @ 2.5g/t for 1.8Moz
- **Reserve:** 2.1Mt @ 2.9g/t for 194,000oz
- **Landholding:** 1,200 sq km



REVIEW OF OPERATIONS

LAVERTON KEY ASSETS

- **Strategic Landholding**

The Laverton operation comprises a significant portfolio of tenements in a district where many multi-million ounce mines have been developed. This includes the high-grade Lancefield underground mine which was mined by WMC at 6g/t in the 1990s, as well as a series of large scale open pit developments that have been mined under Focus and its predecessors. The project has numerous exploration opportunities including extensions to existing open pit resources, high grade underground targets, and conceptual large scale, bulk mining targets.

- **Barnicoat Mill**

As a part of the takeover of Crescent, Focus acquired the 1.45Mtpa Barnicoat plant which sits central to the majority of the Laverton operations. Barnicoat was refurbished in 2008 and has been kept on care and maintenance. Focus has already undertaken a number of scoping studies to assess the opportunities for recommissioning and or expanding the mill, or otherwise monetising this asset for the benefit of shareholders.

- **Laverton Camp**

Focus owns a 200 person camp on the edge of town in Laverton. Historically it has operated with a FIFO workforce flying in either on charter flights to the nearby Laverton airport or through the Granny Smith airstrip.



REVIEW OF OPERATIONS

COOLGARDIE GOLD PROJECT

OVERVIEW

Focus is the largest landholder in the Coolgardie gold belt with over 450 sq km of tenements in close proximity to its Three Mile Hill mill. Since entering production, Focus has discovered nearly 1 million ounces of gold in the Coolgardie region whilst mining and producing over 330,000 ounces. During FY13, Focus transitioned its production base load from the high-grade Tindals underground to the lower-grade Greenfields open pit, with the plan of significantly increasing exploration across the Coolgardie tenements to rebuild high-grade Ore Reserves. However, with the volatility in the price of gold neutralising margins, Focus took the strategic decision to suspend production in July 2013 in order to preserve cash and shareholder value. With the suspension of mining in Coolgardie, the business has been able to shift its exploration focus from short-term tonnes to feed the mill, to high-grade targets on which it can build a solid future.

EXPLORATION

Focus has a strong track record of discovery and resource expansion in Coolgardie discovering nearly 1Moz since 2008 with the majority of exploration focused on just 2% of the landholding around the Tindals Mining Centre.

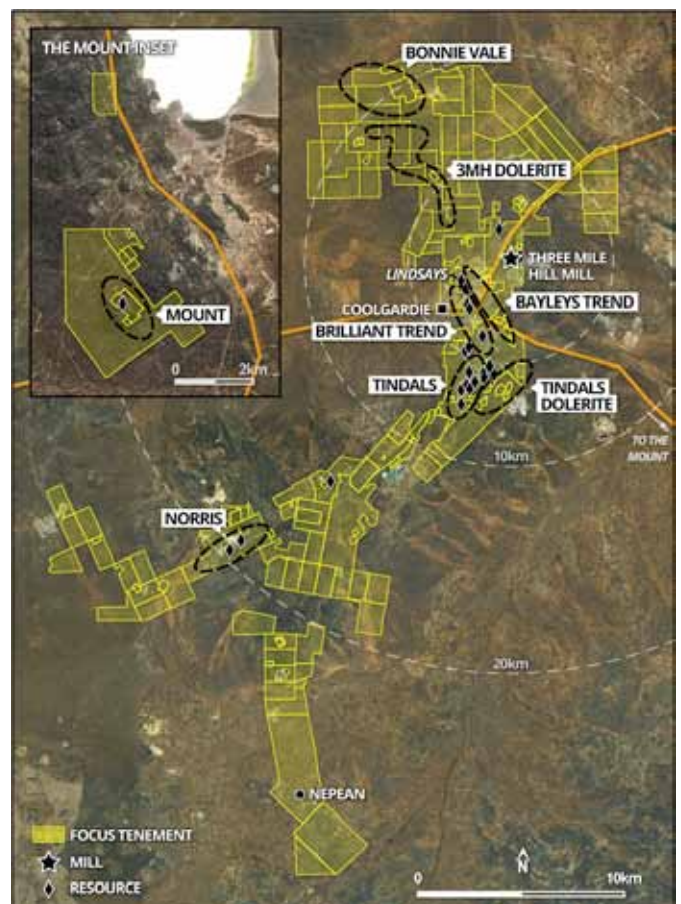
Following the suspension of mining at the Coolgardie operations, the business has taken a clean sheet approach to its exploration, developing an exploration plan goaled with building a solid, sustainable reserve base that provides at least three years of mining confidence.

The plan has been designed with a view to re-starting operations within two years.

This will see a focus on eight regional structures believed to have the best potential for discovering high grade, 100,000oz+ deposits. Of the current 2.0Moz in Mineral Resource, half of it is located around Tindal's so there is very strong potential for the business to open up new areas that have not been systematically explored before.

KEY STATS

- **Region:** Coolgardie
- **Ownership:** 100%
- **Location:** Adjacent to the town of Coolgardie, 35Km west of Kalgoorlie
- **Product:** Gold & Nickel
- **Project Status:** Exploration & development
- **Recent production history:** 90,000oz (FY12)
- **Mining Methods:** Open pit & underground
- **Resource:** 28.0Mt @ 2.2g/t for 2.0Moz
- **Reserve:** 2.2Mt @ 1.5g/t for 103,000oz
- **Landholding:** 450 sq km



COOLGARDIE KEY ASSETS

- **Three Mile Hill Processing Plant**

Focus recommissioned the 1.2Mtpa Three Mile Hill Processing plant in 2009 after completing a \$22m refit. The plant is situated less than 5km trucking distance from the Tindals Mining Centre and has a replacement value of >\$100 million. The plant is currently on care and maintenance in a state that will allow for a rapid restart.

- **Tindals Mining Centre**

The Tindals Mining Centre has historically been the engine room of the Focus business. The centre comprises a large underground operation that has delivered a gold endowment of approximately 2,500 ounces per vertical metre. The underground was successfully redeveloped by Focus in 2008 after discovering the high grade Perseverance ore body which produced at circa 8.0g/t. Focus subsequently successfully mined 5 main orebodies in the underground which reaches a depth of circa 400 metres. During 2011/2012, Focus also developed a series of open pits within the Tindals Mining Centre pursuing a series of targets linking through the operation.

- **The Mount Underground Mine**

85 Km to the South of Coolgardie, The Mount is a high-grade, narrow-vein underground mine that Focus took into production in 2011, after trial mining 30,000t at 8.0g/t as part of an exploration development designed to mine sufficient gold to cover the cost of the initial decline and future production drive. The mine was subsequently developed on multiple levels.

- **Treasure Island Gold Project**

Treasure Island is a 100% owned, world class greenfields exploration project to the south of the 15Moz St Ives gold camp near Kambalda. The Treasure Island Gold Project comprises 226 sq km of tenements across a dry salt lake, Lake Cowan, and sits on the southern tip of the Boulder-Lefroy fault, the largest gold producing system in Australia. Exploration over the last 18 months has identified two major mineralised structures running through the project area; one adjacent to Treasure Island, the second approximately 3km to the east across the salt lake. Treasure Island remains a highly strategic asset for the business, but is not currently on the near term plan for targeting high-grade, near mill resources.

- **Nepean Nickel Project**

The Nepean Project, located at the southernmost end of the Company's Coolgardie tenement package, consists of two lodges of nickel sulphide intersected by almost horizontal pegmatite sills that offset the mineralisation. The Project is centred on the historic Nepean Nickel Mine, which produced 32,303 tonnes of mined nickel at an average recovered grade of 2.99 per cent Ni over a 17 year period to 1987. It has a current inferred resource based on the mine's remnant, transitional and fresh mineralisation measures 591,300t @ 2.2 per cent Ni, for 13,250t contained Ni. Nepean is a strategic asset which is strongly leveraged to the growth in the price of nickel.



REVIEW OF OPERATIONS

Mineral Resources

30 June 2013											
	Measured Resources			Indicated Resources			Inferred Resources			Total Resources	
	Tonnes '000T	Grade Au G/T	Ounces	Tonnes '000T	Grade Au G/T	Ounces	Tonnes '000T	Grade Au G/T	Ounces	Tonnes '000T	Ounces
COOLGARDIE GOLD PROJECT											
Tindal's Project - Ug	268	4.5	39,000	1,717	3.9	216,000	309	3.8	37,500	2,294	4.0
Tindals Project - Surface				7,845	2.1	540,500	3,099	2.2	216,500	10,944	2.2
Tindals Project	268	4.5	39,000	9,562	2.5	756,500	3,408	2.3	254,000	13,238	2.5
Mount Project				561	4.6	83,000	327	5.0	53,000	888	4.7
Lindsays-Bayleys Project				4,350	1.7	238,000	3,562	2.0	233,000	7,912	1.8
Three Mile Hill Project				2,713	1.6	138,000	798	1.4	36,000	3,511	1.5
Norris Project							2,440	2.2	169,000	2,440	2.2
Total Coolgardie	268	4.5	39,000	17,186	2.2	1,215,500	10,535	2.2	745,000	27,989	2.2
Laverton Gold Project											
Barnicoat Project	390	1.7	21,000	2,486	1.7	135,000	1,803	1.3	74,000	4,679	1.5
Burtville Project				1,207	1.4	54,000	708	1.8	41,500	1,915	1.5
Central Laverton Project				2,749	2.0	176,500	642	1.9	39,500	3,391	2.0
Chatterbox Project	531	2.2	38,000	3,923	2.1	270,000	3,235	2.2	232,000	7,689	2.2
Jasper Hills Project - Ug				129	4.3	18,000	100	4.0	13,000	229	4.2
Jasper Hills Project - Surface	370	1.9	22,000	1,326	1.5	64,000	743	1.9	45,000	2,439	1.7
Jasper Hills Project	370	1.9	22,000	1,455	1.7	82,000	843	2.1	58,000	2,668	1.9
Lancefield Project - Ug				2,037	6.5	427,000	619	7.1	141,000	2,656	6.7
Lancefield Project - Surface				72	3.9	9,000	94	6.3	19,000	166	5.2
Lancefield Project				2,109	6.4	436,000	713	7.0	160,000	2,822	6.6
Total Laverton	1,291	2.0	81,000	13,929	2.6	1,153,500	7,944	2.4	605,000	23,164	2.5
Total Combined Resources	1,559	2.4	120,000	31,115	2.4	2,369,000	18,479	2.3	1,350,000	51,153	2.3

Competent Person's Statement

The information in this Annual Report that relates to Exploration Results and Minerals Resources 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 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 Annual Report of the matters based on the information compiled by him in the form and context in which it appears.

REVIEW OF OPERATIONS

Ore Reserves

31 July 2013									
	Proven Reserves			Probable Reserves			Total Reserves		
	Tonnes '000t	Grade Au g/t	Ounces	Tonnes '000t	Grade Au g/t	Ounces	Tonnes '000t	Grade Au g/t	Ounces
COOLGARDIE GOLD PROJECT									
Tindals Project - UG				287	2.7	25,000	287	2.7	25,000
Tindals Project - Surface				194	2.0	13,000	194	2.1	13,000
Tindals Project				481	2.5	38,000	481	2.5	38,000
Mount Project				21	4.9	3,000	21	4.4	3,000
Three Mile Hill Project				1,155	1.4	50,000	1,155	1.3	50,000
Stocks							551	0.7	12,000
Total Coolgardie	0	0.0	0	1,658	1.7	91,000	2,208	1.5	103,000
LAVERTON GOLD PROJECT									
Barnicoat Project				651	2.6	53,000	651	2.6	53,000
Burtville Project				572	1.4	26,000	572	1.4	26,000
Chatterbox Project				167	2.7	14,000	167	2.6	14,000
Jasper Hills Project				331	2.4	26,000	331	2.4	26,000
Lancefield Project				525	5.5	92,000	525	5.5	92,000
Stocks							70	0.9	2,000
Total Laverton	0	0.0	0	2,245	2.9	211,000	2,315	2.9	213,000
TOTAL COMBINED RESERVES	0	0.0	0	3,903	2.4	302,000	4,524	2.2	316,000

Competent Person's Statement

The information in this Annual Report that relates to Ore Reserves is based on information compiled by Mr Peter Ganza, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Ganza is a full time employee of Focus Minerals 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 Ganza consents to the inclusion in the Annual Report of the matters based on his information in the form and context in which it appears.

CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

This statement outlines the main corporate governance practices that were in place for the financial year. The Company's corporate governance practices comply with the ASX Corporate Governance Council recommendations unless otherwise stated. Where the Company's corporate governance practices depart from a recommendation the Company has disclosed the departure together with a reason for the adoption of its own practice.

PRINCIPLE 1: LAYING SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Role and Responsibilities of the Board

The Board is responsible for ensuring that the Company is managed in a manner which protects and enhances the interests of its shareholders and takes into account the interest of all stakeholders. This includes setting the strategic directions for the company, establishing goals for management and monitoring the achievement of these goals.

A summary of the key responsibilities of the Board include:

- Strategy – Providing strategic guidance for the Group, including contributing to the development of and approving the corporate strategy.
- Financial performance – Approving budgets, monitoring management and performance.
- Financial reporting and audits – Monitoring financial performance including approval of the annual and half year financial reports and liaison with the external auditors through the Audit Committee.
- Leadership selection and performance – Appointment, performance assessment and removal of Chief Executive Officer. Ratifying the appointment and/or removal of other senior management including Company Secretary and other Board members through the Appointments Committee.
- Remuneration – Management of the remuneration and reward systems and structures for senior management and staff through the Remuneration Committee.
- Risk management – Ensuring appropriate risk management systems and internal controls are in place, and
- Relationships with exchanges, regulators and continuous disclosure – Ensuring the capital markets are kept informed of all relevant and material matters ensuring effective communication with shareholders and stakeholders.

The Board has delegated to executive management responsibility for developing in the first instance:

- Strategy – Assisting in developing and implementing corporate strategies and making recommendations where necessary;
- Leadership selection and performance – selecting a short list of final candidate management and staff and proposing terms of appointment and evaluating performance;
- Budgets – Developing the annual budget and managing day-to-day operations within budget;
- Risk management – Maintaining risk management frameworks with periodic review by the Risk Committee: and
- Communication – Keeping the Board, shareholders and market informed of material events.

CORPORATE GOVERNANCE STATEMENT



PRINCIPLE 2: STRUCTURING THE BOARD TO ADD VALUE

Composition of the Board

The names, skills, experiences and period of office of the Directors of the Company in office at the date of this Statement are set out in the Director's Report.

The composition of the Board is determined so as to provide the Company with a broad base of industry, business, technical, financial and corporate skills and experience considered necessary to represent shareholders and fulfill the business objectives of the Company.

The Board composition is determined with reference to the following principles:

- Persons nominated as Non-executive Directors shall be expected to have qualifications, experience and expertise of benefit to the Company and to bring an experienced view to the Board's deliberations.
- All Non-executive Directors are expected to voluntarily review their membership of the Board from time-to time taking into account length of service, age, qualifications and expertise relevant to the Company's then current policy together with the other criteria considered desirable for composition of a balanced board and the overall interest of the Company. The Board participates in Australian Institute of Company Directors courses from time to time on topics relevant to the Company and the framework within which it operates
- The number of Directors is maintained at a level which will enable effective spreading of workload and efficient decision making.
- The Company considers that the Board should have at least three Directors.
- The Chairperson is elected by the Board based on candidate's suitability for the position.
- The roles of Chairperson and Managing Director/Chief Executive Officer are not to be held by the same individual. Focus Minerals has departed from this principle in March 2013, when the Board changed its then Chief Executive Officer and asked the Company's Chairman to assume executive responsibilities, given his knowledge and expertise concerning the Company, its staff and operations. This departure is monitored regularly by the Board and the Chairman and will continue until the group has substantially achieved the outcomes required from its Three Point Plan, discussed elsewhere in this report.

The Board has accepted that an independent Director is one who:

- Does not hold an executive position (Non-executive Director):
- is not a substantial shareholder of the Company or an officer of, or otherwise associated, directly or indirectly, with a substantial shareholder of the Company;
- has not, within the last 3 years, been employed in an executive capacity by the Company or another group member, or been a Director after ceasing to hold any such employment;
- is not a principal of a professional adviser to the Company or another group member;
- is not a significant consultant, supplier or customer of the Company or another group member, or an officer of or otherwise associated, directly, with a significant consultant, supplier or customer;
- has no significant contractual relationship with the Company or another group member other than as Director of that company;
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
- has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

CORPORATE GOVERNANCE STATEMENT

Of the current board members, Mr Phillip Lockyer, and Mr Gerry Fahey are considered to meet the criteria as Independent Non-executive Directors. Prior to the resignation of the CEO, the Chairman also acted as an Independent Non-executive Director. Since then, Mr Taig has worked in an executive capacity as the Acting CEO.

During the year, three additional directors were appointed to the Board. They were all representatives of major shareholder Shandong Gold. At that time, Mr McComish also agreed to represent the interests of Shandong Gold on the Board. He liaises between the Independent Focus Directors and Shandong Gold's Board representatives, as well as providing an important and critical "on-the-ground" direct link between Shandong Gold's Board representatives and Focus' Chairman, Don Taig. Mr McComish also assists and provides counsel to Shandong Gold's three nominee directors on their duties and responsibilities to the Company and its shareholders.

Before each monthly formal Board meeting, the Directors meet with the Chairman to raise any matters.

Independent Professional Advice and Access to Company Information

Each Director has the right of access to all relevant Company information and to the Company's executives. Each Director is entitled to seek independent advice at the Company's expense to assist them to carry out their responsibilities, however, prior approval of the Chairman is required which is not unreasonably withheld. A copy of advice received by the Director is made available to other members of the Board.

Appointments Committee / Appointment of new Directors

The Committee's role is to review and determine the composition of the Board and senior executive management to ensure the Board and management has the appropriate mix of expertise and experience. This review is to be conducted on an annual basis.

Where a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the services of a new director with particular skills, the Committee will determine the selection criteria for the position based on the skills deemed necessary for the Board to best fulfill its responsibilities and then appoint the most suitable candidate. Any Director appointment since the last Annual General Meeting must be nominated for re-election at the next Annual General Meeting.

Full details of all Directors are provided to shareholders in this annual report and on the Company's website.

Performance of Directors and Chief Executive Officer

The performance of all Directors is reviewed annually.

The Remuneration and Appointments Committee will conduct an annual review of the Board composition and performance of the Board as a whole, the Chief Executive Officer, Company Secretary and senior executives. This review includes:

- Determining the appropriate balance of skills and experience required to suit the Company's current and future strategies;
- Comparing the above requirements against the skills and experience of current Directors and executives;
- Assessing the independence of each Director;
- Measuring the contribution and performance of each Director;
- Assessing any education requirements or opportunities; and

CORPORATE GOVERNANCE STATEMENT



- Recommending any changes to Board procedures, Committees or the Board composition.

Such a review was undertaken during the year ended 30 June 2013. Directors being reviewed were asked to leave the meeting during the review process.

Performance of Senior Executives

Prior to the formation of the Remuneration and Appointments Committee, the Board meets twice during the year to review the performance of senior executives. This review includes:

- The performance of the senior executive in supplying the board with information in a form, timeframe and quality that enables the Board to effectively discharge its duties;
- Feedback from other senior executives;
- Any particular concerns regarding the senior executive; and
- Remuneration objectives.

This review was undertaken during the year ended 30 June 2013.

Term of office

Under the Company's Constitution, the minimum number of directors is three. Each Director must not hold office (without re-election) past the third Annual General Meeting of their appointment or three years following that Director's last election. At each Annual General Meeting one third of the directors or a minimum of one Director (excluding the Managing Director) must resign, with Directors resigning by rotation based on their date of appointment. Directors resigning by rotation may offer themselves for re-election. The re-appointment of Directors is not automatic.

PRINCIPLE 3: PROMOTION OF ETHICAL AND RESPONSIBLE DECISION MAKING

Code of Conduct

The Company has developed a Code of Conduct (the Code) which has been fully endorsed by the Board and applies to all directors and employees. The Code is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Company's integrity.

The Code of Conduct embraces the values of:

- Integrity
- Excellence
- Commercial Discipline
- Culture of the Company

The Board encourages all stakeholders to report unlawful/unethical behaviour with protection for those who report potential violations in good faith.

CORPORATE GOVERNANCE STATEMENT

Trading in Focus Minerals Securities by Directors, Officers and Employees

The Board has established a Share Trading Policy addressing dealings by Directors, officers and employees and other potential insiders in buying and selling the Company's securities.

The Company's Share Trading Policy is released to the ASX and is also available on the Company's website.

In Summary the Share Trading Policy restricts dealing in the Company's securities by Directors, officers, management, consultants and employees and prohibits trading in the Company's shares, options and other securities in the following circumstances:

- If they are in possession of undisclosed price-sensitive information; and
- Speculative trading for a short term gain.

The Directors have also given undertakings to inform the Company Secretary of any trading in shares by Directors which must also be notified to the ASX.

The Code and the Company's Share Trading Policy are discussed with each new employee as part of their induction training.

The Code requires employees who are aware of unethical practices within the Company or breaches of the Company's Share Trading Policy to report these to the Company Secretary, Chief Executive Officer or Chairman. This can be done anonymously.

The Directors are satisfied that the Company has complied with its policies on ethical standards, including trading in its securities.

Conflict of Interest

In accordance with the Corporations Act 2001 and the Company's Constitution, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the company. Where the Board believes a significant conflict exists, the Director concerned does not receive the relevant Board papers and is not present at the Board meeting whilst the item is considered. Details of Director related entity transactions with the Company and Group are set out in the related parties note in the financial statements. Prior to the commencement of all Board meetings the Chairman requires Board members to raise any items of continuous disclosure that a director or officer deems necessary. If there is any doubt, the participants are asked to raise the matter for a resolution.

PRINCIPLE 4: SAFEGUARDING INTEGRITY IN FINANCIAL REPORTING

Audit and Business Risks Committee - Membership and Conduct

The Audit and Business Risk Committee meets regularly with the external auditors to discuss audit outcomes and the Company's financial statements. Each board member has access to the external auditor at any time and the external auditor has access to each individual board member.

The Audit and Business Risk Committee reviews the appointment of the external auditor at least annually reviewing the external auditor in terms of their independence and performance in relation to the adequacy of the scope and quality of the annual statutory audit and half year review and the fees charged.

