



Focus Minerals Limited

ABN 56 005 470 799

Interim Financial Report

for the half year ended 30 June 2014

Table of Contents¹

Corporate Information	3
Directors' Report.....	4
Auditor's Independence Declaration	6
Financial Statements	7
Notes to the Consolidated Interim Financial Report for the Half Year Ended 30 June 2014	11
Directors' Declaration	20
Independent Auditor's Review Report	21

¹ This document should be read in conjunction with the Annual Report of Focus Minerals Limited for the six-month period ended 31 December 2013. The Annual Report can be found at <http://www.asx.com.au/asx/statistics/displayAnnouncement.do?display=pdf&idsId=01511386>.

Corporate Information

ABN 56 005 470 799

Directors

Jisheng Lu	Chairman - Non-Executive, Non-Independent
Yuhuan Ge	Director - Non-Executive, Non-Independent
Wanghong Yang	Director – Executive
Gerry Fahey	Director - Independent
Zaiqian Zhang	Alternate Director to Jisheng Lu - Executive

Company Secretary

Dane Etheridge

Registered and Head Office

Level 2
159 Adelaide Terrace
East Perth WA 6004

PO Box 3233
East Perth WA 6892

Tel: +61 (0) 8 9215 7888
Fax: +61 (0) 8 9215 7889

Share Registry

Computershare Investor Services Pty Ltd
Level 2 / Reserve Bank Building
45 St Georges Terrace
Perth WA 6000

Auditor

PricewaterhouseCoopers
125 St Georges Terrace
Perth WA 6000

Bankers

National Australia Bank
100 St Georges Terrace
Perth WA 6000

Bank of China Perth Branch
Ground Floor, 179 St Georges Terrace
Perth WA 6000

Solicitors

Murcia Pestell Hillard Lawyers
Suite 183, Level 6
580 Hay Street
Perth, WA 6000

King and Wood Mallesons
Level 30, QV1
250 St Georges Terrace
Perth, WA 6000

Stock Exchange Listing

Australian Securities Exchange (ASX)
ASX Symbol: FML

Directors' Report

The Directors of Focus Minerals Limited would like to present the financial report for the half year ended 30 June 2014.

Directors

Jisheng Lu	Chairman, Non-Executive, Non-Independent
Yuhuan Ge	Director, Non-Executive, Non-Independent
Wanghong Yang	Director, Executive (Interim CEO)
Gerry Fahey	Director, Independent
Zaiqian Zhang	Alternate Director to Jisheng Lu, Executive
Bruce McComish ²	Director, Non-Executive, Non-Independent

Review of Operations

Corporate

During the first half of 2014, Focus Minerals redefined and readjusted itself as an exploration company, aiming to rebuild a robust gold resource and reserve foundation that will lead the Company to become a sustainable and cash generating mid-tier gold mining company in Australia.

The Company incurred a loss of \$11,556,000 for the half year period ended 30 June 2014 (6 months to 31 December 2013 loss: \$132,872,000). The loss was mainly caused by impairment and write off expenses:

- \$6,120,000 impairment of mine development assets and,
- \$1,765,000 write off of plant and equipment and divested exploration tenements.

As at 30 June 2014, the Company has cash, cash equivalents and restricted cash of \$92,207,000 (at 31 December 2013: \$99,440,000).

During the half year, the Company conducted a review of the tenement packages of Coolgardie and Laverton. Through the process, Focus identified and subsequently surrendered a total of 109 low potential tenements, resulting in an annual saving of \$2.3m on tenement minimum expenditure costs.

Exploration

During this period the Company drilled a total of 94 exploration holes for 15,866.6m at its Laverton and Coolgardie projects. As announced via the ASX 30 July 2014, the drilling encompassed a number of greenfield and brownfield target areas with significant results recorded at several of the prospects.

At Laverton a total of 7,954.1m of drilling was completed, consisting of 40 RC holes for 6,080m and 13 diamond tails for 1,874.1m. This drilling included programs at Prendergast Well, Gladiator, Lancefield, Craiggimore, Fish and Lord Byron. The best results from the Laverton drilling included 2.9m @ 8.17g/t Au from 455m in hole FHDD099 at Fish; and 2m @ 59.76g/t Au from 50m in LFRC002 at Lancefield.