CORPORATE GOVERNANCE STATEMENT



The Chief Executive Officer and the Chief Financial Officer make a statement to the Audit and Business Risk Committee that the Company's financial reports present a true and fair view in all material respects of the Company's financial condition and operational results and are in accordance with the relevant accounting standards.

The Committee also meets periodically (but no less than twice a year) with the Occupational Health and Safety operatives of the Company to review the Company's adherence to its health and safety objectives. During this financial year, the Committee has accepted management's assessment that with the closure of operations the target of meeting AS4801 is no longer realistic. However it will be reviewed if we reopen the operation.

The Chief Operating Officer and the CEO review the OH&S performance on a monthly basis with the Board and any safety issues are advised to the Committee and Board members, if and as they arise.

The Audit Committee is structured so that it:

- Has a formal charter;
- Consists only of Non-executive Directors
- Chaired by an independent Chair, who is not Chair of the Board; and
- has at least two members.

PRINCIPLE 5: MAKING TIMELY AND BALANCED DISCLOSURE

Market Disclosure Policies

All Directors, executives and staff are required to abide with all various legal requirements and ASX obligations in relation to disclosure of information to the market. This includes specific compliance with the continuous disclosure requirements of the ASX Listing Rules.

The Company Secretary has been appointed the person responsible for overseeing and co-coordinating disclosure of information to the ASX as well as communicating with the ASX. The Company complies with its continuous disclosure obligations.

PRINCIPLE 6: RESPECTING THE RIGHTS OF SHAREHOLDERS

The Board places significant importance on effective communication with shareholders.

Information is communicated to shareholders through the distribution of the annual and half yearly financial reports, quarterly reports on activities and cash flows, announcements through the ASX and the media, on the company's web site and through the Chairman's address at the Annual General Meeting including webcasts of the Annual General Meeting and periodic written communications. General meetings, including Annual General Meetings, are held on a rotational basis in Perth and Kalgoorlie/Coolgardie to encourage regional shareholder participation at general meetings.

In addition, news announcements and other information are sent by email to all persons who have requested their name to be added to the Company's email list. If requested, the Company will provide general information by email, facsimile or post.

While the Company has no formal communication policy in place for the benefit of shareholders, the Company provides continuous communication which ensures shareholders and the markets are adequately informed of substantive matters concerning the Company's activities.

The Company, wherever practicable, takes advantage of new technologies that provide greater opportunities for more effective communications with shareholders.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 7: RECOGNISING AND MANAGING RISK

The Board has expanded the scope of the Audit Committee to include monitoring the Company's business risks. The management of business risks also addresses asset, operational, regulatory compliance, personal health, safety and environmental risks.

The Audit and Business Risk Committee monitors the performance of risk management and internal control systems and reports to the Board on the extent to which it believes the risks are being managed and the adequacy and comprehensiveness of risk reporting from management. The Board delegates day-to-day management of risk to the Chief Executive Officer, who is responsible for identifying, assessing, monitoring and managing risks. The Chief Executive Officer is also responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board.

In accordance with section 295A of the Corporations Act the Chief Executive Officer and the Chief Financial Officer also provide a declaration to the Board and have assured the Board that such a declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial risk. The annual audit process provides further input as to the adequacy of the Company's processes.

Technical and Operations Committee

The Technical and Operations Committee monitors the Mineral Resource and Ore Reserve modelling systems and controls in determining the Company's reportable resource and reserves in compliance with the "Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves" (JORC Code).

Additionally, the Committee reports to the Board on the extent to which it believes the risks are being managed and management reporting on operational risks arising from the Company's mining, processing and exploration activities. Mr Fahey is a member of the JORC Committee which aids the Company's understanding of requirements significantly.

This Committee also assists the CEO with the evaluation of exploration, mining and processing plans proposed by the management team for Board approval.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

Remuneration Committee

A Remuneration and Appointments Committee has been established to determine and review the remuneration of executives and Directors. The maximum amount of directors fees is fixed by shareholders in General Meeting and can only be varied by shareholders in a similar manner. In determining the allocation of fees, the Board takes into account the time demands on each Director, together with the responsibilities undertaken by them and market practices of similar sized businesses in the mining sector.

It is the Policy of the Board not to issue Directors Incentive shares or options. A Board Retirement Plan is in place to recognise long term service by retiring Board members and taking into account that the Directors agreed to less than market stipends during the period that the Company transitioned from explorer to producer and this practice has continued. A full explanation of this approach is contained in the Remuneration Report section of this directors' Report.

CORPORATE GOVERNANCE STATEMENT



Payments to retiring Directors under the Plan are determined as follows:

- 0 – 3 years Board service – No retirement payment
- 3 – 5 years Board service – 25% of annual director fee.
- 5 – 8 years Board service – 50% of annual director fee.
- More than 8 years Board service – 100% of annual director fee.

A full discussion of the company's remuneration philosophy and framework and the remuneration received by Directors and executives in the current period is included in the remuneration report contained within the Directors' Report.

PRINCIPLE 9: DIVERSITY

The company recognises that an inclusive and diverse workforce supports a high performance culture and is actively seeking to enhance the diversity of the workforce, the senior management team and Board of Directors. Diversity includes, but is not limited to, diversity in gender, age, ethnicity and cultural backgrounds.

The Company is therefore committed to promoting a culture that embraces diversity.

The Company is committed to:

- creating a workplace that promotes equal opportunity and diversity;
- maintaining a workplace where all employees, potential employees, and contractors are able to perform their duties free from all forms of unlawful discrimination and harassment;
- identification of ways to promote a culture which embraces diversity, including the recruitment of employees and board members from a diverse pool of qualified candidates;
- understanding and articulating the benefits arising from employee and board diversity; and,
- ensuring daily activities, practices and procedures across the Company are carried out in accordance with this Policy.

The Company will foster tolerance in the workplace. It will promote the prevention of unlawful discrimination on grounds including but not limited to gender, race, marital or family status, age, sexual orientation, disability, religious or political beliefs, where all of these matters are in accordance with the laws of the country in which the Company operates from time to time.

The Company recognises that the concept of diversity incorporates a number of different factors and as such focuses on a broad suite of diversity rather than focus on a specific measure such as gender.

The Company's policy applies to all directors, employees and contractors at all of Focus' operations.

With respect to diversity, management will:

- a) develop, for approval by the Board or its relevant subcommittee, as appropriate:
 - measurable objectives concerning the strategies, initiatives and programs that support this policy.
 - targets or key performance indicators (KPIs) to verify progress towards attainment of those measurable objectives.
- b) measure performance against those targets and KPIs;
- c) report from time to time (at least annually) on the progress of the matters referred to in (a) and (b).

CORPORATE INFORMATION

ABN 56 005 470 799

DIRECTORS

Donald Taig	Executive Chairman / Acting CEO
Jisheng Lu	Non-Executive Director
Phillip Lockyer	Non-Executive Director
Yuhuan Ge	Non-Executive Director
Gerry Fahey	Non-Executive Director
Bruce McComish	Non-Executive Director
Wanghong Yang	Executive Director
Zaiqian Zhang	Alternate Director for Mr Lu

COMPANY SECRETARY

Paul Fromson

SOLICITOR

King and Wood Mallesons
Level 50 Bourke Street
Melbourne VIC 3000

REGISTERED AND HEAD OFFICE

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159 Adelaide Terrace
East Perth WA 6004

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East Perth WA 6892

Tel: +61 (0) 8 9215 7888
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STOCK EXCHANGE LISTING

Australian Stock Exchange (ASX)
ASX Symbol: FML

BANKERS

Investec Bank (Australia) Limited
2 Chifley Square
Sydney NSW 2000

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 2 / Reserve Bank Building
45 St George's Terrace
Perth WA 600

Tel: +61 1300 557 010
Fax: +61 (0) 8 9323 2033

National Australia Bank
100 St George's Terrace
Perth WA 600

Bank of China
11 St Georges Terrace
Perth WA 6000

AUDITOR

PricewaterhouseCoopers
125 St Georges Terrace
Perth WA 6000

ICBC
44 St Georges Terrace
Perth WA 6000

Tel: +61 (0) 8 9238 3000
Fax: +61 (0) 8 9238 3999

DIRECTORS' REPORT



The Directors present their report on the Group comprising of Focus Minerals Limited – the parent company (referred to as “the Company”) – and its subsidiaries (together referred to as ‘the Group’ or ‘Focus’) at the end of, or during the financial year ended 30 June 2013.

DIRECTORS

The directors of the Company at any time during or since the end of the financial year are:

Donald Taig	(Executive Chairman, Acting CEO)
Jisheng Lu	(Director, Non-Executive, appointed 5 Jul 2013)
Phillip Lockyer	(Director, Independent Non-Executive)
Yuhuan Ge	(Director, Non-Executive, appointed 5 Jul 2013)
Gerry Fahey	(Director, Independent Non-Executive)
Bruce McComish	(Director, Non-Executive)
Wanghong Yang	(Director, Executive, appointed 5 Jul 2013)
Zaiqian Zhang	(Alternate Director for Mr Lu, Executive, appointed 5 Jul 2013)
Li Zhongyi	(Director, Non-Executive, appointed 21 December 2012 and resigned 5 Jul 2013)
Dahui Zhang	(Director, Non-Executive, appointed 21 December 2012 and resigned 5 Jul 2013)
Michael Guo	(Director, Non-Executive, appointed 21 December 2012 and resigned 5 Jul 2013)

Details of directors' qualifications, experience, special responsibilities and details of directorships of other listed companies can be found on pages 23 to 25 and in the remuneration report on pages 31 to 38.

INFORMATION ON DIRECTORS, OFFICERS AND SENIOR MANAGEMENT

Directors	Designation & Independence Status	Experience, Expertise & Qualifications
Donald Taig Appointed on 21 March 2003	Executive Chairman, Acting CEO	<p>Qualifications: B.Com, FAICD, FCPA</p> <p>Mr Taig is a Fellow of both the Australian Institute of Company Directors and the Australian Society of Certified Practicing Accountants.</p> <p>Mr Taig gained 11 years of experience within CRA Ltd.'s mining businesses and was a director of Metals Exploration Ltd. Mr Taig also has significant senior management experience particularly within the food industry where he was Managing Director of Goodman Fielder's Australian Baking Division; Chief Executive Officer of Bunge Cereal Foods; Managing Director of Chiquita Brands South Pacific and has been a director of a number of other public and private companies in diverse industries.</p> <p>Directorships of other ASX listed companies: Nil</p>
Jisheng Lu Appointed on 5 July 2013	Director, Non-Executive	<p>Mr Lu is the Manager of the Department of International Cooperation at Shandong Gold Group.</p> <p>Mr Lu has over 30 years' experience in mining with a background in geology. He worked at the Yinan Gold Mine from 1985 to 2001 where he became the Division Director and Assistant to the General Manager. Between 2001 and 2009 he was Deputy General Manager of Qingdao Co., Ltd and Changyi Mining Co., Ltd, both Shandong Gold Group companies. Until December 2012 he was the Deputy General Manager of Shandong Gold Nonferrous Metal Mining Co., Ltd and General Manager of Jinhongling Mining Limited of Inner Mongolia. He then became the Vice Chairman and General Manager of Shandong Gold Non-ferrous Metals Mining Group.</p> <p>Mr Lu is a Senior Professional Manager certified by China Enterprise Confederation.</p>

DIRECTORS' REPORT

Directors	Designation & Independence Status	Experience, Expertise & Qualifications
Bruce McComish –Appointed on 18 April 2011	Director, Non-executive	<p>Qualifications: BCA(Hons), FCA, FCPA</p> <p>Mr McComish is the former chairman of stockbroking firm BBY. He has held senior management positions for a number of Australian and international companies including the National Australia Bank, where he served as Chief Financial Officer from 1994 to 1998, and North Limited, where he was the executive general manager of corporate affairs from 1992-1994. Mr McComish worked for Unilever Plc. for 18 years in senior financial positions around the world. He holds a Bachelor of Commerce and Administration from Victoria University of Wellington and is a Qualified Accountant.</p> <p>Directorships of other ASX listed companies: Nil</p>
Phillip Lockyer Appointed on 7 December 2005	Director, Independent Non-Executive	<p>Qualifications: AWASM – Mining Engineering, DipMetal, MSC – Mineral Economics.</p> <p>Mr Lockyer is a mining engineer and metallurgist with more than 40 years technical and management experience in nickel and gold operations. His career includes 20 years with WMC Limited in Kambalda in various roles including General Manager of Western Australian operations. In addition he has held a number of other senior roles including Director and General Manager of Operations for Resolute Ltd, and Director of Operations & Projects for Dominion Mining Ltd. He is currently a Board Member of the Minerals & Energy Research Institute of Western Australian.</p> <p>Directorships of other ASX listed companies:</p> <ul style="list-style-type: none"> • Non-Executive Director of Western Desert Resources Limited (Appointed June 2010, ongoing) • Non-Executive Director of Swick Mining Services Limited (Appointed June 2008, ongoing) • CGA Mining Limited (non-executive director: appointed January 2009, resigned March 2013) • St Barbara Limited (non-executive director: appointed December 2006, ongoing)
Yuhuan Ge Appointed on 5 July 2013	Director, Non-Executive	<p>Mr Ge became Deputy Chairman and Deputy General Manager of Shandong Gold International Corporation Limited in 2010, and is also a director of Canada's Integra Gold Corporation. Mr Ge has over 30 years' experiences in mining with a background in Engineering.</p> <p>From 1982 to 2002 he worked for the Shandong Gold Group's Sanshandao Gold Mine in a range of management roles. He has considerable international experience and from 2002 to 2010 he was the Chairman & General Manager of Shandong Gold Jinyan Corporation Limited in Venezuela and Chairman of Shandong Gold Jinwang Corporation Limited in Suriname.</p> <p>Mr Ge has an MBA and a technical title as Research Fellow in Engineering & Technology Application.</p> <p>Directorships of other ASX listed companies: Nil</p>

DIRECTORS' REPORT

Directors	Designation & Independence Status	Experience, Expertise & Qualifications
Gerry Fahey Appointed on 18 April 2011	Director, Independent Non-executive	<p>Qualifications: M.AIG, M.AusIMN</p> <p>Mr Fahey is a geologist with 35 years' experience. He was chief geologist for Delta Gold between 1992-2002 where he gained extensive resource, mine development and feasibility study experience on projects including Kanowna Belle and Sunrise in Australia and Ngezi Platinum in Zimbabwe. Mr Fahey began his career as a mine geologist in the Irish base-metals industry on projects such as Tynagh, Avoca, and Tara Mines (Navan) owned by Noranda and later Outokumpu. On migrating to Australia in 1988, he gained further operational experience in Western Australia and the Northern Territory (Whim Creek and Dominion Mining), prior to joining Delta Gold. He formed FinOre Mining Consultants in 2005, which merged with CSA in 2006. Mr Fahey is a member of the Joint Ore Reserve Committee (JORC) and a former Board Member (Federal Councillor) for the Australian Institute of Geoscientists (AIG).</p> <p>Directorships of other ASX listed companies:</p> <ul style="list-style-type: none"> • Modun Resources Limited (non-executive director: appointed September 2008, ongoing) • Prospect Resources Limited (non-executive director: appointed July 2013, ongoing)
Wanghong Yang Appointed on 5 July 2013	Executive Director	<p>Mr Yang is the General Manager – Finance at Focus Minerals Ltd, prior to this role he worked at Shandong Gold International Corporation Limited as Financial Controller. Mr Yang has a wealth of international marketing and project investment experience. He joined Shandong Gold Group in 2008 as the Group's Senior Manager of Capital Management before becoming the Deputy General Manager of Shandong Gold International Corporation Limited.</p> <p>Mr Yang began his career with the China Machinery Industry Supply and Sale Corporation (CMSC) – affiliated to China Ministry of Machinery Industry – working in a number of management roles between 1986 to 1999. During this time he also spent three years based in Nigeria. In 2000, he joined Success Group Co., Ltd, to coordinate and manage the Group's investment projects in China prior to joining China Overseas Holdings Limited (COHL) in 2002.</p> <p>Here he was involved in the establishment of Shandong Jincang Gold Mining Corporation Limited and became Secretary of the Board.</p> <p>Mr Yang has a Bachelor's degree in accounting from Renmin University of China (RUC) and a Master's degree in applied finance from Macquarie University.</p> <p>Directorships of other ASX listed companies: Nil</p>
Zaiqian Zhang Appointed on 5 July 2013	Alternate Director	<p>Qualifications: Bsc (Hons), MSc</p> <p>Mr Zhang joined Focus Minerals Ltd in September 2013 as a Senior Accountant. Prior to this Mr Zhang served as the Deputy Manager, Department of Investment and Development, for Shandong Gold International Mining Corporation Limited.</p> <p>Mr Zhang has a degree of Bachelor of Science (Hons) Accounting for Management with one year industrial placement at Xerox as a Financial Analyst and a degree of MSc Accounting and Finance from Aston University, Birmingham UK.</p>

Note: For director's special responsibilities during the year, please refer to the Remuneration Report

DIRECTORS' REPORT

SENIOR MANAGEMENT

Don Taig – Acting Chief Executive Officer

On 5th February 2013 the CEO Campbell Baird resigned. The Chairman Mr Don Taig took up the role of Acting CEO and is continuing in that interim role as the company restructures its operations.

Mark Hine - Chief Operating Officer

Qualifications: B.Eng (Mining)

Appointed: 1 December 2011

Mr Hine was appointed to the role of Chief Operating Officer, for the Focus Minerals group in December 2011. Prior to that Mark commenced in May 2011 as the Chief Operating Officer for Focus Minerals (Laverton) Ltd – formerly Crescent Gold Ltd. Mark is a mining engineer who has more than 30 years' operating experience. Most recently, he held positions of CEO Golden West Resources Ltd, Executive General Manager Mining at Macmahon Contractors Pty Ltd and General Manager for Pasminco Ltd at the Broken Hill / Elura Mines.

Paul Fromson – Chief Financial Officer and Company Secretary

Qualifications B. Com, CPA, ACIS, AICD

Appointed: 30 April 2012

Mr Fromson is a Certified Practising Accountant, a member of the Australian Institute of Company Directors and a Chartered Company Secretary with a broad range of finance, accounting, taxation and commercial experience. Since 1986 Mr. Fromson has held a number of senior finance roles including board positions and has over eighteen years' experience with ASX listed resource companies including senior positions with a number of gold exploration companies. He has also worked for one of the previous part owners of the Boddington Gold Mine as their resident representative. Outside of the resources industry, Mr Fromson founded and managed his own successful taxation practice and was also a director of the Makit Hardware chain co-operative for four years.

Mr Fromson's most recent role was Chief Financial Officer and Company Secretary for an ASX listed company where he played a key role in several significant capital raisings and joint ventures with two large Chinese groups.

Interests in the shares and options of the company and related bodies corporate

At the date of this report, the direct and indirect interests of directors in the shares and options of the Company were:

	Ordinary Shares	Options (Unlisted)
Donald Taig	13,963,259	-
Phillip Lockyer	849,523	-
Gerry Fahey	641,000	-
Bruce McComish	250,000	-
Jisheng Lu	-	-
Yuhuan Ge	-	-
Wanghong Yang	-	-
Zaiqian Zhang	-	-

CAPITAL STRUCTURE

Ordinary shares

As at the date of this report, the Company had on issue 9,137,375,877 fully paid ordinary shares.

DIRECTORS' REPORT



SHARE OPTIONS

Options Issued

During the year the company issued 15,000,000 unlisted options at an exercise price of 5 cents and an expiry date of 28th February 2016 as consideration to acquire a mining tenement. These options vested upon issue. There were no options issued in the 2012 financial year.

Options Exercised

There were no options exercised during the financial year.

Options Lapsed

During the year a total of 10,000,000 options to acquire shares at an exercise price of 12.3 cents, 14,116,923 options to acquire shares at an exercise price of 7.5 cents and 14,116,923 options to acquire shares at an exercise price of 7.8 cents lapsed on cessation of employment.

As at the date of this report, details of unissued ordinary shares under options are as follows:

Issuing Entity	Number of Options	Exercise Price Cents per Share	Fair Value at grant date – cents per share	Expiry Date
Focus Minerals Ltd	15,000,000	5.00	0.40	28/02/2016
Focus Minerals Ltd	13,500,000	12.30	0.30	30/06/2014
Total Options on issue	28,500,000			

PRINCIPAL ACTIVITIES

The principal activities of the group during the year were gold mining and exploration in Australia.

In the second half of the financial year the gold sector experienced a significant upheaval, with the price of gold falling over US\$500 from a high of US\$1,790. Off the back of a strategic review of operations, Focus took the strategic decision to suspend mining at all operations in order to preserve cash and shareholder value.

This has the company in the 2013/14 financial year strongly focused on exploration and business development with a view to re-establishing Focus under a new operating platform for a future return to production.

DIRECTORS' REPORT

REVIEW OF OPERATIONS

Key events during the period ended 30 June 2013 were as follows:

Mining

FY 2013 was a tale of two halves for Focus' mining operations. The first half saw solid production with a record September quarter delivering 48,959oz for the group as the Coolgardie operations delivered from a mix of underground and open pit mines and Laverton focused on its Apollo pit complex. Laverton achieved record production for calendar 2012 of 100,548oz of gold, the first time in its history that it had exceeded 100,000oz of production. Combined production for the first six months of the financial year was 90,056oz of gold.

Both operations transitioned their base load mines in the December quarter to lower grade operations as the business prepared to invest its newly raised capital into rebuilding its depleted high-grade reserves across both operations. However, the impact of a dramatic drop in the gold price, combined with an increasing processing and cost base saw Focus move to suspend mining at both operations late in the second half of the financial year. Combined production for the second six months of the financial year was 49,764oz of gold.

More detail on each operation is provided below:

Laverton Operations

During the November / December period, Focus successfully transitioned mining in Laverton from the Apollo pit complex to the Burtville pit which provided the business with a far lower strip ratio than Apollo, low development costs; and lower royalties. This set the operation up well from a mining perspective for the second half of the financial year. However, the continued escalation of processing costs at the Granny Smith Mill, in combination with a dramatic fall in the price of gold in April, made production at Laverton commercially unviable. With the Granny Smith Ore Purchase Agreement expiring in June 2013, Focus was not able to reach commercial terms with the mill operators and took the strategic decision to cease production in May 2013. The operations subsequently moved in to care and maintenance with a renewed focus on greenfields exploration. Total production at Laverton for the financial year was 81,191oz of gold, processing 1,855,167 tonnes of ore at an average grade of 1.36g/t.

Coolgardie Operations

During the December/January period, mining operations in Coolgardie transitioned from a reliance on the high-grade Tindals underground to the Greenfields open pit operation, with supporting production from mines within the Tindals Open pit complex. The business met with a number of delays in the commissioning of Greenfields as well as some permitting issues at the existing Tindals Open pits which had a significant impact on production. A review of operations was commenced in February putting in place a series of operational improvements and costs savings. However, the impact of a significant fall in the price of gold during April saw the business unable to pass through these savings to the bottom line. Subsequent to the end of the financial period Focus suspend its Coolgardie operations in their entirety, determining there was insufficient high-grade ore available in the short or near term to ensure consistent profitability at such lower gold prices. Total production at Coolgardie for the financial year was 58,629oz of gold, processing 1,054,835 tonnes of ore at an average grade of 1.83g/t.

Exploration & Resource Development

During the period the Group spent a total of \$14.6 million (2012: \$20.1 million) on exploration activities. The combined Exploration and Resource Development team drilled 824 diamond, RC, RAB and aircore holes for a total of 82,848m.

At Laverton the exploration team drilled a small greenfields exploration program in the Mount Crawford area which yielded some interesting results worthy of follow-up at a later date. A number of RAB and aircore programs were drilled across the northern portion of the tenement package. The site-based Resource Development team drilled an intensive definition program across the Burtville area in the March quarter 2013, consisting of 379 RC holes for 38,605m.

At Lake Cowan (the Treasure Island project) an additional 13 diamond and 21 aircore holes were drilled early in 2013 before cyclone-related rainfall caused fieldwork to be placed on hold. No further work is planned for this project for the remainder of the 2013 calendar year.

Drilling at The Mount underground mine was limited to underground resource definition drilling, with a total of 27 diamond holes drilled for 6,255m prior to the mine being placed on care and maintenance.

At Coolgardie, Exploration drilled 130 RC holes for 12,927m on a number of priority near-surface targets within the project area, as well as

DIRECTORS' REPORT



82 RC holes and two diamond holes for 9,075m on resource definition programs. Following the closure of the Coolgardie operation in July exploration is being re-prioritised, shifting the focus away from short-term mill feed to longer-term, higher grade opportunities.

Impairments and Provisions for Shutdown/Restructure Costs

The full year review of Focus Minerals Ltd group asset carrying values in the context of lower gold price environment, combined with a gold industry facing rising costs and the suspension of our operations at both Coolgardie and Laverton has resulted in the impairment of the carrying values of some assets. The Board of Directors obtained an independent experts report prepared by a recognised resources consultant firm to assess the carrying values at 30 June 2013. Focus Minerals Ltd has booked an impairment write off of \$85.0m after tax on the following items:

IMPAIRMENTS \$'000s	Exploration	Mine Property	Property Plant & Equipment	Inventory	Total
Coolgardie	35,255	17,050	-	-	52,305
Laverton	-	2,727	5,872	1,892	10,491
Focus Minerals Ltd	22,156	-	-	-	22,156
Total	57,411	19,777	5,872	1,892	84,952

The company has also identified shut down and other restructure costs for placing its Coolgardie operations on care and maintenance and these costs have been fully provided for in the 30 June accounts. The shutdown costs at Laverton are also included in the table below:

SHUT DOWN COSTS \$'000s	Redundancy Cost	Site and Mill Shutdown Costs	Contractual obliga- tions	Total
Coolgardie	2,263	2,415	5,827	10,505
Laverton	899	651	-	1,550

Corporate

The Company completed a placement to Shandong Gold International Mining Corporation Limited (21 December 2012) issuing 4,501,997,651 new fully paid ordinary shares at 5 cents per share to raise approximately \$225 million.

The company also moved to take a 100% controlling interest in Focus Minerals (Laverton) Ltd – formerly Crescent Gold Ltd – acquiring the outstanding 18.43% of shares via the issue of 314,604,525 Focus shares (equating to only 3.44% of the expanded capital base of Focus).

The company issued 15,000,000 options to acquire a mining tenement.

There were no other issues of capital during the year. A number of options lapsed due to cessation of employment of a number of staff.

At period end the Group had a bank term loan of \$8m plus \$2.3m in Commercial Hire Purchase debt.

At period end the Group had nil ounces (2012: 4000 ounces) of gold forward selling.

Net cash outflow from operations totalled \$58.6 million (2012: \$56.0 million inflow).

Operating result for the year

Consolidated Net Profit for the year was a loss of \$171.5 million (2012: \$6.8 million profit). Consolidated Net Profit attributable to the owners of the Company was a loss of \$166.5 million (2012: \$6.2 million profit).

DIRECTORS' REPORT

Dividends

No dividends have been paid or provided in the financial year (prior year: nil).

Earnings Per Share

	2013	2012
Basic (loss) / profit per share (cents per share)	(2.47)	0.15
Diluted (loss) / profit per share (cents per share)	(2.47)	0.15

Significant changes in the state of affairs

In conjunction with the Review of Operations section above, the following are significant changes in the state of affairs of the consolidated entity to balance date:

The Company completed a placement to Shandong Gold International Mining Corporation Limited on 21 December 2012 issuing 4,501,997,651 new fully paid ordinary shares at 5 cents per share to raise approximately \$225 million before costs.

The company also moved to take a 100% controlling interest in Focus Minerals (Laverton) Ltd – formerly Crescent Gold Ltd – acquiring the outstanding 18.43% of shares via the issue of 314,604,525 Focus shares (equating to only 3.44% of the expanded capital base of Focus).

On 30th April 2013 the company announced its Laverton operations would be placed on care and maintenance. In June 2013 the Board reviewed the Coolgardie operations profitability and determined that a closure was required and on 17th July 2013 the company announced the Coolgardie operations would be placed on care and maintenance.

Significant events after balance date

Except as otherwise disclosed in this report, there has not been any matter or circumstance that has arisen after the balance date that has significantly effected, or may significantly effect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial periods.

Likely developments and expected results

Through a strategic review in the second half of the financial year, the Company has reset its exploration horizons, developing a three year plan for both the Coolgardie and Laverton regions. The investment into exploration will be driven on a campaign basis with success driving further investment.

Environmental Regulations

The Group's operations hold licences issued by the relevant regulatory authorities. These licences specify the limits and regulate the management associated with the operations of the Company. At the date of this report the Company is not aware of any breach of those environmental regulations which apply to the Group's operations. The Group continues to comply with its specified regulations.

Indemnification and Insurance of Directors and Officers

The company has paid premiums of \$58,000 (prior year \$58,000) to insure the directors and officers of the Group against liabilities for costs and expenses incurred by them in defending legal proceedings arising out of their conduct while acting in the capacity of director or officer of the Group, other than conduct involving a wilful breach of duty in relation to the company.

DIRECTORS' REPORT



REMUNERATION REPORT (AUDITED)

This report, prepared in accordance with the Corporations Act 2001, contains detailed information regarding the remuneration arrangements for the Directors and Senior Executives who are the 'key management personnel' (KMP) of Focus Minerals Ltd ("Company") and the consolidated entity. The Board, in consultation with industry and proxy representatives, formed the view that the three most senior people in the organisation, being the Chief Executive Officer (CEO), Chief Operating Officer (COO) and the Chief Financial Officer (CFO)/Company Secretary are the only three executives who satisfy the "key management personnel" criteria. The tables disclosing remuneration for this year and comparatives only include these KMP.

The KMP for the year ended 30 June 2013 are listed in the table below:

Current Directors	Capacity	Change this year
Donald Taig	Executive	
Jisheng Lu	Non-executive	Appointed 5 July 2013
Bruce McComish	Non-executive	
Yuhuan Ge	Non-executive	Appointed 5 July 2013
Gerry Fahey	Non-executive	
Phil Lockyer	Non-executive	
Wanghong Yang	Executive	Appointed 5 July 2013
Zaiqian Zhang	Alternate	Appointed 5 July 2013
Former Directors (Note 1)	Capacity	Change this year
Zhongyi Li	Non-executive	Appointed 21 December 2012 and resigned 5 July 2013
Dahui Zhang	Non-executive	Appointed 21 December 2012 and resigned 5 July 2013
Michael Guo	Non-executive	Appointed 21 December 2012 and resigned 5 July 2013
Current Senior Executives	Capacity	Change this year
Don Taig	Acting CEO	
Mark Hine	COO	Note 2
Paul Fromson	CFO and Company Secretary	Note 3
Former Senior Executives	Capacity	Change this year
Campbell Baird	CEO	Resigned 5 February 2013

Note 1 – Due to some management changes at Shandong Gold, the three original non-executive directors from Shandong Gold all resigned from the Board on 5 July 2013, being replaced by three new directors from within the group, each of whom had spent a notable period of time visiting the Focus Minerals operation in the preceding months.

Note 2 – Post the completion of the financial year, Mr Hine's role was made redundant from Focus Minerals effective 30 September 2013. Operations now fall under the remit of Mr Peter Ganza, General Manager of Operations and Technical Services.

Note 3 - Post the completion of the financial year, Mr Fromson's role of CFO was made redundant from Focus Minerals effective 30 November 2013. Mr Wanghong Yang has taken up the role of General Manager of Finance. Mr Fromson remains in the Company Secretarial role in a consultancy capacity.

There were no other changes of the Board or key management personnel between the reporting date and the date this financial report was authorised for issue.

DIRECTORS' REPORT

Remuneration Objectives

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the Remuneration Committee links the nature and amount of executive directors' and other officers' emoluments to the Company's financial and operational performance.

- The expected outcomes of the remuneration structure are:
- retention and motivation of key executives;
- attraction of high quality management to the Company; and
- performance incentives that allow executives to share the success of Focus Minerals Ltd.

Remuneration Committee Established

The Board is responsible for determining and reviewing compensation arrangements for the directors themselves and the chief executive officer and executive team. The Board has established a Remuneration Committee, comprising of all the non-executive directors.

Members of the Remuneration Committee during the year were:

- Phillip Lockyer – Committee Chairman
- Donald Taig (note 1)
- Bruce McComish
- Gerry Fahey

Note 1 – The full board operated as the remuneration committee up until 21 December 2012 when the Board was expanded to seven with the appointment of three Shandong Gold International directors. Mr Taig also commenced acting as CEO on the 5th February 2013 and stepped down from a number of Committees including the Remuneration Committee, to improve the Company's corporate governance position resulting from his change of status.

For details on the number of meetings of the Remuneration Committee held during the year and the attendees at those meetings, refer to the Directors' Meeting section of this Report.

Compensation of Key Management Personnel

Remuneration structure

In accordance with best practice Corporate Governance, the structure of Non-Executive director remuneration is separate and distinct.

Remuneration Committee

The Remuneration Committee of the Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the directors, the CEO and the senior executive team.

The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of directors and senior executives on a periodic basis by reference to relevant employment market conditions with an overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team, subject to the following section relating to non-executive directors.

Non-executive director remuneration

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external shareholders as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Each non-executive director receives a fee for being a director of the Company.

During the period that Focus Minerals was transitioning from junior explorer to mining and processing, successive Board members have

DIRECTORS' REPORT



agreed to accept less than the comparable market fee for their work as a director, deciding to support the company during this period by avoiding fixed cost market fees.

Focus has maintained this approach since moving to a cash flow generating company and has instead, asked the directors to increase their work load through the evolution of Board Committees and the mentoring of one, or more of the executive management team.

Instead of seeking to move directors fees up over time to catch up this component of prior support, the Company introduced a Retirement Allowance in 2011 for the long term service of Director's, tied solely to their current Director's Fee at the time of retirement (Fixed Component). The application of the allowance was back dated to the time the directors commenced in their role.

The allowance is as follows:

3 - 5 Years' Service – 25% of annual fees on retirement

5 – 8 Years' Service – 50% of annual fees on retirement

8+ Years' Service – 100% of annual fees on retirement

When this allowance was introduced, the Remuneration Committee was at pains to ensure the size of the benefit to the individual was not significant enough to the individual's concerned to influence their judgement on Governance matters, or impair the sound functioning of the Board.

In this Annual Report, the only Directors who could benefit from this allowance are Mr Lockyer and Mr Taig.

The committees of the Board, as of the date of this report their Chair and members are presently as follows:

Board Member	Position	Committee			
		Audit & Risk	Technical	Remuneration	Appointments
Don Taig	Executive Chairman & Acting CEO		M		
Jisheng Lu	Director, Non-Executive			M	M
Phil Lockyer	Director, Independent Non-Executive	M	C	M	C
Yuhuan Ge	Director, Non-Executive		M	M	M
Bruce McComish	Director, Non-Executive	M		C	M
Gerry Fahey	Director, Independent Non-Executive	C	M	M	M
Wanghong Yang	Director, Executive				
Zaiqian Zhang	Alternate Director, Executive				

C=Chairman, M=Member

The following fees have applied:

'\$000	From 1 July 2011
Base fee	
Chair	80
Other non-executive directors	50

No additional fees were paid to directors, except for the technical committee representatives who are paid day rates for these services which are separate to base director fees.

The full board operated as the remuneration committee up until 21 December 2012 when the Board was expanded to seven with the appointment of three Shandong Gold International directors. Mr Taig also commenced acting as CEO on the 5th February 2013 and stepped down from a number of Committees including the remuneration committee, to improve the Company's corporate governance position resulting from his change of status.

DIRECTORS' REPORT

In addition, the following members of the key management personnel were mentored in their roles by the Directors as follows:

Role	Director Mentor
M Hine - COO	Phillip Lockyer
P Fromson - CFO	Bruce McComish

The compensation provided to the Directors in these circumstances is based upon an hourly fee which represents the variable nature of the time involved and doesn't load the corporate overhead with another fixed component. As a result, the components of the Director's remuneration will vary as to work and time and will be made up of 1) Fixed fee for Board meetings at less than the 50th percentile established from comparable published specialist remuneration consultants and 2) a variable component based upon work load and time to chair and contribute to Board Committees and mentoring of the Executive Team.

At present the maximum aggregate remuneration of directors' fees for non-executive directors is \$400,000 per annum of which \$380,000 currently paid to directors as fees.

The remuneration of non-executive directors for the period ended 30 June 2013 is detailed in the remuneration table.

Chairman & Acting CEO Role

At the beginning of February 2013, the Chairman assumed the additional role of Acting CEO with the resignation of the incumbent CEO, Campbell Baird. The Chairman committed to the Board that he will continue in this role in order to provide the stability, decision making and leadership support for the executive team in restabilising the operations prior to the appointment of a permanent CEO. In order to achieve this he relocated to Perth from Melbourne in March.

The Board is pleased with the progress being made so far on the company's Three Point Plan to set the business up to drive to become a low cost, high value gold producer. With the Chairman essentially wearing two hats in the business, in order to ensure the best possible corporate governance during this period of leadership transition, the Board has made significant changes to its Committee structure (see Corporate Governance) which underpins the Board's Governance activities in order to improve the transparency – especially in the key area of Audit and Risk – of this approach.

Senior executive and executive director remuneration

Remuneration primarily consists of fixed and performance based remuneration where determined by the Remuneration Committee. The Company has presently established an equity based scheme that will allow the executive team to share in the success of Focus Minerals Ltd. Any Issue of an equity component to executive directors is subject to the approval of shareholders in general meeting and it is a policy of the current Board that Directors do not participate in equity based proposals.

Fixed Remuneration

Fixed remuneration is reviewed annually by the Remuneration Committee. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. The Committee has access to external, independent advice where necessary.

Senior managers are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating additional cost for the Group.

Performance Based Remuneration

The key performance indicators (KPIs) are set annually, with a certain level of consultation with key management personnel to ensure a common understanding. The KPI's are specifically tailored to the areas each individual is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for group expansion and profit, covering financial and non-financial as well as short and long-term goals or achievement of specific projects or tasks. The level set for each KPI is based on budgeted figures for the Group and completion of defined projects or tasks within defined timeframes. The bonuses applicable to key management personnel are a maximum of 25-50% of the base salary applicable to each executive and the final amount payable as disclosed in the remuneration table is subject to KPI

DIRECTORS' REPORT



achievement and Company financial performance. Maximum amount, actual amount agreed and communicated by Remuneration Committee annually. The decision to agree and award a bonus is at the discretion of the recommendation of the CEO and approval of the Remuneration Committee

The Company has issued share options in previous years to certain key employees. The options are subject to vesting criteria related to the company's performance as follows:

Vesting of the options is subject to the Company achieving a Total Shareholder Return for the 12 month period prior to the applicable Vesting Date of at least within the 2nd quartile of Total Shareholder Returns for the Comparable Entities. Comparable Entities have been determined to be 12 gold producing companies listed on established stock exchanges and with operations predominately located within the Western Australian Eastern Goldfields region.

Total Shareholder Return is defined as the change in capital value per share of an entity over a 12 month period, plus dividends per share, expressed as a plus or minus percentage of their opening value.

No options were issued in 2013. At this stage, no LTI programme is in place. It is the intent to investigate an appropriate LTI at a future date.

In determining whether or not a KPI has been achieved, the Remuneration Committee bases the assessment on audited figures or on verifiable achievement of the relevant KPI. During the year, it was decided to not award bonuses.

Key Management Personnel Contracts

The standard key terms of the employment contracts for the key management personnel are summarised as follows:

	CEO ¹	COO	CFO
Term of employment	No fixed term	No fixed term	No fixed term
Maximum bonus - STI	20% of base salary	20% of base salary	20% of base salary
Termination Event Entitlements	In the event of a genuine redundancy directly as a result of a change of control the CEO is entitled to a payout equivalent to 6 months of his base salary for loss of employment.	The COO is entitled to a genuine redundancy payout of between a minimum of 4 and a maximum of 16 weeks based on a sliding scale commencing at 4 weeks with an additional week/s for each completed year of service until the maximum is reached after 10 years' service.	In the event of a genuine redundancy directly as a result of a change of control the CFO is entitled to a payout equivalent to 6 months of his base salary for loss of employment.
Notice period	3 month's notice required by either party except in the event of fraud or other normal termination events	3 month's notice required by either party except in the event of fraud or other normal termination events	8 week's notice required by either party except in the event of fraud or other normal termination events

¹ These contract terms do not apply to current Acting CEO position.

DIRECTORS' REPORT

REMUNERATION TABLES

Directors' remuneration for the years ended 30 June 2013 and 2012.

'\$000's		Short-term Benefits		Post-Employment Benefits		Total	%
		Salary & Fees	Other	Super-annuation	Bonus		
Current directors							
Donald Taig (Acting CEO) ⁽ⁱ⁾	2013	480	-	34	-	514	-
	2012	177	-	16	-	193	-
Phillip Lockyer	2013	52	-	5	-	57	-
	2012	50	-	5	-	55	-
Gerry Fahey	2013	60	-	5	-	65	-
	2012	50	-	5	-	55	-
Bruce McComish ⁽ⁱⁱ⁾	2013	59	-	5	-	64	-
	2012	72	-	7	-	79	-
Jisheng Lu	2013	-	-	-	-	-	-
	2012	-	-	-	-	-	-
Yuhuan Ge	2013	-	-	-	-	-	-
	2012	-	-	-	-	-	-
Wanghong Yang	2013	-	-	-	-	-	-
	2012	-	-	-	-	-	-
Zaiqian Zhang	2013	-	-	-	-	-	-
	2012	-	-	-	-	-	-
Former directors							
Zhongyi Li resigned 5 July 2013	2013	32	-	-	-	32	-
	2012	-	-	-	-	-	-
Dahui Zhang resigned 5 July 2013	2013	32	-	-	-	32	-
	2012	-	-	-	-	-	-
Michael Guo resigned 5 July 2013	2013	32	-	-	-	32	-
	2012	-	-	-	-	-	-

The directors fees listed above to former directors have not yet been paid and the above amounts represent their accrued entitlements. The Shandong Gold representatives have an arrangement whereby all directors fees net of tax are paid to Shandong Gold International Mining Corporation Limited.

- (i) This amount includes \$80,000 for Mr. Taig's role as Chairman of the Board. The balance of this amount from 1 July 2012 until 1 February 2013 is based upon a part-time per diem rate of \$1,500 and is impacted in 2013, by the considerable workload attached to the Shandong Gold transaction and the period from 1 February 2013 until 30th September 2013 is based upon a full-time per diem rate set by the Remuneration Committee of \$2,500. Mr. Taig excluded himself from this meeting of the Remuneration Committee. Mr. Taig agreed to relinquish his external consulting roles with other parties to be able to devote full-time attention to Focus Mineral's matters and agreed to relocate to Perth. Mr. Taig has now been asked by the Board to extend his Acting CEO role and continue as Chair of the Board after discussions with the company's major shareholder. Mr. Taig has voluntarily agreed to reduce his per diem rate to \$1687.50 from 1 October 2013 onwards. Mr. Taig's per diem hours are from 6.30am to 5.30pm WAST to ensure corporate coverage with the Eastern Seaboard of Australia.
- (ii) Mr. McComish receives an additional amount of \$15,000 for representing Shandong Gold on the Board and liaises on this basis with the Focus Minerals Chairman. This amount is paid as a lump sum annually in January.

DIRECTORS' REPORT

Remuneration of the key management personnel for the years ended 30 June 2013 and 2012

‘\$000’s		Short-term Benefits		Post-Employment Benefits				%
		Salary & Fees	Other	Super-annuation	Equity Options	Bonus	Total	Performance based
Current Executives								
Mark Hine ¹ <i>Chief Operating Officer</i>	2013	370	-	35	-	20 ⁴	425	4.7%
	2012	363	-	36	-	-	399	-
Paul Fromson ² <i>Company Secretary/Chief Financial Officer</i>	2013	293	-	26	-	-	319	-
	2012	49	-	4	-	-	53	-
Former Executives								
Campbell Baird ³ <i>Chief Executive Officer</i>	2013	152	207	32	-	-	392	-
	2012	379	-	34	26	22	461	10.4%

1. Mr Hine was appointed as Chief Operating Officer of in December 2011. He joined Crescent Gold as Chief Operating Officer in April 2011, before being appointed to the role across the Group.
2. Mr Fromson was appointed as Company Secretary and Chief Financial Officer in April 2012.
3. Mr Baird resigned from the position of Chief Executive Officer in February 2013. Other short-term benefits are termination benefit.
4. Amount paid honouring a retention bonus from Mr Hine's pre-existing contract with Crescent Gold.

DIRECTORS' REPORT

Relationship between remuneration and Focus Minerals Ltd's performance

The majority of salary is fixed while small portions of remuneration, such as bonus and share option, are linked to company performance. Therefore while there is some linkage to company performance it is not closely aligned.

The following table shows key performance indicators for the group over the last five years:

'\$000's		2013	2012	2011	2010	2009
Profit attributable to the owners of Focus Minerals Ltd		(171,523)	6,844	7,645	10,882	3,147
Basic earnings per share	(CPS)	(2.47)	0.15	0.26	0.39	0.20
Dividend payments	\$	n/a	n/a	n/a	n/a	n/a
Dividend payout ratio		n/a	n/a	n/a	n/a	n/a
Share Price as at year end	\$	0.014	0.037	0.070	0.051	0.027
Increase/(decrease) in share price		-62%	-47%	37%	89%	-36%
Total KMP incentive as percentage of profit/(loss) for the year (%)		-	0.70%	1.56%	1.47%	0.64%

To achieve the group's vision for Focus Minerals Ltd to become a low cost, high value gold producer, the Board has put in place a salary freeze, the Board has volunteered a 10% reduction in remuneration and Don Taig, Executive Chairman and Acting CEO, has volunteered a 33% reduction in his per diem rate as Acting CEO.

This is the end of the remuneration report.

Directors' Meetings

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director was as follows:

Director	Board		Audit and Business Risk Committee		Remuneration Committee		Technical Committee	
	A	B	A	B	A	B	A	B
Non-Executive								
Donald Taig	11	11	2	2	1	2	-	-
Phillip Lockyer	10	11	-	-	1	2	6	6
Gerry Fahey	11	11	-	-	1	2	6	6
Bruce McComish	6	11	2	2	2	2	-	-
Li Zhongyi	3	4	-	-	-	2	-	-
Dahui Zhang	3	4	-	-	1	2	-	-
Michael Guo	4	4	-	-	1	2	-	-

A – Number of meetings attended.

B – Number of meetings held during the time the director held office or was a member of the relevant committee during the year.

Proceedings on Behalf of Company

Other than as disclosed in this report no person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

DIRECTORS' REPORT



No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

Auditor Independence and Non-Audit Services

Change of Auditor

During the year the company applied to ASIC to change its auditors on the basis that the major shareholder and parent company Shandong Gold International had different auditors and that a change was permitted under these circumstances to allow efficiencies. Grant Thornton resigned as auditors upon ASIC approval and PricewaterhouseCoopers were appointed as auditors. The disclosure of audit fees for the prior year is for Grant Thornton only whereas audit fees and non-audit fees for 2013 involve both Grant Thornton and PricewaterhouseCoopers.

Non-Audit Services

The Board of directors, in accordance with advice from the audit and business risk committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit and business risk committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

Fees totalling \$314,000 was paid to PricewaterhouseCoopers (2012: \$7,000 was paid to Grant Thornton) for non-audit services, principally for taxation services, provided during the year ended 30 June 2013. Refer note 26 of the accompanying financial report.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2013 has been received and can be found on page 40 of this Financial Report.

Rounding of amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This Report of the Directors is signed 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
Chairman

30 September 2013
Perth, Western Australia



Auditor's Independence Declaration

As lead auditor for the audit of Focus Minerals Ltd for the year ended 30 June 2013, 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 audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Focus Minerals Ltd and the entities it controlled during the period.

A handwritten signature in black ink that reads 'Tim Goldsmith'.

Tim Goldsmith
Partner
PricewaterhouseCoopers

Melbourne
30 September 2013

PricewaterhouseCoopers, ABN 52 780 433 757
Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
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STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2013



	Notes	Consolidated	
		2013 \$'000	2012 \$'000
Revenue	2(a)	214,795	258,253
Cost of sales		(233,074)	(202,625)
Depreciation and amortisation expense	2(c)	(37,056)	(32,800)
Gross (loss) / profit		(55,335)	22,828
Other income	2(b)	5,091	1,370
Finance costs	2(c)	(1,582)	(17)
Takeover costs		(4,030)	(3,543)
Impairment	2(c)	(85,652)	-
Shutdown costs	18	(12,055)	-
Corporate and other expenses	2(c)	(17,960)	(13,794)
(Loss) / profit before income tax		(171,523)	6,844
Income tax expense	3	-	-
(Loss) / profit after income tax for the year		(171,523)	6,844
Other comprehensive income for the year, net of tax		-	-
Total comprehensive (loss) / profit for the year		(171,523)	6,844
Total comprehensive (loss) / profit attributable to:			
Non-controlling interest	8(b)	(4,989)	693
Owners of the parent		(166,534)	6,151
Total comprehensive (loss) / profit for the year		(171,523)	6,844
Earnings Per Share			
Basic (loss) / profit per share (cents per share)	5	(2.47)	0.15
Diluted (loss) / profit per share (cents per share)	5	(2.47)	0.15

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2013

	Notes	Consolidated	
		2013 \$'000	2012 \$'000
Assets			
Current Assets			
Cash and cash equivalents	6	114,159	2,604
Restricted Cash	6	8,541	381
Trade and other receivables	7	2,105	6,509
Inventories	9	9,477	25,559
Other current assets	10	138	623
Financial assets	11	467	1,347
Total Current Assets		134,887	37,023
Non-Current Assets			
Restricted cash	6	16,891	12,885
Plant and equipment	13	37,423	49,696
Mine properties and development	14	42,971	58,919
Exploration and evaluation assets	15	91,177	139,715
Total Non-Current Assets		188,462	261,215
Total Assets		323,349	298,238
Liabilities			
Current Liabilities			
Trade and other payables	17	21,206	59,214
Interest bearing liabilities	19	9,808	9,455
Provisions	18	7,269	2,339
Total current liabilities		38,283	71,008
Non-current liabilities			
Interest bearing liabilities	19	514	2,404
Provisions	18	21,664	8,397
Total Non-Current Liabilities		22,178	10,801
Total Liabilities		60,461	81,809
Net Assets		262,889	216,429
Equity			
Issued capital	20	427,167	203,910
Reserves	20	(6,995)	(1,732)
Non-controlling interest	8	-	5,000
(Accumulated losses)/Retained earnings		(157,283)	9,251
Total Equity		262,889	216,429

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2013



Notes	Issued capital \$'000	Retained Earnings / (Accumulated Losses) \$'000	Reserves \$'000	Non- controlling Interest \$'000	Total \$'000
Balance as at 30 June 2011	145,010	3,100	123	-	148,233
Total comprehensive income for the year	-	6,151	-	693	6,844
Transactions with owners, recorded directly in equity					
Acquisition reserve	-	-	(1,855)	4,307	2,452
Shares issued in the period (net of transaction cost)	58,900	-	-	-	58,900
Balance as at 30 June 2012	203,910	9,251	(1,732)	5,000	216,429
Total comprehensive income for the year	-	(166,534)	-	(4,989)	(171,523)
Transactions with owners, recorded directly in equity					
Share option reserve	-	-	60	-	60
Shares issued in the period – placement (net of transaction cost)	217,923	-	-	-	217,923
Shares issued in the period to acquire non-controlling interest (net of transaction cost) 8(b)	5,334	-	(5,323)	(11)	-
Balance as at 30 June 2013	427,167	(157,283)	(6,995)	-	262,889

The accompanying notes form part of these financial statements.

STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 30 JUNE 2013

	Notes	Consolidated	
		2013 \$'000	2012 \$'000
Cash flows from operating activities			
Receipts from customers (including GST)		241,119	248,087
Payments to suppliers and employees (including GST)		(273,991)	(183,330)
Royalties paid		(23,406)	(9,106)
Other income		600	484
Takeover costs		(4,037)	-
Shutdown costs		(2,189)	-
Interest received		3,581	589
Finance costs		(286)	(718)
Net cash (outflow) / inflow from operating activities	6(ii)	(58,609)	56,006
Cash flows from investing activities			
Proceeds from sale of non-current assets		850	-
Cash acquired in acquisition of Crescent Gold		-	1,901
Acquisition of plant and equipment		(2,300)	(13,622)
Mine development expenditure		(18,907)	(46,335)
Exploration expenditure		(15,236)	(21,601)
Net cash outflow from investing activities		(35,593)	(79,657)
Cashflows from financing activities			
Proceeds from issue of shares (net of transaction cost)		217,923	-
Proceeds from borrowings		-	8,000
Payment for loan offset facility		(8,000)	-
Payments for performance bonds		(4,166)	(12,454)
Net cash inflow from financing activities		205,757	(4,454)
Net increase / (decrease) in cash and cash equivalents		111,555	(28,105)
Cash and cash equivalents at 1 July		2,604	30,709
Cash and cash equivalents at 30 June	6(i)	114,159	2,604
Non-cash financing and investing activities	6(iii)		

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013



NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Focus Minerals Ltd ('the parent entity') and its subsidiaries (the 'Group').

(a) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The parent entity has applied the relief available to it under ASIC Class Order 98/100 and accordingly, amounts in the financial statements and directors' report have been rounded off to the nearest \$1,000.

The consolidated financial statements are presented in Australian dollars (AUD), which is also the functional currency of the parent company.

The financial report covers the consolidated financial statements of Focus Minerals Ltd and controlled entities. Focus Minerals Ltd is a for-profit, listed public company, incorporated and domiciled in Australia.

The financial report of Focus Minerals Ltd and controlled entities comply with Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial report has been prepared on an accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected financial assets.

The financial information for the parent entity, Focus Minerals Ltd, disclosed in note 24 has been prepared on the same basis as the consolidated financial statements.

(b) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer.

(c) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Focus Minerals Ltd at the end of the reporting period and from time to time during the year. A controlled entity is any entity over which Focus Minerals Limited has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 23 to the financial statements. The acquisition method of accounting is used to account for business combinations by the group (refer to note 1(e)).

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the Equity section of the consolidated Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Principles of Consolidation (continued)

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Focus Minerals Ltd. When the group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associated, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate. If the ownership interest in a jointly-controlled entity or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(d) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognised:

Gold and silver sales: Revenue from the production of gold and silver is recognised when the Group has passed control and risk to the buyer.

Rendering of services: Revenue from the rendering of services provided is recognised when the service is provided charged on the per unit rate as agreed in contracts of service.

Interest income: Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Dividends: Revenue is recognised when the Group's right to receive the payment is established.

Rental income: Rental income from mining leases is accounted for on a straight-line basis over the lease term. Contingent rental income is recognised as income in the periods in which it is earned.

(e) Business Combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013



NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised at their fair value or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the general policy on borrowing costs. Finance leased assets are depreciated on a straight line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(g) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short term, highly liquid deposits with an original maturity of three months or less. For the purposes of the Statement of Cash Flow, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(h) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for doubtful debts.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is not material.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

(i) Inventories

Raw materials and stores, ore stockpiles and work in progress and finished gold stocks are physically measured or estimated and valued at the lower of cost and net realisable value. Net realisable value less costs to sell is assessed annually based on the amount estimated to be obtained from sale of the item of inventory in the normal course of business, less any anticipated costs to be incurred prior to its sale.

Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure and depreciation and amortisation relating to mining activities, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventories of consumable supplies and spare parts expected to be used in production are valued at the lower of weighted average cost, which includes the cost of purchase as well as transportation and statutory charges, or net realisable value. Any provision for obsolescence is determined by reference to specific stock items identified.

During the exploration and development phase, where the cost of extracting the ore exceeds the likely recoverable amount, work in progress inventory is written down to net realisable value,

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Impairment of financial assets

The Group assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account.

The amount of the loss is recognised in profit or loss. The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant.

If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

(k) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets attributable to income tax losses are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profits will be available to allow the deferred tax asset to be recovered.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013



NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Income tax (continued)

Determination of future taxable profits requires estimates and assumptions as to future events and outcomes, in particular, whether successful development and commercial exploitation, or alternatively sale, of the respective areas of interest will be achieved. This includes estimates and judgements about commodity prices, ore resources, exchange rates, future capital requirements, future operational performance and the timing of estimated cash flows. Changes in these estimates and assumptions could impact on the amount and probability of estimated taxable profits and accordingly the recoverability of deferred tax assets.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority. Focus Minerals Ltd and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(l) Financial Instruments

Recognition and Initial Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the trade-date, the date on which the company commits itself to either the purchase or sale of the asset. Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- (a) the amount at which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments;
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- (d) less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Financial Instruments (continued)

i. Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

iii. Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the income statement.

De-recognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(m) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013



NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Depreciation

Depreciation on mobile plant is calculated on a straight-line basis over the estimated useful life of the assets being 5 - 15 years. Depreciation of underground assets is calculated on a unit of production basis over the period of the life of mine plan.

Depreciation of the mill treatment assets is calculated on a diminishing value basis over the estimated useful life of the assets, being 10 years. This class of assets was previously incorrectly shown as being depreciated on a straight line basis.

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

Impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the statement of profit or loss and other comprehensive income.

De-recognition and disposal

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(o) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest. Such expenditure comprises direct costs and does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest.

Exploration expenditure for each area of interest is carried forward as an asset provided the rights to tenure of the area of interest are current and one of the following conditions is met:

- The exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
- Exploration and evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interests are continuing.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Exploration and Evaluation Expenditure (continued)

Exploration expenditure is written off when it fails to meet at least one of the conditions outlined above or an area of interest is abandoned.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount the impairment loss will be measured and disclosed in accordance with AASB 136 Impairment of Assets.

When a decision is made to develop an area of interest, all carried forward exploration expenditure in relation to the area of interest is transferred to Mine Properties and Development.

(p) Mine Properties and Development

Development expenditure represents the accumulated exploration, evaluation, land and development expenditure incurred by or on behalf of the Group in relation to areas of interest in which mining of a mineral resource has commenced.

When further development expenditure is incurred in respect of a mine property after commencement of production, such expenditure is carried forward as part of the mine property only when substantial future economic benefits are thereby established, otherwise such expenditure is classified as part of the cost of production.

(p) Mine Properties and Development

In some circumstances, where conversion of resources into reserves is expected, some resources may be included. Development and land expenditure still to be incurred in relation to the current reserves are included in the amortisation calculation. Where the life of the assets are shorter than the mine life their costs are amortised based on the useful life of the assets.

The estimated recoverable reserves and life of the mine and the remaining useful life of each class of asset is reassessed at least annually. Where there is a change in the reserves/resources amortisation rates are correspondingly adjusted.

(q) Trade and other payables

Trade and other payables are recognised originally at fair value and subsequently measured at amortised cost using the effective interest rate method. Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

(r) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses are recognised in the income statement when the liabilities are derecognised and as well as through the amortisation process.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(s) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013



NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Employee benefits

Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(u) Share-based payment transactions

Equity settled transactions

The Group provides benefits to certain third parties and employees (including senior executives) of the Group in the form of share-based payments. Third parties and employees render services to the Group in exchange for shares or rights over shares ("equity-settled transaction").

The cost of these equity-settled transactions with third parties and employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black Scholes model, further details of which are given in Note 16.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Focus Minerals Ltd (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant beneficiary becomes fully entitled to the award ("vesting date").

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see Note 5).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(w) Restoration and Rehabilitation Costs

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. The mining, extraction and processing activities of the Group give rise to obligations for site restoration and rehabilitation. Restoration and rehabilitation obligations can include facility decommissioning and dismantling, removal or treatment of waste materials, land rehabilitation and site restoration. Provisions for the cost of each rehabilitation program are recognised at the time that environmental disturbance occurs. Restoration and rehabilitation provisions are initially measured at the expected value of future cash flows required to rehabilitate the relevant site, discounted to their present value. The judgements and estimates applied for the estimation of the rehabilitation provisions are discussed in note 1(z).

When provisions for restoration and rehabilitation are initially recognised, the corresponding cost is capitalised into the cost of the related assets and is amortised using the units of production method over the life of the mine. The value of the provision is progressively increased over time as the effect of discounting unwinds, creating an expense recognised in finance costs.

At each reporting date the restoration and rehabilitation liability is re-measured to account for any new disturbance, updated cost estimates, inflation, changes to the estimated reserves and lives of operations, new regulatory requirements, environmental policies and revised discount rates. Changes to the restoration and rehabilitation liability are added to or deducted from the related rehabilitation asset and amortised accordingly.

(x) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(y) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(z) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key estimates

Reserves and resources

In order to calculate ore reserves and mineral resources, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates. The consolidated entity estimates its ore reserves and mineral resources based on information compiled by Competent Persons (as defined in accordance with the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves as revised in December 2004 (the JORC code).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013



NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(z) Critical Accounting Estimates and Judgements (continued)

As economic assumptions used to estimate reserves change and as additional geological data is generated during the course of operations, estimates of reserves and mineral resources may vary from period to period. Changes in reported reserves and mineral resources may affect the Group's financial results and financial position in a number of ways, including the following:

- asset carrying values may be affected due to changes in estimated future cash flows;
- depreciation and amortisation charges in profit and loss may change where such charges are determined by the units of production basis, or where the useful economic lives of assets change; and
- restoration and rehabilitation provision may be affected due to changes in the magnitude of future restoration and rehabilitation expenditure.

Exploration and evaluation expenditure

The Group's accounting policy for exploration and evaluation expenditure results in expenditure being capitalised for an area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. This policy requires management to make certain estimates as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised the expenditure under the policy, a judgement is made that recovery of the expenditure is unlikely, the relevant capitalised amount will be written off to profit and loss.

Mine properties and development

Development activities commence after commercial viability and technical feasibility of the project is established. Judgement is applied by management in determining when a project is commercially viable and technically feasible. In exercising this judgement, management is required to make certain estimates and assumptions as to the future events. If, after having commenced the development activity, a judgement is made that a development asset is impaired, the relevant capitalised amount will be written off to profit and loss.

Restoration and rehabilitation provision

The Group's accounting policy for the recognition of restoration and rehabilitation provisions requires significant estimates including the magnitude of possible works required for the removal of infrastructure and of rehabilitation works, future cost of performing the work, the inflation and discount rates and the timing of cash flows. These uncertainties may result in future actual expenditure differing from the amounts currently provided. When these factors change or become known in the future, such differences will impact the mine rehabilitation provision in the period in which they change or become known.

Impairment of assets

The Group assesses each Cash-Generating Unit (CGU) as listed in Note 12, at least annually, to determine whether there is any indication of impairment or reversal. Where an indicator of impairment or reversal exists, a formal estimate of the recoverable amount is made, which is deemed as being the higher of the fair value less costs to sell and value in use calculated in accordance with accounting policy Note 10. These assessments require the use of estimates and assumptions such as discount rates, exchange rate, commodity prices, gold multiple values, future operating development and sustaining capital requirements and operating performance (including the magnitude and timing of related cash flow).

Income taxes

Judgement is required in assessing whether deferred tax assets and liabilities are recognised on the statement of financial position. Deferred tax assets, including those arising from temporary differences, are recognised only when it is considered more likely than not that they will be recovered, which is dependent on the generation of future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised. Refer to note 3 for details of the judgement applied in the current period in relation to income taxes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(aa) Early adoption of standards

The group has elected to apply the following pronouncement to the annual reporting period beginning 1 July 2012:

- AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle

This includes applying the revised pronouncement to the comparatives in accordance with *AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors*. None of the items in the financial statements had to be restated as a result of applying this standard. However, the amendments removed the requirement to provide additional comparative information in all relevant notes where line items in the financial statements are affected as a result of a retrospective restatement (eg because of an error). Following the amendments, it is now sufficient if an entity includes a third balance sheet and explains the impact of the restatement on individual line items in the note that sets out the reasons for the restatement.

(ab) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2013 reporting periods and have not been early adopted by the group. The group's assessment of the impact of these new standards and interpretations is set out below.

- (i) AASB 10 *Consolidated Financial Statements*, AASB 11 *Joint Arrangements*, AASB 12 *Disclosure of Interests in Other Entities*, revised AASB 127 *Separate Financial Statements*, AASB 128 *Investments in Associates and Joint Ventures*, AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards* and AASB 2012-10 *Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments* (effective 1 January 2013)

In August 2011, the AASB issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 *Consolidated and Separate Financial Statements*, and Interpretation 12 *Consolidation – Special Purpose Entities*. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. Control exists when the investor can use its power to affect the amount of its returns. There is also new guidance on participating and protective rights and on agent/principal relationships. While the group does not expect the new standard to have a significant impact on its composition, it has yet to perform a detailed analysis of the new guidance in the context of its various investees that may or may not be controlled under the new rules.

AASB 11 introduces a principles based approach to accounting for joint arrangements. The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement. Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture. Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted. Parties to a joint operation will account for their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard. AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control.

The group is yet to evaluate the impact of the new guidance.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128. Application of this standard by the Group will not have a significant impact on the financial statements.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa. The amendments also introduce a "partial disposal" concept. The group is still assessing the impact of these amendments.

The group will adopt the new standards from their operative date. They will therefore be applied in the financial statements for the annual reporting period ending 30 June 2014.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013



NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ab) New accounting standards and interpretations (continued)

- (ii) *AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (effective 1 January 2013)*

AASB 13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures. The group has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements. The group will adopt the new standard from its operative date, which means that it will be applied in the annual reporting period ending 30 June 2014.

- (iii) *Revised AASB 119 Employee Benefits and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)*

In September 2011, the AASB released a revised standard on accounting for employee benefits. It requires the recognition of all remeasurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called 'corridor' method), the immediate recognition of all past service cost in profit or loss and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset. This replaces the expected return on plan assets that is currently included in profit or loss. The standard also introduces a number of additional disclosures for defined benefit liabilities/assets and could affect the timing of the recognition of termination benefits. The amendments will have to be implemented retrospectively.

The group does not currently have any defined benefit liabilities/assets and hence there would be no impact on the results for the current period if the standard had been adopted. The Group will apply the new standard when it becomes operative, being from 1 July 2013. There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(ac) New Accounting Standards Not Yet Adopted

Interpretation 20 – Stripping Costs in the Production Phase of a Surface Mine

This interpretation applies to stripping costs incurred during the production phase of a surface mine. Production stripping costs (also known as deferred mining costs) are to be capitalised as part of an asset if:

- An entity can demonstrate that it is probable future economic benefits will be realised;
- The costs can be reliably measured; and
- The entity can identify the component of an ore body for which access has been improved.

The stripping activity asset shall be amortised on a systematic basis, over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity.

The adoption of this new standard, amendment or interpretation will not have a material impact on the Group's financial statements. The Group will apply the new standard when it becomes operative, being from 1 July 2013.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 2: REVENUES AND EXPENSES

	Consolidated	
	2013 \$'000	2012 \$'000
(a) Revenue		
Gold sales	214,080	257,463
Silver sales	715	790
	214,795	258,253
(b) Other income		
Interest income	3,855	781
Rental revenue	99	242
Sundry income	501	-
Realised gold forward contracts	636	347
	5,091	1,370
(c) Expenses		
<i>Finance costs</i>		
Interest expense and finance charges	1,582	17
<i>Depreciation & Amortisation Expense</i>		
Depreciation	7,733	9,486
Amortisation	29,323	23,314
Total amortisation and depreciation	37,056	32,800
<i>Corporate and other expenses</i>		
Legal fees	1,323	355
Option expense	60	708
Employee benefit expense	6,363	3,506
Corporate expense	9,368	9,225
Net loss on disposal of assets	292	-
Office lease costs	554	488
Total corporate and other expenses	17,960	13,794
<i>Impairment</i>		
Impairment – mining assets (Note 12)	84,952	-
Impairment – financial assets	700	-
Total impairment	85,652	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013



NOTE 3: INCOME TAX

	Consolidated	
	2013	2012
Major components of income tax expense for the Years ended 30 June 2013 and 30 June 2012 are:		
Income Statement		
<i>Current income</i>		
Current income tax charge	-	-
Deferred tax assets relating to tax losses	-	2,295
<i>Deferred income tax</i>		
Relating to origination and reversal of temporary differences	-	(2,712)
Temporary differences recognised in equity		(484)
Current year tax loss not recognised in current period	-	3,196
Income tax expense (benefit) reported in income statement	-	-
Statement of changes in equity		
<i>Deferred income tax</i>		
Capital raising costs	-	-
Income tax expense reported in equity	-	-
A reconciliation of income tax expense (benefit) applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the company's effective income tax rate for the Years ended 30 June 2013 and 30 June 2012 is as follows		
Accounting profit (loss) before tax from continuing operations	(171,523)	6,844
Loss before tax from discontinued operations	-	-
Accounting profit (loss) before income tax	(171,523)	6,844
Tax at the statutory income tax rate of 30%	(51,457)	2,053
Add:		
Non-deductible expenses	969	242
Temporary differences not recognised	7,129	-
Tax loss not brought to account as a deferred tax asset	43,359	(2,295)
Adjustments in respect of previous current income tax	-	-
Less:		
Adjustments in respect of previous deferred income tax	-	-
Non-assessable income	-	-
Realisation of prior tax losses not previously recognised	-	-
Income tax expense reported in income statement	-	-
Income tax attributable to discontinued operation	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 3: INCOME TAX (CONTINUED)

Tax consolidation

The company and its 100% owned controlled entities have formed a tax consolidated group. Members of the Consolidated Entity have entered into a tax sharing arrangement with effect from 30 June 2013 in order to allocate income tax expense to the wholly owned controlled entities on a pro-rate basis. The agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At balance date, the possibility of default is remote. The head entity of the tax consolidated group is Focus Minerals Limited.

Tax Effect accounting by members of the tax consolidated group

Members of the tax consolidated group have entered into a tax funding agreement with effect from 30 June 2013. The tax funding agreement provides for the allocation of current taxes to members of the tax consolidated group. Deferred taxes are allocated to members of the tax consolidated group in accordance with a group allocation approach which is consistent with the principles of AASB 112 Income Taxes. The allocation of taxes under the tax funding agreement is recognised as an increase/decrease in the controlled entities intercompany accounts with the tax consolidated group head company, Focus Minerals Limited.

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	30 June 2013	30 June 2012	30 June 2013	30 June 2012	30 June 2013	30 June 2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CONSOLIDATED						
Cash and Cash Equivalents	-	-	-	-	-	-
Trade and other receivables	-	-	-	-	-	-
Inventories and other CA	(160)	-	40	104	(119)	104
Property, Plant and Equipment	-	-	(1,686)	4,605	(1,686)	4,605
Mine Property	-	-	14,258	-	13,342	33,340
Exploration	-	-	13,342	33,340	14,258	-
Investment in Subsidiaries & Intercompany	-	-	-	-	-	-
Trade and other payables	(266)	(22)	-	-	(266)	(22)
Employee benefits	(373)	(692)	-	-	(373)	(692)
Loans and Borrowings	-	-	-	-	-	-
Provisions	(1,782)	-	-	-	(1,782)	-
Rehabilitation Provision	(5,175)	(2,451)	-	-	(5,175)	(2,451)
Provisions	(1,177)	(9)	-	-	(1,177)	(9)
Loans and Borrowings	-	-	-	-	-	-
Other Non-current liabilities	(146)	(58)	-	-	(146)	(58)
Tax Losses	(16,874)	(34,815)	-	-	(16,874)	(34,815)
Tax (assets) liabilities	(25,956)	(38,049)	25,956	38,049	-	-
Set off of tax	25,956	38,049	(25,956)	(38,049)	-	-
Net tax (assets) liabilities	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013



NOTE 3: INCOME TAX (CONTINUED)

Movement in temporary differences during the year

	Balance 1 July 2012	Recognised in Income	Recognised in Equity	Balance 30 June 2013
	\$'000	\$'000	\$'000	\$'000
Inventories and other CA	104	(223)	-	(119)
Property, Plant and Equipment	4,605	(6,291)	-	(1,686)
Mine Property	2,353	11,905	-	14,258
Exploration	30,987	(17,645)	-	13,342
Investment in Subsidiaries & Intercompany	-	-	-	-
Trade and other payables	(22)	(244)	-	(266)
Employee benefits	(692)	318	-	(373)
Loans and Borrowings	-	-	-	-
Provisions	-	(1,782)	-	(1,782)
Rehabilitation Provision	(2,451)	(2,723)	-	(5,175)
Provisions	(9)	(1,168)	-	(1,177)
Loans and Borrowings	-	-	-	-
Other Non-current liabilities	(58)	(88)	-	(146)
Tax Losses	(34,815)	17,941	-	(16,874)
	-	-	-	-

Movement in temporary differences during the year (continued)

	Balance 30 June 2011	Recognised in Income	Recognised in Equity	Balance 30 June 2012
	\$'000	\$'000	\$'000	\$'000
Inventories and other CA	-	104	-	104
Property, Plant and Equipment	-	4,605	-	4,605
Mine Property	22,811	10,528	-	33,340
Investment in Subsidiaries & Intercompany	-	-	-	-
Trade and other payables	(1,245)	1,222	-	(22)
Employee benefits	(452)	(239)	-	(692)
Rehabilitation Provision	-	(2,451)	-	(2,451)
Provisions	(352)	343	-	(9)
Loans and Borrowings	-	-	-	-
Other Non-current liabilities	-	(58)	-	(58)
Tax Losses	(22,588)	(12,227)	-	(34,815)
	(1,828)	1,828	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 3: INCOME TAX (CONTINUED)

Unrecognised deferred tax assets

	CONSOLIDATED	
	30 June 2013	30 June 2012
Deferred tax assets have not been recognised in respect of the following items	\$'000	\$'000
Deferred tax assets - other	33	3,918
Tax Losses	72,604	76,706
Capital Losses	3,939	973
	76,576	81,597

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013



NOTE 4: SEGMENT REPORTING

During the 2012 financial year, Focus Minerals Ltd acquired 81.57% of Focus Minerals (Laverton) Ltd – formerly Crescent Gold Ltd. During 2013, Focus acquired the remaining 18.43% of Focus Minerals (Laverton) Ltd. The Group has three 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. Gold produced is sold through agents at spot pricing or delivered into forward gold contracts. Segment Financial Information for the financial year ended 2013 are presented below:

	2013 Coolgardie \$'000	2013 Laverton \$'000	2013 Corporate \$'000	2013 Elimination \$'000	2013 Consolidated \$'000
Revenue from Main Product Sales - Gold	89,855	124,225	-	-	214,080
Revenue from By Product Sales - Silver	403	312	-	-	715
TOTAL GROSS REVENUE	90,258	124,537	-	-	214,795
Cost of Sales	(100,610)	(132,464)	-	-	(233,074)
Amortisation & Depreciation	(14,235)	(22,734)	(87)	-	(37,056)
SEGMENTED OPERATING LOSS	(24,587)	(30,661)	(87)	-	(55,335)
Interest and financing fees	(1,026)	(2,610)	(273)	2,327	(1,582)
Other income	133	862	6,424	(2,327)	5,092
Interest income	-	-	-	-	-
Takeover costs	-	-	(4,030)	-	(4,030)
Shutdown costs	(10,505)	(1,550)	-	-	(12,055)
Impairment	(52,305)	(10,491)	(147,568)	124,712	(85,652)
Other expenses	(245)	(4,747)	(12,969)	-	(17,960)
SEGMENTED LOSS BEFORE TAX	(88,535)	(49,197)	(158,503)	124,712	(171,522)
Income taxes	-	-	-	-	-
Non-controlling interest	-	4,989	-	-	4,989
SEGMENTED PROFIT / (LOSS)	(88,535)	(44,208)	(158,503)	124,712	(166,533)
Current Assets	10,513	2,533	121,840	-	134,886
Non-Current Assets					
- Restricted Cash	751	12,642	3,498	-	16,891
- Intercompany loans	10,368	10,602	101,363	(122,333)	-
- Property, Plant & Equipment	24,539	7,339	494	5,051	37,423
- Mine Property and Development	31,787	11,184	-	-	42,971
- Exploration and Evaluation	29,865	13,679	13,671	33,962	91,177
- Investments in subsidiaries	-	-	-	-	-
TOTAL ASSETS	107,823	57,979	240,865	(83,320)	323,348
Current Liabilities	19,697	3,242	15,343	-	38,283
Intercompany Loans	89,606	76,200	-	(165,806)	-
Other Non-Current Liabilities	14,711	7,462	901	(897)	22,178
TOTAL LIABILITIES	124,014	86,904	16,244	(166,704)	60,459
NET ASSETS	(16,191)	(28,925)	224,621	83,384	262,889
Equity	23,364	23,366	427,167	(46,730)	427,167
Reserves	-	-	182	(7,177)	(6,995)
Retained Earnings	(39,555)	(52,291)	(202,728)	137,291	(157,283)
NET EQUITY	(16,191)	(28,925)	224,621	83,384	262,889
Capital Expenditures	19,621	20,793	874	-	41,288

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 4: SEGMENT REPORTING (CONTINUED)

Segment Financial Information for the financial year ended 2012 are presented below:

	2012 Coolgardie \$'000	2012 Laverton \$'000	2012 Corporate \$'000	2012 Intercompany \$'000	2012 Consolidated \$'000
Revenue from Main Product Sales - Gold	145,547	111,916	-	-	257,463
Revenue from By Product Sales - Silver	510	280	-	-	790
TOTAL GROSS REVENUE	146,057	112,196	-	-	258,253
Cost of Sales	112,099	90,526	-	-	202,625
Amortisation & Depreciation	17,869	14,858	73	-	32,800
SEGMENTED OPERATING PROFIT / (LOSS)	16,089	6,812	(73)	-	22,828
Interest and financing fees	-	939	-	(922)	17
Other income	(291)	-	(299)	-	(590)
Interest income	-	(467)	(1,235)	922	(780)
Takeover costs	-	-	3,543	-	3,543
Other expenses	-	2,580	11,214	-	13,794
SEGMENTED PROFIT / (LOSS) BEFORE TAX	16,380	3,760	(13,296)	-	6,844
Income taxes	-	-	-	-	-
Non-controlling interest	-	(693)	-	-	(693)
SEGMENTED PROFIT / (LOSS)	16,380	3,067	(13,296)	-	6,151
Current Assets	12,103	22,211	2,709	-	37,023
Non-Current Assets					
- Restricted Cash	61	11,808	1,016	-	12,885
- Property, Plant & Equipment	32,657	21,156	200	51	54,064
- Mine Property and Development	32,409	20,614	-	-	53,023
- Exploration and Evaluation	59,275	13,380	34,953	32,107	139,715
- Other	10,368	9,932	136,762	(155,534)	1,528
TOTAL ASSETS	146,873	99,101	175,640	(123,376)	298,238
Current Liabilities	21,810	37,657	10,086	1,455	71,008
Non-Current Liabilities	52,720	34,316	5,746	(81,981)	10,801
TOTAL LIABILITIES	74,530	71,973	15,832	(80,526)	81,809
NET ASSETS	72,343	27,128	159,808	(42,850)	216,429
Equity	23,363	23,366	203,910	(46,729)	203,910
Reserves	-	-	123	(1,855)	(1,732)
Outside Equity Interest	-	-	-	5,000	5,000
Retained Earnings	48,980	3,760	(44,225)	736	9,251
NET EQUITY	72,343	27,127	159,808	(42,849)	216,429
Capital Expenditures	26,778	32,543	-	-	59,321

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013



NOTE 5: EARNINGS PER SHARE

	Consolidated	
	2013	2012
	Cents per Share	Cents per Share
Basic earnings per share:		
Total Basic EPS	(2.47)	0.15
Diluted earnings per share		
Total Diluted EPS	(2.47)	0.15
Basic Earnings per share	\$'000	\$'000
The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:	(166,534)	6,151
Weighted average number of ordinary shares for the purposes of basic earnings per share	6,747,733,150	4,185,341,251
Diluted Earnings per share	\$'000	\$'000
The earnings and weighted average number of ordinary shares used in the calculation of diluted earnings per share:	(166,534)	6,151
Weighted average number of ordinary shares for the purposes of diluted earnings per share	6,752,787,945	4,237,075,097

NOTE 6: CASH, CASH EQUIVALENTS & RESTRICTED CASH

	Consolidated	
	2013	2012
	\$'000	\$'000
Cash and cash equivalents	114,159	2,604
Current - Restricted cash	8,541	381
	122,700	2,985
Non- current – restricted cash	16,891	12,885

Cash at bank earns interest at floating rates based on daily deposit rates.

Short-term deposits are made for varying periods up to three months, depending on the immediate cash requirements of the Group, and earn interest at the respective commercial short-term deposit rates.

Performance bonds have been issued by a bank on behalf of the Group in respect of Western Australian mining tenements. The Group has indemnified the bank against any loss arising from the performance bonds and the indemnity is secured against cash deposits. Those are classified as restricted cash.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 6: CASH, CASH EQUIVALENTS & RESTRICTED CASH (CONTINUED)

Reconciliation to Cash Flow Statement

For the purposes of the Statement of Cash Flow, cash and cash equivalents comprise cash on hand and at bank and short term deposits, net of secured short term deposits. Cash and cash equivalents as shown in the Statement of Cash Flow is:

	Consolidated	
	2013 \$'000	2012 \$'000
Cash, cash equivalents and restricted cash	139,591	15,870
Less: Restricted cash not available for use	(25,432)	(13,266)
Cash and cash equivalents as per statement of cashflow	114,159	2,604

(ii) Reconciliation of profit for the year to net cash flows from operating activities

	Consolidated	
	2013 \$'000	2012 \$'000
Net (loss)/profit for the year	(171,523)	6,844
Net loss on sale of asset	292	-
Depreciation expense	7,733	7,037
Amortisation expense	29,323	25,763
Impairment of mining assets	84,952	-
Share base payment	60	708
Impairment of financial assets	700	(345)
Reversal of provision	-	(455)
(Increase)/decrease in assets:		
Current receivables	4,404	1,747
Inventories	14,190	24,722
Other current assets	485	978
Increase/(decrease) in liabilities		
Current payables	(38,008)	(13,760)
Other liabilities	(335)	386
Employee benefits	(748)	2,381
Shutdown provision liabilities	9,866	-
Net cash from/(used in) operating activities	(58,609)	56,006

(iii) Non cash financing and investing activities transactions

2013

- The company issued 324,604,525 Focus Minerals Ltd shares with a market value at the time of issue of \$5,334,000 (average price per share 1.64 cents) to acquire the remaining unowned interest in Focus Minerals (Laverton) Pty Ltd.

2012

- Expenses during the period include the value of issued options for an amount of \$708,000. The options were issued to senior management staff under the Employee incentive scheme.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013



NOTE 7: CURRENT TRADE AND OTHER RECEIVABLES

	Consolidated	
	2013 \$'000	2012 \$'000
Trade receivables	654	4,130
Other receivables	1,451	2,379
	2,105	6,509

An allowance for doubtful debts is made when there is objective evidence that a trade receivable is impaired. No provision is necessary.

NOTE 8 BUSINESS COMBINATION

Merger with Focus Minerals (Laverton) Ltd, formerly Crescent Gold Limited – Prior year

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 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 obtained greater than 50% acceptances and declared the Offer unconditional, this for accounting purposes was considered the date control was passed in accordance with Australian Accounting Standard AASB3 "Business Combination". 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. 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. Details of the purchase consideration and the net assets acquired are as follows:

	Note	\$'000
Equity issued		58,900

The purchase price allocation is as follows:

	Note	Book Value \$'000	Fair Value \$'000
Identifiable assets acquired and liabilities assumed			
Cash and cash equivalents		1,910	1,910
Restricted deposits		9,078	9,078
Other receivable and prepayments		3,417	3,417
Inventories		2,606	2,606
Property, plant and equipment		18,558	23,558
Exploration and evaluation expenditure		5,504	32,065
Development expenditure		10,624	17,046
Trade and other payables		(9,938)	(9,938)
Provisions		(7,027)	(7,027)
Loans and borrowings		(11,366)	(11,366)
Net identifiable assets acquired		23,366	61,349
Less: non-controlling interests	(b)	(4,307)	(4,307)
Add: Reserve			1,855
Net assets acquired			58,900

The acquired business contributed revenues of \$112,196,000 and net profit of \$3,760,000 to the group for the period from 18 August 2011 to 30 June 2012.

If the acquisition had occurred on 1 July 2011, consolidated revenue and net profit for the year ended 30 June 2012 would have been \$287,860,000 and \$10,663,000 respectively. These amounts have been calculated using the group's accounting policies and by adjusting the results of the subsidiary to reflect the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 July 2011, together with the consequential tax effects.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 8 BUSINESS COMBINATION (CONTINUED)

(a) PURCHASE CONSIDERATION – NET CASH INFLOW

	Consolidated	
	2013 \$'000	2012 \$'000
Cash acquired	-	1,910
Less: Cash consideration	-	-
	-	1,910

(b) NON CONTROLLING INTEREST

	2013 \$'000	2012 \$'000
Opening balance	5,000	-
Non controlling interest on takeover of Focus Minerals (Laverton) Pty Ltd	-	4,307
Non-controlling interest share of loss for the year	(4,989)	693
Non-controlling interest acquired	(11)	
Closing balance	-	5,000

The Company acquired all the remaining shares in Focus Minerals (Laverton) Ltd on 24 April 2013 and 13 May 2013. The minority interest in Focus Minerals (Laverton) Pty Ltd (formerly Crescent Gold Ltd) at the time of acquisition was \$11,000 being the opening balance less a share of current year losses in that entity. The minority interest was acquired by the issue of 324,604,525 Focus Minerals Ltd shares with a market value at time of issue of \$5,334,000 (average price per share 1.64 cents). The fair value of the shares issued exceeded the fair value of the non-controlling interest acquired and was recognised in reserve Merger Reserve of \$5,323,000 in accordance with the Group accounting policy (Note20(d)).

NOTE 9: INVENTORIES

	Consolidated	
	2013 \$'000	2012 \$'000
Consumables	3,277	3,197
Ore stockpiles	1,547	20,976
Gold in circuit	2,783	1,386
Finished goods	1,870	-
	9,477	25,559

Inventory is valued at the lower of cost and net realisable value. An impairment adjustment of \$1,892,000 was made to carrying values of inventories at 30 June 2013 (30 June 2012: nil).

NOTE 10: OTHER CURRENT ASSETS

	Consolidated	
	2013 \$'000	2012 \$'000
Prepaid expenses	138	623

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013



NOTE 11: FINANCIAL ASSETS

	Consolidated	
	2013 \$'000	2012 \$'000
Current		
Investments in listed entities – at fair value a (i)	467	1,167
Foreign exchange contract – fair value movement	-	180
	467	1,347

(i) Investment in the listed entity – Macphersons Resources Limited (“MRL”) was made for an amount of \$1,000,000. An impairment adjustment of \$700,000 was made to the carrying value of this investment due to a prolonged decline in the fair value of the investment (30 June 2012: nil). The carrying value of the investment reflects the market value of the share price of MRL at year end.

NOTE 12: IMPAIRMENTS OF MINING ASSETS

The full year review of Focus Minerals Ltd group asset carrying values in the context of lower gold price environment, combined with a gold industry facing rising costs and the suspension of our operations at both Coolgardie and Laverton has resulted in the impairment of the carrying values of some assets. The Board of Directors obtained an independent experts report prepared by a recognised resources consultant firm to assist in the assessment of the carrying values at 30 June 2013. Focus Minerals Ltd has booked an impairment write off of \$84.9m after tax on the following items:

IMPAIRMENT \$'000s	Exploration	Mine Property	Property Plant & Equipment	Inventory	Total
Coolgardie	35,255	17,050	-	-	52,305
Laverton	-	2,727	5,872	1,892	10,491
Focus Minerals Ltd	22,156	-	-	-	22,156
Total	57,411	19,777	5,872	1,892	84,952

Impairment methodology

Impairment is recognised when the carrying value exceeds the recoverable amount. The recoverable amount of each cash-generating unit (“CGU”) has been determined on its fair value less costs to sell (“Fair Value”). The costs to sell have been estimated by management based on prevailing market conditions.

Fair value is estimated based on discounted cashflows using market based commodity price and exchange assumptions, estimated quantities of recoverable minerals, production levels, operating costs and capital requirements, based on CGU life-of-mine (“LOM”) plans. When LOM plans do not fully utilise the existing mineral resource for a CGU, and options exist for the future extraction and processing of all or part of those resources, an estimate of the value of the unmined resources, in addition to an estimate of value of exploration potential, is included in the determination of Fair Value.

The Board engaged an independent expert experienced in valuations to conduct valuations of its two CGU’s being Coolgardie and Laverton. Their review was based on the groups LOM plan and recent independent technical reports used when the group acquired the remaining minority interest in Focus Minerals (Laverton) Pty Ltd in March and April of this year. The independent expert provided a range of values for the two CGU’s and the board stayed within these range of values in making its assessment of impairments and carrying values.

Significant judgements and assumptions are required in making estimates of Fair Value. This is particularly so in the assessment of long life assets. It should be noted that the CGU valuations are subject to variability in key assumptions including, but not limited to, long-term gold prices, currency exchange rates, discount rates, CGU specific gold multiples, production and operating costs. An adverse change in one or more of these assumptions used to estimate fair value could result in a reduction in a CGU’s Fair Value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 12: IMPAIRMENTS OF MINING ASSETS

Key Assumptions

The table below summarises the key assumptions used in the 2013 end of year carrying value assessments. Gold and commodity price assumptions were based on recognised industry experts.

	AUD: USD exchange rate	Gold - \$US per ounce
2013	0.91	1,445
2014	0.88	1,460
2015	0.86	1,430
2016	0.84	1,395
2017	0.83	1,345
2018 onwards	0.82	1,325

A discount rate of 9.5% was used.

Production at the Coolgardie and Laverton operations are forecast to recommence in May 2015.

Operating cost and expenses is estimated in line or slightly below historical cost.

It is estimated that a 6% increase/(decrease) in the assumed gold price would result in an increase/(decrease) in the fair value of Coolgardie of \$26.14 million and Laverton of \$31.84 million. The Coolgardie and Laverton CGU's include both mining assets and exploration assets..

NOTE 13: PLANT & EQUIPMENT

	Furniture & fittings '\$000	Plant & Equipment '\$000	Mill assets '\$000	Construction in progress '\$000	Motor Vehicles '\$000	Total '\$000
Non current						
At 1 July 2011						
Cost or fair value	1,201	3,427	32,333	154	879	37,995
Accumulated depreciation	(560)	(2,525)	(6,624)	-	(365)	(10,074)
Net book amount	641	902	25,709	154	514	27,921
Year ended 30 June 2012						
Opening net book amount	641	902	25,709	154	514	27,921
Additions	450	5,112	374	6,571	194	12,702
Acquisition through business combination	265	10,053	169	8,000	71	18,558
Transfer from Construction in progress	-	4,726	3,708	(8,434)	-	-
Depreciation charge	(429)	(2,309)	6,528	-	(219)	(9,486)
Closing book amount	927	18,484	23,433	6,292	560	49,696
At 30 June 2012						
Cost or fair value	1,917	18,593	32,877	14,726	1,144	69,256
Accumulated depreciation	(990)	(4,835)	(13,152)	-	(584)	(19,560)
Net book amount	927	13,758	19,724	14,726	560	49,696

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013



NOTE 13: PLANT & EQUIPMENT (CONTINUED)

Non current	Furniture & fittings \$'000	Plant & Equipment \$'000	Mill assets \$'000	Construction in progress \$'000	Motor Vehicles \$'000	Total \$'000
At 31 July 2012						
Cost or fair value	1,917	18,593	32,877	14,726	1,144	69,256
Accumulated depreciation	(990)	(4,835)	(13,152)	-	(584)	(19,560)
Net book amount	927	13,758	19,724	14,726	560	49,696
Year ended 30 June 2013						
Opening net book amount	927	13,758	19,724	14,726	560	49,696
Additions	250	60	926	1,257	-	2,493
Transfer from Construction in progress	-	348	1,332	(1,680)	-	-
Depreciation additions	(460)	(3,181)	(3,890)	-	(202)	(7,733)
Disposals	-	(948)	(209)	-	(3)	(1,160)
Impairment loss	-	(5,872)	-	-	-	(5,872)
Closing book amount	717	4,165	17,883	14,303	354	37,423
At 30 June 2013						
Cost or fair value	1,164	12,482	21,714	14,303	531	50,194
Accumulated depreciation	(447)	(2,444)	(3,831)	-	(177)	(6,899)
Impairment loss	-	(5,872)	-	-	-	(5,872)
Net book amount	717	4,165	17,883	14,303	354	37,423

Plant and equipment and motor vehicles include the following amounts where the group is a lessee under a finance lease:

	2013 \$'000	2012 \$'000
Cost	6,015	6,015
Accumulated depreciation	(4,021)	(2,130)
Net book amount	1,994	3,885

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 14: MINE PROPERTIES AND DEVELOPMENT

	Consolidated	
	2013 \$'000	2012 \$'000
At Cost	154,944	123,515
Less: Accumulated amortisation	(92,196)	(64,596)
Less: Impairment	(19,777)	-
Net Book Value	42,971	58,919
Movement Summary:		
Net Book Value		
Opening balance	58,919	27,127
Additions	18,900	42,954
Changes in restoration and rehabilitation obligation	14,427	1,528
Disposals	(175)	-
Acquisitions through business combination ^(a)	-	10,624
Impairment expense ^(b)	(19,777)	-
Amortisation expense	(29,323)	(23,314)
Closing balance	42,971	58,919

Details of amounts capitalised in relation to the merger with Focus Minerals (Laverton) Ltd are disclosed in note 8.

Details of impairment charges recognised against capitalised mine properties and development expenditure are disclosed in note 12.

NOTE 15: EXPLORATION, EVALUATION AND REHABILITATION ASSETS

	Consolidated	
	2013 \$'000	2012 \$'000
Exploration and Evaluation Expenditure:		
At cost	91,176	139,715
		-
Movements:		
Carrying amount at beginning of the year	139,715	77,667
plus – exploration expenditure	14,657	18,561
plus – tenements acquired (a)	860	5,504
plus – acquisitions through a business combination (a)	-	37,983
less – reclassification of rehabilitation assets to mine properties and development	(6,645)	-
less – Impairment (b)	(57,411)	-
Carrying amount at end of year	91,176	139,715

(a) Details of amounts capitalised in relation to the merger with Focus Minerals (Laverton) Ltd are disclosed in note 8.

(b) Details of impairment charges recognised against capitalised exploration and evaluation expenditure are disclosed in note 12.

The value of the Group's interest in exploration expenditure is dependent upon:

- the continuance of the Group's rights to tenure of the areas of interest;
- the results of future exploration; and
- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.
- no significant changes in laws and regulations that greatly impact the Group's ability to maintain tenure.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 16: SHARE BASED PAYMENTS

(a) Employee options

Options issued

During the year, the Company issued 15,000,000 options at an exercise price of 5 cents with an expiry date of 28th February 2016.

As at 30 June 2013, the exercisable options are as follow:

	Balance at Beginning Of period 1/7/2012	Issued during period	Options Exercised/ lapsed	Balance at End of Period 30/6/2013	Vested as at 30 June 2013		
					Total	Vested	Not Vested
exercisable at 7.5 cents	14,116,923	-	(14,116,923)	-	-	-	-
exercisable at 7.8 cents	14,116,923	-	(14,116,923)	-	-	-	-
exercisable at 12.3 cents	23,500,000	-	(10,000,000)	13,500,000	13,500,000	-	13,500,000
exercisable at 5.0 cents	-	15,000,000	-	15,000,000	15,000,000	15,000,000	-
Total	51,733,846	15,000,000	(28,233,846)	28,500,000	28,500,000	15,000,000	13,500,000

The fair value of the equity settled share options granted is estimated as at the date of grant using the Black-Scholes Option pricing model taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	2013
Volatility (%)	65
Risk free interest rate (%)	2.87
Expected life of option (years)	2.91
Exercise price (cents)	5
Weighted average share price at grant date (cents)	2.1
Fair value per option (cents)	0.4

The recent volatility of the share price of Focus Minerals Limited was calculated using Hoadley's volatility calculator for a three year period, using data extracted from Bloomberg. For the purpose of the valuation a future estimated volatility level of 65% was used.

The above options vested upon issue.

No options were issued in the prior year.

Options Exercised

There were no options exercised during the financial year.

Options Lapsed

During the year a total of 10,000,000 options to acquire shares at an exercise price of 12.3 cents, 14,116,923 options to acquire shares at an exercise price of 7.5 cents and 14,116,923 options to acquire shares at an exercise price of 7.8 cents lapsed on cessation of employment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 16: SHARE BASED PAYMENTS (CONTINUED)

(a) Employee options (continued)

Options Outstanding

As at 30 June, details of unissued ordinary shares under options are as follows:

Issuing Entity	Grant date	Number of Options	Exercise Price Cents per Share	Expiry Date
Focus Minerals Ltd	8 April 2013	15,000,000	5.00	28/02/2016
Focus Minerals Ltd	31 March 2011	13,500,000	12.30	30/06/2014
Total Options on issue		28,500,000		

(b) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period are disclosed in note 2.

NOTE 17: TRADE AND OTHER PAYABLES

	Consolidated	
	2013 \$'000	2012 \$'000
Current		
Trade payables	13,743	49,118
Sundry creditors and accrued expenses	7,300	9,307
Employee benefits	163	789
	21,206	59,214

Trade payables are non-interest bearing and are normally settled on 15-45 day terms.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013



NOTE 18: PROVISIONS

	Consolidated	
	2013 \$'000	2012 \$'000
Current		
Employee benefits		
Balance at 1 July	2,339	-
(Decrease)/increase in the period	(1,010)	2,339
Balance at 30 June	1,329	2,339
Provision for redundancy and other shutdown costs		
Balance at 1 July	-	-
Increase in the period	5,940	-
Balance at 30 June	5,940	-
	7,269	2,339
Non-Current		
Employee benefits		
Balance at 1 July	225	-
Increase in the period	262	225
Balance at 30 June	487	225
Provision for redundancy and other shutdown costs		
Balance at 1 July	-	-
Increase in the period	3,926	-
Balance at 30 June	3,926	-
Asset Retirement Obligation ("ARO")		
Balance at 1 July	8,172	1,750
Increase in the period	9,079	6,422
Balance at 30 June	17,251	8,172
	21,664	8,397

Provision for ARO

A provision has been recognised for the costs expected to be incurred for the restoration and rehabilitation of mining and prospecting leases used for the production and exploration of gold and nickel. A discount rate of 3.76% risk free rate.

Provision for redundancy and other shutdown costs

On 30th April 2013 the company announced it Laverton operations would be placed on care and maintenance. In June 2013 the Board reviewed the Coolgardie operations profitability and determined that a closure was required and on 17th July 2013 the company announced Coolgardie operations would be placed on care and maintenance. Provisions have been made for the costs expected to be incurred for the closure of mining and milling operations and the close out of contractual commitments.

Shut Down and Other Restructure Costs

The company has also identified shut down and other restructure costs for placing its Coolgardie operations on care and maintenance and these costs have been fully provided for in the 30 June accounts. The shutdown costs at Laverton are also included in the table below:

SHUT DOWN COSTS \$'000s	Redundancy Cost	Site and Mill Shutdown Costs	Contractual obligations	Total
Coolgardie	2,263	2,415	5,827	10,505
Laverton	899	651	-	1,550
Total	3,162	3,066	5,827	12,055

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 19: FINANCIAL LIABILITIES

	Consolidated	
	2013 \$'000	2012 \$'000
Current		
Bank loans	8,000	8,000
Finance lease – refer note 21	1,808	1,455
	9,808	9,455
Non – current		
Finance lease – refer note 21	514	2,404

During the year the Group provided cash backing security for all the environmental bonds issued by its bankers and also its term loan. There is no longer any contingent instrument liability. At 30 June 2013, the Group has an interest bearing loan facility with Investec. The Facility is secured by a cash security deposit and previous covenants are no longer applicable.

The facility is comprised of the following at 30 June 2013:

	Drawn	Undrawn	Facility Limit
Investec facility	\$8,000,000	\$2,000,000	\$10,000,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013



NOTE 20: ISSUED CAPITAL AND RESERVES

Authorised Capital

The Company does not have an Authorised Capital and there is no par value for ordinary shares.

(a) Ordinary shares

	2013		2012	
	\$'000		\$'000	
Issued capital	427,167		203,910	
	No. of shares	\$'000	No. of shares	\$'000
Shares on issue at the beginning of reporting period	4,320,773,701	203,910	3,440,515,431	145,010
Shares issued during the year				
- 23 August 2011			675,746,689	44,995
- 23 August 2011			29,305,156	1,905
- 24 August 2011			17,754,555	1,119
- 26 August 2011			2,512,861	163
- 29 August 2011			5,723,899	372
- 30 August 2011			14,451,598	954
- 31 August 2011			15,387,371	1,062
- 01 September 2011			37,300,103	2,611
- 08 September 2011			24,836,939	1,689
- 14 September 2011			30,391,642	2,097
- 16 September 2011			148,563	11
- 30 September 2011			669,607	48
- 03 October 2011			14,923,378	1,074
- 5 October 2011			10,858,449	782
- 6 October 2011			247,460	18
- 21 December 2012	4,501,997,651	225,100		
- 23 April 2013	300,694,977	5,111		
- 10 May 2013	13,909,548	223		
Less: Transaction cost		(7,177)		-
Shares on issue at reporting date	9,137,375,877	427,167	4,320,773,701	203,910

Share Issue Details

On 21st December 2012, the Company placed 4,501,997,651 shares at 5 cents per share to Shandong Gold International Mining Corporation Ltd. On 23rd April and 10th May the Company issued shares to complete the acquisition of the minority interest in Focus Minerals (Laverton) Ltd.

Voting Entitlements

At each shareholder's meeting each ordinary share is entitled to one vote on the calling of a poll, otherwise each shareholder is entitled to one vote on a show of hands.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 20: ISSUED CAPITAL AND RESERVES (CONTINUED)

(b) Options

The Company has issued options to acquire fully paid shares by defined expiry dates. The following are movements in options throughout the period and the outstanding options at 30 June 2013:

Issuing Entity	Number of Options	Exercise Price Cents per Share	Expiry Date
Focus Minerals Ltd			
Total Issued Options at 1 July 2012	51,733,846		
Expired options			
Executive incentive options	14,116,923	7.50	31/12/2012
	14,116,923	7.80	31/12/2012
	10,000,000	12.30	30/06/2013
	<u>38,233,846</u>		
Options issued	15,000,000	5.00	28/02/2016
Total options on issue	13,500,000	12.30	30/06/2014
	<u>15,000,000</u>	5.00	28/02/2016
Total Options on issue	28,500,000		

(c) Capital Management

Management controls the capital of the Group in order to ensure the group can fund its operations, continue as a going concern and ensuring compliance with banking covenants. As required under the banking facilities provided, the Group monitors monthly and reports quarterly on the compliance of financial covenants. The Group's debt and capital includes ordinary share capital and financial liabilities supported by financial assets. There are no externally imposed capital requirements. Management effectively manages the Group's capital by assessing the Group's financial risks, adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

The gearing ratios for the group are as follows:

	Consolidated	
	2013 \$'000	2012 \$'000
Total borrowings	10,322	11,859
Less: cash and cash equivalents	(114,159)	(2,604)
Net debt / (net cash)	(103,837)	9,255
Total equity	262,889	216,429
Total capital	159,052	225,684
Gearing ratio (net of cash and cash equivalents)	-	4%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013



NOTE 20: ISSUED CAPITAL AND RESERVES (CONTINUED)

(d) Reserves

Movements in the acquisition reserve raised from acquisition of Focus Minerals (Laverton) Pty Ltd and the option reserve as a result of equity settled transactions were as follows:

	Acquisition reserve \$'000	Reserve – share option \$'000	Consolidated Total \$'000
Balance 1 July 2011	-	123	123
Reserve adjustments from Crescent takeover	(1,855)	-	(1,855)
Balance 30 June 2012	(1,855)	123	(1,732)
Options issue to acquire tenements	-	60	60
Acquire remaining NCI	(5,323)	-	(5,323)
Balance 30 June 2013	(7,178)	183	(6,995)

The share option reserve arises on the grant of share options. Amounts are transferred out of the reserve and into issued capital when the options are exercised.

Refer Note 19 (b) for movement of issued options.

Refer Note 8 for acquisition reserve.

(e) Dividends

No dividends have been paid or provided for (prior year: Nil).

NOTE 21: FINANCIAL INSTRUMENTS

The group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to and from subsidiaries, leases, convertible notes and derivatives.

The main purpose of non-derivative financial instruments is to raise finance for group operations.

Derivatives are used by the group from time to time for hedging purposes such as forward gold sales agreements. The group does not speculate in the trading of derivative instruments.

Treasury Risk Management

Risks are reviewed by the Audit and Business Risk Committee which consists of non executive directors and senior staff by invitation. This includes the analysis of financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The committee's overall risk management strategy seeks to assist the consolidated group in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

The finance committee operates under policies approved by the board of directors. Risk management policies are reviewed and approved by the Board on a regular basis. These include the use of hedging derivative instruments, credit policies and future cash flow requirements.

Financial Risk Exposures and Management

The main risks the group is exposed to through its financial instruments are market risk (including interest rate risk and price risk), credit risk and liquidity risk.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 21: FINANCIAL INSTRUMENTS (CONTINUED)

(a) Interest rate risk

Interest rate risk is managed with a mixture of fixed and floating rate debt. At 30 June 2012 approximately 100% of group debt is fixed. At 30 June 2013, the Group only has debt of \$8 million, which is a floating rate debt.

(b) Price Risk

The group is exposed to gold price risk through its gold mining operations. The Audit and Business Risk Committee assesses the price risk and may enter into gold forward sales contracts for delivery of specified quantities of gold on specific dates at fixed prices. At balance date no financial instruments are outstanding by the consolidated group.

Gold price risk is the risk that fluctuations in the price of gold will have an adverse effect on current or future earnings. The consolidated entity may use derivative financial instruments to hedge some of its exposure to fluctuations in gold prices.

In order to protect against the impact of falling gold prices, the consolidated entity may enter into hedging transactions which provide a minimum price to cover non-discretionary operating expenses, repayments due under the consolidated entity's financing facilities and to provide for sustaining capital. All of the consolidated entity's forecast production is unhedged. From time to time, call and put options have also been used by the consolidated entity to manage the gold price risk.

As the consolidated entity does not enter into financial instruments for trading purposes, the risks inherent in the financial instruments used are offset by the underlying risk being hedged. Where hedges are in place, the consolidated entity ensures that the level of hedge cover does not exceed the anticipated gold production anticipated in future periods and that the term of the financial instruments does not exceed the mine life and that no residual basis risk exists.

Derivative financial instruments are used by the consolidated group from time to time to hedge exposure to gold price risk. Transactions for hedging purposes are undertaken without the use of collateral as only reputable institutions with sound financial positions are dealt with.

Forward Gold Contracts

The group has entered into forward exchange contracts to sell specified amounts of gold in the future at fixed gold prices. The objective in entering the forward gold contracts is to protect the group against unfavourable price movements for the contracted future sales of gold. All gold contracts were closed out during the year. The accounting policy in regard to forward gold contracts is detailed in Note 1.

At balance date, details of outstanding forward gold sale contracts are:

	Consolidated Group		Consolidated Group Average Gold Price/oz	
	2013 \$'000	2012 \$'000	2013 Oz	2012 Oz
Gold forward sales contracts				
Less than 6 months	-	6,452	-	1,613
6 months to 1 year	-	-	-	-
1 – 2 years	-	-	-	-
	-	6,452	-	1,613

All gold sales contracts were closed out during the year at a profit of \$816,000.

(c) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

Credit risk is managed on a group basis and reviewed regularly by the finance committee. It arises from exposures to approved customers as well as deposits with financial institutions.

The Audit and Business Risk Committee monitors credit risk by actively assessing the rating quality and liquidity of counter parties:

- only approved banks and financial are utilised;
- all potential customers are rated for credit worthiness taking into account their size, market position and financial standing.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013



NOTE 21: FINANCIAL INSTRUMENTS (CONTINUED)

(c) Credit Risk

The Group currently holds its cash and cash equivalents with various financial institutions, all of which hold a credit rating of AA. The Group believes the credit risk exposure to these counterparties is manageable.

Credit risk for derivative financial instruments arises from the potential failure by counter-parties to the contract to meet their obligations. The credit risk exposure to forward gold sale contracts is the net fair value of these contracts as disclosed in Note 18 (b).

(d) Liquidity Risk

The group manages liquidity risk by monitoring forecast project and operating cash flows and ensuring that a minimum level of uncommitted cash is available for immediate use and consists of cash on deposit and/or utilised borrowing facilities. At the end of the period the Group held deposits at call of \$111,306 (2012: nil) that are expected to readily generate cash inflows for managing liquidity risk.

(i) Financing Arrangements

The group had access to the following undrawn bank borrowing facility at the end of the reporting period:

	Drawn	Undrawn	Facility Limit
One year	\$8,000,000	\$2,000,000	\$10,000,000

The facility may be drawn at any time and is renewed annually. The facility is secured by a cash backed deposit with the bank.

(ii) Maturities of financial liabilities

The table below analyses the group's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- All non-derivative financial liabilities
- Net and gross derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cashflows.

Contractual maturities of financial liabilities	Less than 6 months	6-12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cashflow	Carrying amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 30 June 2013							
Non-derivatives							
Trade payables	28,475	-	-	-	-	28,475	28,475
Borrowings	151	8,076	-	-	-	8,227	8,000
At 30 June 2012							
Non-derivatives							
Trade payables	61,553	-	-	-	-	61,553	61,553
Borrowings	181	8,090	-	-	-	8,271	8,000

(e) Fair value measurements

The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes. The disclosure in the table below is based on the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1),
- Inputs other than quoted prices included within level that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 21: FINANCIAL INSTRUMENTS (CONTINUED)

(e) Fair value measurements (continued)

The following table presents the group's assets and liabilities measured and recognised at fair value at 30 June 2013 and 30 June 2012:

	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
At 30 June 2013				
Assets				
Equity securities	467	-	-	467
Total Assets	467	-	-	467
Liabilities				
Borrowings	-	8,000	-	8,000
Total liabilities	-	10,322	-	10,322
At 30 June 2012				
Assets				
Equity securities	1,167	-	-	1,167
Total Assets	1,167	-	-	1,167
Liabilities				
Borrowings	-	8,000	-	8,000
Total liabilities	-	11,859	-	11,859

Aggregate fair values and carrying values of financial assets and financial liabilities at balance date.

	2013 Carrying Amount \$'000	2013 Net Fair Value \$'000	2012 Carrying Amount \$'000	2012 Net Fair Value \$'000
Consolidated				
Financial assets				
Cash and cash equivalents	114,159	114,159	2,604	2,604
Restricted cash	25,432	25,432	13,266	13,266
Other financial assets	467	467	1,347	1,347
Loans and receivables	2,105	2,105	6,509	6,509
	142,163	142,163	23,726	23,726
Interest bearing liabilities – note 19	8,000	8,000	8,000	8,000
	8,000	8,000	8,000	8,000

(f) Sensitivity Analysis

Interest Rate Analysis

At 30 June 2013, the Group had \$25,432,000 invested in security deposits and performance bonds and \$114,159,000 cash and cash equivalent. A 1% increase / (decrease) in the interest rate would impact the interest earned by \$1,395,000 / (\$1,395,000) respectively.

Investment in Listed Shares

The group holds 3,333,333 shares in McPhersons Reward Ltd. A 10% increase/(decrease) in the share price would result in an increase/ (decrease) in the value of the investment by \$47,000 / (\$47,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013



NOTE 22: COMMITMENTS AND CONTINGENCIES

Operating lease commitments – Group as lessee

The Group has entered into commercial leases on certain office and regional residential accommodation. These leases have a life of one to five year with renewal options included in some lease contracts.

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

	Consolidated	
	2013 \$'000	2012 \$'000
Office Accommodation		
Within one year	687	504
After one year but not more than five years	1,766	1,305
More than five years	-	-
	2,453	1,809

Finance lease and hire purchase commitments – Group as lessee

The Group has finance leases for various items of plant and machinery. These leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the specific entity that holds the lease.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	2013		2012	
	Minimum lease payments \$'000	Present value of lease payments \$'000	Minimum lease payments \$'000	Present value of lease payments \$'000
CONSOLIDATED				
Within one year	1,946	1,808	2,617	2,001
After one year but not more than five years	540	514	2,790	2,460
Total minimum lease payments	2,486	2,322	5,407	4,461
Less amounts representing finance charges	(164)	-	(473)	-
Present value of minimum lease payments	2,322	2,322	4,461	5,303

The weighted average interest rate impact on the leases for both the Group and the Parent at 30 June 2013 is 8.9% (2012: 8.9 %).

Mining tenement expenditure commitments

The Group has committed, under tenement landholding conditions, to spend a minimum of \$6,683,480 of which \$1,902,960 relates to Coolgardie and \$4,780,520 relates to Laverton (2011: \$1,754,660 for Coolgardie and \$4,866,600 for Laverton) per annum on mining and exploration tenements held by the Group.

Contingent Liability

The group has a contingent liability at its Laverton operation where an amount of \$3,000,000 is payable when gold production from certain tenements reaches 75,000 ounces. The amount payable is contingent consideration arising from the original sale and purchase agreement to acquire the tenements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 23: CONTROLLED ENTITIES

The consolidated financial statements include the financial statements of Focus Minerals Ltd and the subsidiaries listed below:

Name	Country of Incorporation	% Equity Interest	
		2013	2012
Austminex Pty Ltd	Australia	100%	100%
Focus Operation Pty Ltd	Australia	100%	100%
Underground Drilling Services Pty Ltd	Australia	100%	100%
Focus Minerals (Laverton) Pty Ltd ¹	Australia	100%	81.57%
Laverton Nickel Pty Ltd	Australia	100%	81.57%
Uranium West Ltd	Australia	100%	81.57%

1. Focus Minerals (Laverton) Ltd changed its name and status on 4th July 2013 to Focus Minerals (Laverton) Pty Ltd. During the year, Focus Minerals Ltd acquired the minority interests held in Focus Minerals (Laverton) Ltd.

NOTE 24: PARENT ENTITY

The parent company throughout the financial year ended 30 June 2013 was Focus Minerals Limited.

	Parent Entity	
	2013 \$'000	2012 \$'000
Results of the parent entity		
Loss for the year	(158,503)	(13,312)
Other comprehensive income	-	-
Total comprehensive loss for the year	(158,503)	(13,312)
Financial position of parent entity at year end		
Current assets	121,840	2,709
Total assets	240,865	175,639
Current Liabilities	15,343	10,086
Total liabilities	16,244	15,832
Total equity of parent entity comprising of:		
Share capital	427,167	203,910
Option reserve	182	123
Accumulative losses	(202,728)	(44,225)
Total equity	224,621	159,808

Ultimate Controlling Entity

The ultimate controlling entity is Shandong Gold Group Co., Ltd.

Financial Support for controlled entities.

The parent entity Focus Minerals Ltd is providing and will continue to provide financial support to all its controlled entities. The amounts owing for intercompany loans are detailed in the segment note and will not be called upon whilst the respective entities are controlled entities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013



NOTE 25: RELATED PARTY DISCLOSURE

Subsidiaries

Interests in subsidiaries are set out in note 23.

Key management personnel

Disclosures relating to key management personnel are set out in note 27.

Terms and conditions of transactions with related parties

Sales to and purchases from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms.

Loan balances outstanding at year-end are unsecured, interest free and settlement occurs in cash.

For the year ended 30 June 2013, the Group has not made any allowance for doubtful debts relating to amounts owed by related parties due to solid payment history (2012: \$nil). An impairment assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates to determine whether there is objective evidence that a related party receivable is impaired. When such objective evidence exists, the Group recognises an allowance for the impairment loss.

Transactions and balances with related parties

Mr Lockyer is a non-executive director of Swick Mining Services Limited (Swick). Drilling services provided by Swick for the year totalled \$nil (2012: \$5,167,000). The amount owing to Swick at year end was \$Nil (2012 \$625,000)

Mr Fahey is a Director of CSA Global which provided technical consulting services to the Group. Technical services provided by CSA Global totalled \$111,000 (2012:\$78,000). The amount owing to CSA Global at year end was \$Nil (2012 \$22,000).

NOTE 26: AUDITORS' REMUNERATION

The auditors of Focus Minerals Limited are PricewaterhouseCoopers (prior year Grant Thornton).

	2013 \$'000	2012 \$'000
Amounts received or due and receivable by PricewaterhouseCoopers (2012: Grant Thornton).		
<i>An audit or review of the financial report of the entity and any other entity in the consolidated group</i>	275	180
Other services in relation to the entity and any other entity in the consolidated group:		
<i>Taxation services</i>	-	7
<i>Other services</i>	5	-
<i>Due diligence services</i>	309	-
	589	187

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 27: DIRECTORS' AND EXECUTIVE DISCLOSURES

(a) Remuneration of the key management personnel

		Post-Employment Benefits						% Performance based
		Short-term Benefits		Benefits				
‘\$000’s		Salary & Fees	Other	Super-annuation	Equity Options	Bonus	Total	
Directors								
Donald Taig (Acting CEO) ⁴	2013	480	-	34	-	-	514	-
	2012	177	-	16	-	-	193	-
Phillip Lockyer	2013	52	-	5	-	-	57	-
	2012	50	-	5	-	-	55	-
Gerry Fahey	2013	60	-	5	-	-	65	-
	2012	50	-	5	-	-	55	-
Bruce McComish ⁵	2013	59	-	5	-	-	64	-
	2012	72	-	7	-	-	79	-
Jisheng Lu	2013	-	-	-	-	-	-	-
	2012	-	-	-	-	-	-	-
Yuhuan Ge	2013	-	-	-	-	-	-	-
	2012	-	-	-	-	-	-	-
Wanghong Yang	2013	-	-	-	-	-	-	-
	2012	-	-	-	-	-	-	-
Zaiqian Zhang	2013	-	-	-	-	-	-	-
	2012	-	-	-	-	-	-	-
Former directors								
Zhongyi Li	2013	32	-	-	-	-	32	-
resigned 5 July 2013	2012	-	-	-	-	-	-	-
Dahui Zhang	2013	32	-	-	-	-	32	-
resigned 5 July 2013	2012	-	-	-	-	-	-	-
Michael Guo	2013	32	-	-	-	-	32	-
resigned 5 July 2013	2012	-	-	-	-	-	-	-
Current Executives								
Mark Hine ¹	2013	370	-	35	-	20 ⁶	425	4.7%
Chief Operating Officer	2012	363	-	36	-	-	399	-
Paul Fromson ²								
Company Secretary/Chief	2013	293	-	26	-	-	319	-
Financial Officer	2012	49	-	4	-	-	53	-
Former Executives								
Campbell Baird ³	2013	152	207	32	-	-	391	-
Chief Executive Officer	2012	379	-	34	26	22	461	1.0%
	2013	1,562	207	142	-	20	1,931	-
Total	2012	1,140	-	107	26	22	1,295	1.7%

1. Mr Hine was appointed as Chief Operating Officer of in December 2011. He joined Crescent Gold as Chief Operating Officer in April 2011, before being appointed to the role across the Group.
2. Mr Fromson was appointed as Company Secretary and Chief Financial Officer in April 2012.
3. Mr Baird resigned from the position of Chief Executive Officer in February 2013. Other short-term benefits are termination benefit.
4. This amount includes \$80,000 for Mr. Taig's role as Chairman of the Board. The balance of this amount from 1 July 2012 until 1 February 2013 is based upon a part-time per diem rate of \$1,500 and is impacted in 2013, by the considerable workload attached to the Shandong Gold transaction and the period from 1 February 2013 until 30th September 2013 is based upon a full-time per diem rate set by the Remuneration Committee of \$2,500. Mr. Taig excluded himself from this meeting of the Remuneration Committee. Mr. Taig agreed to relinquish his external consulting roles with other parties to be able to devote full-time attention to Focus Mineral's matters and agreed to relocate to Perth. Mr. Taig has now been asked by the Board to extend his Acting CEO role and continue as Chair of the Board after discussions with the company's major shareholder. Mr. Taig has voluntarily agreed to reduce his per diem rate to \$1687.50 from 1 October 2013 onwards. Mr. Taig's per diem hours are from 6.30am to 5.30pm WAST to ensure corporate coverage with the Eastern Seaboard of Australia.
5. Mr. McComish receives an additional amount of \$15,000 for representing Shandong Gold on the Board and liaises on this basis with the Focus Minerals Chairman. This amount is paid as a lump sum annually in January.
6. Amount paid honouring a retention bonus from Mr Hine's pre-existing contract with Crescent Gold.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013



NOTE 27: DIRECTORS' AND EXECUTIVE DISCLOSURES (CONTINUED)

(b) Compensation options:

No share options have been granted to the non-executive members of the Board of Directors.

(c) Options holdings of Key Management Personnel

	Balance at Beginning Of period 1/7/2012	Granted as remuneration	Options Exercised/ lapsed	Balance at End of Period 30/6/2013	Vested as at 30 June 2013		
					Total	Vested	Not Vested
Directors							
Donald Taig	-	-	-	-	-	-	-
Phillip Lockyer	-	-	-	-	-	-	-
Gerry Fahey	-	-	-	-	-	-	-
Bruce McComish	-	-	-	-	-	-	-
Jisheng Lu appointed 5 Jul 2013	-	-	-	-	-	-	-
Yuhuan Ge appointed 5 Jul 2013	-	-	-	-	-	-	-
Wanghong Yang appointed 5 Jul 2013	-	-	-	-	-	-	-
Zaiqian Zhang appointed 5 Jul 2013	-	-	-	-	-	-	-
Zhongyi Li resigned 5 July 2013	-	-	-	-	-	-	-
Dahui Zhang resigned 5 July 2013	-	-	-	-	-	-	-
Michael Guo resigned 5 July 2013	-	-	-	-	-	-	-
Management							
Paul Fromson	-	-	-	-	-	-	-
Mark Hine	-	-	-	-	-	-	-
Campbell Baird	25,000,000	-	(25,000,000)	-	-	-	-
Total	25,000,000	-	(25,000,000)	-	-	-	-

Campbell Baird resigned on 5th February 2013.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 27: DIRECTORS' AND EXECUTIVE DISCLOSURES (CONTINUED)

Options holdings of Key Management Personnel (continued)

	Balance at Beginning Of period 1/7/2011	Granted as remuneration	Options Exercised/ lapsed	Balance at End of Period 30/6/2012	Vested as at 30 June 2012		
					Total	Vested	Not Vested
30 June 2012							
Directors							
Donald Taig	-	-	-	-	-	-	-
Phillip Lockyer	-	-	-	-	-	-	-
Gerry Fahey	-	-	-	-	-	-	-
Bruce McComish	-	-	-	-	-	-	-
Management							
Campbell Baird	25,000,000	-	-	25,000,000	25,000,000	-	25,000,000
Paul Fromson	-	-	-	-	-	-	-
Mark Hine	-	-	-	-	-	-	-
Jon Grygorcewicz ¹	6,461,538	-	(6,461,538)	-	-	-	-
Brad Valiukas ²	17,384,616	-	(17,384,616)	-	-	-	-
Total	48,846,154	-	(23,846,154)	25,000,000	25,000,000	-	25,000,000

1) Jon Grygorcewicz resigned as CFO in April 2012.

2) Brad Valiukas resigned as COO in January 2012.

(d) Shareholdings of Key Management Personnel

	Balance 1 July 2012		Granted as remuneration		Purchases		Balance 30 June 2013	
30 June 2013	Shares	Options	Shares	Options	Shares	Options	Shares	Options
Directors								
Donald Taig	11,963,259	-	-	-	2,000,000	-	13,963,259	-
Phillip Lockyer	594,523	-	-	-	255,000	-	849,523	-
Gerry Fahey	-	-	-	-	641,000	-	641,000	-
Bruce McComish	-	-	-	-	250,000	-	250,000	-
Management								
Paul Fromson	500,000	-	-	-	-	-	500,000	-
Mark Hine	-	-	-	-	-	-	-	-
Total	13,057,782	-	-	-	3,146,000	-	16,203,782	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013



NOTE 27: DIRECTORS' AND EXECUTIVE DISCLOSURES (CONTINUED)

(d) Shareholdings of Key Management Personnel (continued)

30 June 2012	Granted as remuneration		Purchases		Balance 30 June 2012	
	Shares	Options	Shares	Options	Shares	Options
Directors						
Donald Taig	11,963,259	-	-	-	11,963,259	-
Phillip Lockyer	594,523	-	-	-	594,523	-
Gerry Fahey	-	-	-	-	-	-
Bruce McComish	-	-	-	-	-	-
Management						
Campbell Baird	6,394,736	25,000,000	-	-	6,394,736	25,000,000
Jon Grygorcewicz	2,175,550	6,461,538	-	-	2,175,550	6,461,538
Paul Fromson	500,000	-	-	-	500,000	-
Mark Hine	-	-	-	-	-	-
Total	21,628,068	31,461,538	-	-	21,628,068	31,461,538

As at 30 June 2013, certain directors are employees and representatives of Shandong Gold International Mining Corporation Limited. Shandong Gold International Mining Corporation Limited holds 4,501,997,651 shares in Focus Minerals Limited.

NOTE 28: SIGNIFICANT EVENTS AFTER BALANCE DATE

There has not been any matter or circumstance that has arisen after 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.

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Focus Minerals Limited (the "Company"):
 - (a) the financial statements and notes set out on pages 41 to 89 and the remuneration disclosures that are contained in pages 31 to 38 of the Remuneration report in the Directors' report, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2013 and of their performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
 - (iii) complying with International Financial Reporting Standards as disclosed in Note 1.
 - (b) the remuneration disclosures that are contained in page 31 to 38 of the Remuneration report in the Directors' report comply with Australian Accounting Standard AASB 124 Related Party Disclosures and
 - (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2013.

Signed in accordance with a resolution of the Directors:



Don Taig
Director
30 September 2013



Independent auditor's report to the members of Focus Minerals Ltd

Report on the financial report

We have audited the accompanying financial report of Focus Minerals Ltd (the company), which comprises the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for the Focus Minerals Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the consolidated entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

PricewaterhouseCoopers, ABN 52 780 433 757

Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.



Auditor's opinion

In our opinion:

- (a) the financial report of Focus Minerals Ltd is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 31 to 38 of the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Focus Minerals Ltd for the year ended 30 June 2013, complies with section 300A of the *Corporations Act 2001*.

A handwritten signature in dark ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in dark ink that reads 'Tim Goldsmith'.

Tim Goldsmith
Partner

Melbourne
30 September 2013

ADDITIONAL INFORMATION



Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report. The information was prepared based on share registry information processed up to 30 September 2013.

SPREAD OF HOLDERS

Spread of Holdings	Shareholders
1 - 1,000	354
1,001 - 5,000	516
5,001 - 10,000	1,091
10,001 - 100,000	5,812
100,001 - and over	3,623
Total Number of Holders	<hr/> 11,396 <hr/>

Number of shareholders holding less than a marketable parcel: 4,773 shareholders each hold less than 38,462 ordinary shares.

SUBSTANTIAL SHAREHOLDERS

At 15 August 2013 the following had notified the Company as being substantial shareholders:

Shandong Gold Group Co. Ltd.	4,525,997,651 ordinary shares
------------------------------	-------------------------------

VOTING RIGHTS

All ordinary shares carry one vote per share without restriction. Options for ordinary shares do not carry any voting rights.

STATEMENT OF QUOTED SECURITIES

Quoted on the Australian Stock Exchange are 9,137,375,877 ordinary shares.

ADDITIONAL INFORMATION

TWENTY LARGEST SHAREHOLDERS OF EACH CLASS OF QUOTED SECURITIES ORDINARY FULLY PAID SHARES AT 2 OCTOBER 2013

No.	Shareholder Name	Number of Shares	Percentage of Capital
1	SHANDONG GOLD INTERNATIONAL MINING CORPORATION LIMITED	4,526,524,833	49.54
2	JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	697,637,394	7.63
3	NATIONAL NOMINEES LIMITED	420,511,501	4.60
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	361,558,173	3.96
5	NATIONAL AUSTRALIA TRUSTEES LIMITED <12849500 A/C>	246,047,887	2.69
6	CITICORP NOMINEES PTY LIMITED	181,409,810	1.99
7	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	51,285,348	0.56
8	J P MORGAN NOMINEES AUSTRALIA LIMITED	40,824,260	0.45
9	BNP PARIBAS NOMS PTY LTD <DRP>	35,237,733	0.39
10	BOND STREET CUSTODIANS LIMITED <MOSAIC SPECIAL SITUAT A/C>	33,719,273	0.37
11	CS FOURTH NOMINEES PTY LTD	30,554,169	0.33
12	MR GRAHAM EDWARD DUNJEY + MRS LINDA MARY DUNJEY <DUNJEY S/F A/C>	26,516,266	0.29
13	MRS RITA MAY GODFREY	22,966,000	0.25
14	BROADARROW GOLDMINES PTY LTD	18,116,224	0.20
15	GEARED INVESTMENTS PTY LTD <INVESTMENT A/C>	18,000,000	0.20
16	CR INVESTMENTS PTY LTD	17,145,966	0.19
17	MRS ETERNALINA ELLIS	16,000,000	0.18
18	MR GRAHAM PAUL ELLIS	16,000,000	0.18
19	KAHUNA CLOTHING AND TRADING CO PTY LTD <UTTLEYMOORE S/F A/C>	15,000,000	0.16
20	LUJETA PTY LTD <THE MARGARET ACCOUNT>	15,000,000	0.16
		6,790,054,837	74.31

HOLDERS OF SECURITIES OF AN UNQUOTED CLASS OPTIONS

Option Holder Name	Options Expiring 30/6/2014	Options Expiring 28/2/2016
Charles McCormick	2,500,000	2,500,000
Dean Goodwin	5,000,000	
Neil Le Febvre	5,000,000	
Mark Rigby	1,000,000	
Semro Pty Ltd		15,000,000
	13,500,000	15,000,000

ADDITIONAL INFORMATION



INTEREST IN MINING TENEMENTS

Coolgardie Gold Project - Focus Minerals Ltd and its 100% subsidiaries

State	Project	Tenement	Status	Interest	State	Project	Tenement	Status	Interest
WA	Bayleys	G15/7	Live	100%	WA	Gunga	P15/4939	Live	100%
WA	Bayleys	M15/630	Live	100%	WA	Gunga	P15/4940	Live	100%
WA	Bayleys	M15/1433	Live	100%	WA	Gunga	P15/4944	Live	100%
WA	Bayleys	M15/1788	Live	100%	WA	Gunga	P15/5039	Live	100%
WA	Bayleys	P15/4912	Live	100%	WA	Gunga	P15/5040	Live	100%
WA	Bayleys	P15/4927	Live	100%	WA	Gunga	P15/5041	Live	100%
WA	Bayleys	P15/5717	Live	100%	WA	Gunga	P15/5256	Live	100%
WA	Bayleys	L15/34	Live	100%	WA	Gunga	P15/5702	Pending	100%
WA	Bayleys	L15/122	Live	100%	WA	Gunga	P15/5703	Pending	100%
WA	Bayleys	L15/161	Live	100%	WA	Gunga	L15/88	Live	100%
WA	Bayleys	L15/164	Live	100%	WA	Gunga	L15/90	Live	100%
WA	Bayleys	L15/186	Live	100%	WA	Gunga	L15/95	Live	100%
WA	Bonnie Vale	M15/277	Live	100%	WA	Gunga	L15/96	Live	100%
WA	Bonnie Vale	M15/365	Live	100%	WA	Gunga	L15/114	Live	100%
WA	Bonnie Vale	M15/595	Live	100%	WA	Gunga	L15/116	Live	100%
WA	Bonnie Vale	M15/662	Live	100%	WA	Gunga	L15/119	Live	100%
WA	Bonnie Vale	M15/711	Live	100%	WA	Gunga	L15/283	Live	100%
WA	Bonnie Vale	M15/770	Live	100%	WA	Lake Cowan	E15/986	Live	100%
WA	Bonnie Vale	M15/852	Live	100%	WA	Lake Cowan	E15/1224	Live	100%
WA	Bonnie Vale	M15/857	Live	100%	WA	Lord Bob	M15/385	Live	100%
WA	Bonnie Vale	M15/877	Live	100%	WA	Lord Bob	M15/664	Live	100%
WA	Bonnie Vale	M15/981	Live	100%	WA	Lord Bob	M15/1789	Live	100%
WA	Bonnie Vale	M15/1384	Live	100%	WA	Lord Bob	P15/4829	Live	100%
WA	Bonnie Vale	M15/1444	Live	100%	WA	Lord Bob	P15/4916	Live	100%
WA	Bonnie Vale	M15/1760	Live	100%	WA	Lord Bob	P15/4917	Live	100%
WA	Bonnie Vale	P15/5155	Live	100%	WA	Lord Bob	P15/4950	Live	100%
WA	Bonnie Vale	P15/5156	Live	100%	WA	Lord Bob	P15/4951	Live	100%
WA	Bonnie Vale	P15/5158	Live	100%	WA	Lord Bob	P15/4952	Live	100%
WA	Bonnie Vale	P15/5159	Live	100%	WA	Lord Bob	P15/4953	Live	100%
WA	Bonnie Vale	P15/5190	Live	100%	WA	Lord Bob	P15/4956	Live	100%
WA	Bonnie Vale	P15/5238	Live	100%	WA	Lord Bob	P15/5227	Live	100%
WA	Bonnie Vale	P15/5253	Live	100%	WA	Lord Bob	P15/5550	Live	100%
WA	Bonnie Vale	P15/5254	Live	100%	WA	Lord Bob	P15/5712	Pending	100%
WA	Bonnie Vale	P15/5255	Live	100%	WA	Lord Bob	P15/5731	Live	100%
WA	Bonnie Vale	P15/5704	Pending	100%	WA	Lord Bob	P15/5733	Live	100%
WA	Bonnie Vale	P15/5713	Live	100%	WA	Lord Bob	P15/5735	Live	100%
WA	Bonnie Vale	P15/5714	Live	100%	WA	Lord Bob	L15/51	Live	100%
WA	Bonnie Vale	L15/126	Live	100%	WA	Lord Bob	L15/59	Live	100%
WA	Bonnie Vale	L15/127	Live	100%	WA	Lord Bob	L15/63	Live	100%
WA	Bonnie Vale	L15/130	Live	100%	WA	Lord Bob	L15/77	Live	100%
WA	Bonnie Vale	L15/200	Live	100%	WA	Lord Bob	L15/78	Live	100%
WA	Bonnie Vale	L15/211	Live	100%	WA	Mount	M15/30	Live	100%
WA	Gunga	M15/1341	Live	100%	WA	Mount	M15/1423	Live	100%
WA	Gunga	M15/1357	Live	100%	WA	Mount	M15/1431	Live	100%
WA	Gunga	M15/1358	Live	100%	WA	Mount	P15/4906	Live	100%
WA	Gunga	M15/1359	Live	100%	WA	Mount	P15/4907	Live	100%
WA	Gunga	P15/4909	Live	100%	WA	Mount	P15/5495	Live	100%
WA	Gunga	P15/4928	Live	100%	WA	Mount	P15/5500	Live	100%
WA	Gunga	P15/4929	Live	100%	WA	Mount	P15/5501	Live	100%
WA	Gunga	P15/4930	Live	100%	WA	Mount	P15/5716	Live	100%
WA	Gunga	P15/4931	Live	100%	WA	Mount	L15/325	Live	100%
WA	Gunga	P15/4932	Live	100%	WA	Mount	L15/327	Pending	100%
WA	Gunga	P15/4936	Live	100%	WA	Mount	L15/338	Live	100%
WA	Gunga	P15/4937	Live	100%	WA	Mount	L15/343	Pending	100%
WA	Gunga	P15/4938	Live	100%	WA	Nepean	M15/709	Live	100%

ADDITIONAL INFORMATION

State	Project	Tenement	Status	Interest	State	Project	Tenement	Status	Interest
WA	Nepean	M15/1809	Live	100%	WA	Norris	L15/171	Live	100%
WA	Nepean	P15/5248	Live	100%	WA	Norris	L15/172	Live	100%
WA	Nepean	P15/5519	Live	100%	WA	Norris	L15/173	Live	100%
WA	Nepean	P15/5574	Live	100%	WA	Norris	L15/174	Live	100%
WA	Nepean	P15/5575	Live	100%	WA	Norris	L15/175	Live	100%
WA	Nepean	P15/5576	Live	100%	WA	Three Mile Hill	M15/150	Live	100%
WA	Nepean	P15/5625	Live	100%	WA	Three Mile Hill	M15/154	Live	100%
WA	Nepean	P15/5626	Live	100%	WA	Three Mile Hill	M15/636	Live	100%
WA	Nepean	P15/5629	Live	100%	WA	Three Mile Hill	M15/645	Live	100%
WA	Nepean	P15/5738	Live	100%	WA	Three Mile Hill	M15/781	Live	100%
WA	Nepean	P15/5739	Live	100%	WA	Three Mile Hill	M15/827	Live	100%
WA	Nepean	P15/5740	Live	100%	WA	Three Mile Hill	M15/1432	Live	100%
WA	Nepean	P15/5741	Live	100%	WA	Three Mile Hill	M15/1434	Live	100%
WA	Nepean	P15/5742	Live	100%	WA	Three Mile Hill	P15/4913	Live	100%
WA	Nepean	P15/5743	Live	100%	WA	Three Mile Hill	P15/4926	Live	100%
WA	Nepean	P15/5749	Live	100%	WA	Three Mile Hill	L15/42	Live	100%
WA	Nepean	P15/5750	Live	100%	WA	Three Mile Hill	L15/123	Live	100%
WA	Nepean	L15/27	Live	100%	WA	Three Mile Hill	L15/177	Live	100%
WA	Nepean	L15/28	Live	100%	WA	Tindals	M15/23	Live	100%
WA	Nepean	L15/179	Live	100%	WA	Tindals	M15/237	Live	100%
WA	Nepean	L15/193	Live	100%	WA	Tindals	M15/410	Live	100%
WA	Nepean	L15/194	Live	100%	WA	Tindals	M15/411	Live	100%
WA	Nepean	L15/294	Live	100%	WA	Tindals	M15/412	Live	100%
WA	Norris	M15/384	Live	100%	WA	Tindals	M15/646	Live	100%
WA	Norris	M15/391	Live	100%	WA	Tindals	M15/660	Live	100%
WA	Norris	M15/515	Live	100%	WA	Tindals	M15/675	Live	100%
WA	Norris	M15/761	Live	100%	WA	Tindals	M15/958	Live	100%
WA	Norris	M15/791	Live	100%	WA	Tindals	M15/966	Live	100%
WA	Norris	M15/871	Live	100%	WA	Tindals	M15/1114	Live	100%
WA	Norris	M15/1153	Live	100%	WA	Tindals	M15/1262	Live	100%
WA	Norris	M15/1422	Live	100%	WA	Tindals	M15/1293	Live	100%
WA	Norris	M15/1793	Live	100%	WA	Tindals	M15/1294	Live	100%
WA	Norris	P15/5241	Live	100%	WA	Tindals	M15/1461	Live	100%
WA	Norris	P15/5522	Live	100%	WA	Tindals	P15/4810	Live	100%
WA	Norris	P15/5527	Live	100%	WA	Tindals	P15/4933	Live	100%
WA	Norris	P15/5528	Live	100%	WA	Tindals	P15/4934	Live	100%
WA	Norris	P15/5729	Live	100%	WA	Tindals	P15/4935	Live	100%
WA	Norris	P15/5730	Live	100%	WA	Tindals	P15/4941	Live	100%
WA	Norris	P15/5732	Live	100%	WA	Tindals	P15/4943	Live	100%
WA	Norris	P15/5734	Live	100%	WA	Tindals	P15/4945	Live	100%
WA	Norris	P15/5736	Live	100%	WA	Tindals	P15/4947	Live	100%
WA	Norris	P15/5756	Live	100%	WA	Tindals	P15/5046	Live	100%
WA	Norris	P15/5807	Pending	100%	WA	Tindals	P15/5048	Live	100%
WA	Norris	L15/71	Live	100%	WA	Tindals	P15/5209	Live	100%
WA	Norris	L15/168	Live	100%	WA	Tindals	P15/5464	Live	100%
WA	Norris	L15/169	Live	100%	WA	Tindals	L15/213	Live	100%
WA	Norris	L15/170	Live	100%					

ADDITIONAL INFORMATION



Laverton Gold Project - Focus Minerals (Laverton) Ltd

State	Project	Tenement	Status	Interest	State	Project	Tenement	Status	Interest
WA	Barnicoat	M38/264	Live	100%	WA	Central Laverton	P38/3495	Live	100%
WA	Barnicoat	M38/318	Live	100%	WA	Central Laverton	P38/3503	Live	100%
WA	Barnicoat	M38/376	Live	100%	WA	Central Laverton	P38/3504*	Live	100%
WA	Barnicoat	M38/377	Live	100%	WA	Central Laverton	P38/3505*	Live	100%
WA	Barnicoat	M38/387	Live	100%	WA	Central Laverton	P38/3506*	Live	100%
WA	Barnicoat	M38/401	Live	100%	WA	Central Laverton	P38/3691	Live	100%
WA	Barnicoat	M38/507	Live	100%	WA	Central Laverton	P38/3822	Live	100%
WA	Barnicoat	M38/1032	Live	100%	WA	Central Laverton	P38/3862	Live	100%
WA	Barnicoat	M38/1042	Live	100%	WA	Central Laverton	P38/3863	Live	100%
WA	Burtville	E38/1642	Live	100%	WA	Central Laverton	P38/3865	Live	100%
WA	Burtville	E38/2032	Live	100%	WA	Central Laverton	P38/3974*	Live	100%
WA	Burtville	M38/8	Live	100%	WA	Central Laverton	P38/3975*	Live	100%
WA	Burtville	M38/73	Live	56%	WA	Central Laverton	P38/3976*	Live	100%
WA	Burtville	M38/89	Live	56%	WA	Chatterbox	M38/40	Live	100%
WA	Burtville	M38/261	Live	100%	WA	Chatterbox	M38/48	Live	100%
WA	Burtville	M38/459	Live	100%	WA	Chatterbox	M38/49	Live	100%
WA	Burtville	P38/3612	Live	100%	WA	Chatterbox	M38/101	Live	100%
WA	Burtville	P38/3614	Live	100%	WA	Chatterbox	M38/535	Live	100%
WA	Burtville	P38/3667	Live	100%	WA	Chatterbox	M38/693	Live	100%
WA	Burtville	P38/3675	Live	100%	WA	East Laverton	E38/1559	Live	100%
WA	Burtville	P38/3676	Live	100%	WA	East Laverton	E38/1670	Live	100%
WA	Burtville	P38/3693	Live	100%	WA	East Laverton	E38/1860	Live	100%
WA	Burtville	P38/3694	Live	100%	WA	East Laverton	E38/1864	Live	100%
WA	Burtville	P38/3695	Live	100%	WA	East Laverton	E38/1867	Live	100%
WA	Central Laverton	E38/1349	Live	100%	WA	East Laverton	E38/1869	Live	64%
WA	Central Laverton	E38/1878	Live	100%	WA	East Laverton	E38/2059	Live	100%
WA	Central Laverton	E38/1886	Live	100%	WA	East Laverton	E38/2130	Live	100%
WA	Central Laverton	E38/1896	Live	100%	WA	East Laverton	E38/2169	Live	100%
WA	Central Laverton	E38/1966	Live	100%	WA	East Laverton	M38/392	Live	100%
WA	Central Laverton	E38/2143	Live	100%	WA	East Laverton	M38/393	Live	100%
WA	Central Laverton	E38/2203	Live	100%	WA	East Laverton	P38/3608	Live	64%
WA	Central Laverton	E38/2862*	Pending	100%	WA	East Laverton	P38/3610	Live	100%
WA	Central Laverton	M38/38	Live	100%	WA	East Laverton	P38/3615	Live	100%
WA	Central Laverton	M38/39	Live	100%	WA	East Laverton	P38/3671	Live	100%
WA	Central Laverton	M38/52	Live	100%	WA	East Laverton	P38/3692	Live	100%
WA	Central Laverton	M38/143	Live	100%	WA	East Laverton	P38/3700	Live	100%
WA	Central Laverton	M38/236	Live	100%	WA	East Laverton	P38/3823	Live	100%
WA	Central Laverton	M38/270	Live	100%	WA	Infrastructure	G38/20	Live	100%
WA	Central Laverton	M38/342	Live	100%	WA	Infrastructure	G38/24	Live	100%
WA	Central Laverton	M38/345	Live	100%	WA	Infrastructure	G38/25	Live	100%
WA	Central Laverton	M38/358	Live	100%	WA	Infrastructure	G38/33	Live	100%
WA	Central Laverton	M38/363	Live	100%	WA	Infrastructure	L38/34	Live	100%
WA	Central Laverton	M38/364	Live	100%	WA	Infrastructure	L38/52	Live	100%
WA	Central Laverton	M38/547*	Live	100%	WA	Infrastructure	L38/53	Live	100%
WA	Central Laverton	M38/1129	Live	100%	WA	Infrastructure	L38/54	Live	100%
WA	Central Laverton	M38/1133	Live	100%	WA	Infrastructure	L38/55	Live	100%
WA	Central Laverton	M38/1187	Live	100%	WA	Infrastructure	L38/56	Live	100%
WA	Central Laverton	P38/3327	Live	100%	WA	Infrastructure	L38/57	Live	100%
WA	Central Laverton	P38/3488	Live	100%	WA	Infrastructure	L38/63	Live	100%
WA	Central Laverton	P38/3489	Live	100%	WA	Infrastructure	L38/75	Live	100%
WA	Central Laverton	P38/3490	Live	100%	WA	Infrastructure	L38/76	Live	100%
WA	Central Laverton	P38/3491	Live	100%	WA	Infrastructure	L38/78	Live	100%
WA	Central Laverton	P38/3492	Live	100%	WA	Infrastructure	L38/92	Live	100%

ADDITIONAL INFORMATION

State	Project	Tenement	Status	Interest	State	Project	Tenement	Status	Interest
WA	Infrastructure	L38/101	Live	100%	WA	Mount Weld	P38/3663	Live	100%
WA	Infrastructure	L38/108	Live	100%	WA	Mount Weld	P38/3664	Live	100%
WA	Infrastructure	L38/120	Live	100%	WA	Mount Weld	P38/3665	Live	100%
WA	Infrastructure	L38/152	Live	100%	WA	Mount Weld	P38/3674	Live	100%
WA	Infrastructure	L38/153	Live	100%	WA	Mount Weld	P38/3701	Live	100%
WA	Infrastructure	L38/160	Live	100%	WA	Mount Weld	P38/3706	Live	100%
WA	Infrastructure	L38/163	Live	100%	WA	Mount Weld	P38/3707	Live	100%
WA	Infrastructure	L38/164	Live	100%	WA	Mount Weld	P38/3710	Live	100%
WA	Infrastructure	L38/165	Live	100%	WA	Mount Weld	P38/3711	Live	100%
WA	Infrastructure	L38/166	Live	100%	WA	Mount Weld	P38/3712	Live	100%
WA	Infrastructure	L38/173	Live	100%	WA	Mount Weld	P38/3713	Live	100%
WA	Infrastructure	L38/177	Live	100%	WA	Mount Weld	P38/3714	Live	100%
WA	Infrastructure	L38/178	Live	100%	WA	Mount Weld	P38/3715	Live	100%
WA	Infrastructure	L38/179	Live	100%	WA	Mount Weld	P38/3716	Live	100%
WA	Infrastructure	L38/183	Live	100%	WA	Mount Weld	P38/3756	Live	100%
WA	Infrastructure	L39/124	Live	100%	WA	Mount Weld	P38/4091*	Pending	100%
WA	Infrastructure	L39/214	Live	100%	WA	Mt Crawford	E38/1861	Live	100%
WA	Jasper Hills	M39/138	Live	100%	WA	Mt Crawford	E38/2321	Live	100%
WA	Jasper Hills	M39/139	Live	100%	WA	Mt Crawford	M38/159	Live	100%
WA	Jasper Hills	M39/185	Live	100%	WA	Mt Crawford	P38/3500	Live	100%
WA	Jasper Hills	M39/262	Live	100%	WA	Mt Crawford	P38/3501	Live	100%
WA	Lancefield	M38/37	Live	100%	WA	Mt Crawford	P38/3864	Live	100%
WA	Mount Weld	E38/812	Live	100%	WA	Mt Margaret	P39/4783	Live	100%
WA	Mount Weld	E38/1725	Live	100%	WA	Mt Margaret	P39/4784	Live	100%
WA	Mount Weld	E38/1865	Live	100%	WA	Mt Margaret	P39/4785	Live	100%
WA	Mount Weld	E38/2028	Live	100%	WA	Mt Margaret	P39/4786	Live	100%
WA	Mount Weld	E38/2030	Live	100%	WA	Mt Margaret	P39/4787	Live	100%
WA	Mount Weld	E38/2388	Live	100%	WA	Mt Margaret	P39/4788	Live	100%
WA	Mount Weld	E38/2873*	Pending	100%	WA	Single	M38/544	Live	100%
WA	Mount Weld	M38/390	Live	100%	WA	Single	M38/989	Live	100%
WA	Mount Weld	M38/403	Live	100%	WA	Sunrise	E38/1652	Live	100%
WA	Mount Weld	M38/749	Live	100%	WA	Sunrise	E38/2872*	Pending	100%
WA	Mount Weld	M38/846	Live	100%	WA	Sunrise	M39/520	Live	100%
WA	Mount Weld	M38/881	Live	100%	WA	Sunrise	M39/653	Live	100%
WA	Mount Weld	M38/915	Live	100%	WA	Sunrise	M39/654	Live	100%
WA	Mount Weld	M38/953	Live	100%	WA	Sunrise	M39/655	Live	100%
WA	Mount Weld	M38/954	Live	100%	WA	Sunrise	M39/664	Live	100%
WA	Mount Weld	M38/1047	Live	100%	WA	Sunrise	M39/667	Live	100%
WA	Mount Weld	M38/1048	Live	100%	WA	Sunrise	M39/668	Live	100%
WA	Mount Weld	M38/1049	Live	100%	WA	Sunrise	M39/669	Live	100%
WA	Mount Weld	M38/1149	Live	100%	WA	Sunrise	M39/670	Live	100%
WA	Mount Weld	P38/3122	Live	100%	WA	Sunrise	M39/742	Live	100%
WA	Mount Weld	P38/3609	Live	100%	WA	Sunrise	M39/743	Live	100%
WA	Mount Weld	P38/3611	Live	100%	WA	Sunrise	M39/849	Live	100%
WA	Mount Weld	P38/3617	Live	100%	WA	Sunrise	M39/862	Live	100%
WA	Mount Weld	P38/3620	Live	100%	WA	Sunrise	M39/904	Live	100%
WA	Mount Weld	P38/3656	Live	100%	WA	Sunrise	M39/951	Live	100%
WA	Mount Weld	P38/3657	Live	100%	WA	Sunrise	P39/4797	Live	100%
WA	Mount Weld	P38/3658	Live	100%	WA	Sunrise	P38/4099*	Pending	100%
WA	Mount Weld	P38/3659	Live	100%	WA	Sunrise	P38/4100*	Pending	100%
WA	Mount Weld	P38/3660	Live	100%	WA	Sunrise	P38/4102*	Pending	100%
WA	Mount Weld	P38/3661	Live	100%	WA	West Laverton	M38/46	Live	100%
WA	Mount Weld	P38/3662	Live	100%	WA	West Laverton	M38/1134	Live	100%

ADDITIONAL INFORMATION

Tenement Abbreviations:

E	=	Exploration Licence
EL	=	Exploration Licence
P	=	Prospecting Licence
M	=	Mining Lease
L	=	Miscellaneous Licence
G	=	General Purpose Licence

ROYALTY AGREEMENTS

Coolgardie Gold Project

The Parent Entity has entered into the following deeds of assignment for royalty agreements relating to the Coolgardie Gold Project. The material terms of these royalty agreements are set out in the table below:

Tenements	Royalty
M15/645 (portion of)	\$1.00/tonne crushed and treated
M15/646, M15/660, M15/1114, P15/4933, P15/4934, M15/1262, P15/4947 & P15/4935	\$0.25/tonne mined and treated (after 2,500,000 tonnes of ore have been mined and treated)
P15/4913 (portion of)	\$1.00/tonne mined and treated
P15/646 (portion of)	2% of all future gold production
M15/781 & M15/827	0.5% NSR
M15/770, P15/5155, P15/5156, M15/852, M15/857, M15/981, M15/1760, M15/365, M15/662, M15/711 & M15/1384	2.5% NSR
M15/958, M15/1114, M15/646 (portion of) & M15/660 (portion of)	\$10/ounce gold produced (after first 100,000 ounces produced) & 3% NSR on all other metals
M15/958 (portion of)	\$0.75/dry tonne mined and treated
M15/1423	\$1/tonne mined and treated
M15/1357 & M15/1358	1.5% NSR on gold & 1% NSR on all other metals
M15/675	\$1/tonne mined and treated
M15/958 (portion of)	\$1.50/tonne mined and treated
M15/237, P15/5209 & P15/5464	1.5% NSR
M15/1341 & M15/1359	2.5% NSR on gold & 1% NSR on all other metals
P15/4907 & M15/1461	\$1.00/tonne mined and treated
E15/986	2.5% NSR

ADDITIONAL INFORMATION

ROYALTY AGREEMENTS Continued

Laverton Gold Project

The Parent Entity has entered into the following deeds of assignment for royalty agreements relating to the Laverton Gold Project. The material terms of these royalty agreements are set out in the table below:

Tenements	Royalty
M38/376 & M38/377	\$1.50/BCM of ore mined between 100,000BCM and 850,000BCM
M38/143	\$10/ounce gold produced (after the first 50,000 ounces)
All tenements at Laverton owned by Focus Minerals (Laverton) Ltd (all tenements are listed in the "Interest in Mining Tenements" section above except those with an *)	2% NSR
M38/37, M38/38, M38/39, M38/40, M38/46, M38/48, M38/49, M38/52, E38/1966 (portion of), M38/101, M38/358, M38/535, P38/3488, P38/3489, P38/3490, P38/3491, P38/3492	<p>\$1.00/tonne mined and treated from open cut & \$1.50/tonne mined and treated from underground (assuming spot gold price is fixed by the Perth Mint (SGP) is \$525 (Base Price)).</p> <p>Each quarter the royalty is to be varied by:</p> <p>(i) calculating the average daily \$ SGP during the quarter;</p> <p>(ii) subject to (iii), for each \$10 that the average SGP for the quarter varies from the Base Price, there will be an increase or a reduction in the royalty of \$0.10/tonne of mined and treated;</p> <p>(iii) the minimum royalty payable for open cut and underground will be \$0.75 and \$1.25 respectively</p>
M38/1042	<p>\$1.50/tonne of ore mined and treated after 100,000tonne</p> <p>Plus \$0.58/tonne ore mined and milled for first 500,000tonne, then \$0.05/tonne of ore mined and milled thereafter</p>
M38/544	4% of gold produced up to 100,000 ounces, then 2.5% of gold produced thereafter
M38/73	3% of the gross value of gold recovered
P38/3500 & P38/3501	1.5% NSR
M38/693	\$0.75/tonne ore mined
P38/3667	1% gross value of gold produced
M39/664, M39/742, M39/743, M39/862 & M39/904	1% of gross revenue received from mining operations on the tenements
P38/3610, P38/3615 (portion of), P38/3693, P38/3694, P38/3695, E38/1860 (portion of), E38/1867 (portion of), E38/2059 (portion of)	\$1/BCM of ore mined and treated



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