Also at Laverton, a VTEM geophysical survey was flown over approximately 25km of the Admiral Hill – Barnicoat area early in the year, ranging from Admiral Hill in the north to the Black Label prospect in the south. This survey has enabled the Company to reinterpret the geology of the Barnicoat Shear and map the entire length of a carbonaceous shale horizon which is associated with gold mineralisation adjacent to the shear. It has also highlighted a number of conductive anomalies which will be tested by drilling in the near future.

At Coolgardie a total of 41 holes were drilled for 7,912.5m, consisting of 30 RC holes for 6,698m and 11 diamond tails for 1,214.5. This included further work at Brilliant, as well as programs at Bonnie Vale and Boundary. The best results from the Coolgardie drilling included 8.3m @ 13.46g/t Au from 268.24m in BRRC007 at Brilliant, and 6m @ 9.45g/t Au from 158m in BONC035 at Bonnie Vale.

² Mr McComish retired as a director on 28 May 2014.

Also at Coolgardie, a regional targeting review was conducted by external consultants which involved reviewing the work of previous authors in the region to produce a high-level view of prospect over the whole tenement package. This study has resulted in some fresh perspectives on areas south of Coolgardie between Tindals and Nepean which have previously received little attention.

Events Subsequent to Balance Date

The Mount project was forced to shut down in June 2013 due to high production costs. Since then, the Company had been looking for opportunities to divest the project. During first half of 2014 the Company received a number of offers in relation to The Mount and, after several rounds of negotiations with the potential buyers, the Company decided to sell The Mount to Lukah Mining for around \$750,000 in August 2014.

Since the Laverton operation was shut down, the camp has been under care and maintenance. The Company received several offers to purchase the camp and in August 2014 the Company sold the camp to Rakkan Pty Ltd for around \$900,000.

In March 2005, Crescent Gold (Focus Minerals acquired Crescent Gold in October 2011 and the entity is now called Focus Minerals (Laverton) Pty Ltd) signed a land access agreement with Wongatha People in exchange of certain tenements. In March 2014, NEIB Group, acting on behalf of the Wongatha People, issued a letter to the Company, claiming an amount of \$1,300,000 as royalty payments dating back to 2007. In August 2014, Focus agreed to settle this matter by paying around \$600,000 as well as amending the agreement in favour of the Company.

Save as the matters mentioned above, there are no events that have arisen after balance date that have 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 the future financial periods.

Auditor's Independence Declaration

The declaration required under Section 307C of the Corporations Act 2001 is set out on Page 6.

This report is made in accordance with a resolution of the directors.



Jisheng Lu
Chairman of the Board
12 September 2014
Jinan, Shandong, China

Auditor's Independence Declaration



Auditor's Independence Declaration

As lead auditor for the review of Focus Minerals Limited for the half-year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

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

A handwritten signature in black ink, appearing to read 'Ben Gargett', written in a cursive style.

Ben Gargett
Partner
PricewaterhouseCoopers

Perth
12 September 2014

PricewaterhouseCoopers, ABN 52 780 433 757
Brookfield Place, 125 St Georges Terrace, PERTH WA 6000, GPO Box D198, PERTH WA 6840
T: +61 8 9238 3000, F: +61 8 9238 3999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

Financial Statements

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 30 JUNE 2014

		Consolidated	
		6 months to 30 June	6 months to 31 December
	Notes	2014 \$'000	2013 \$'000
Revenue from continuing operations	3(a)	93	13,742
Other Income	3(b)	2,278	3,621
Cost of Sales		-	(6,618)
Changes in inventories		-	(6,583)
Employee expenses		(1,482)	(6,489)
Depreciation and Amortisation Expenses		(1,206)	(4,158)
Finance Costs		(227)	(204)
Takeover Costs		-	(43)
Impairment expense		(6,120)	(113,229)
Loss on disposal of tenements and plant and equipment		(1,765)	(8,695)
Care and Maintenance Costs		(1,585)	(593)
Corporate and Other Expenses		(1,542)	(3,623)
Loss Before Income Tax		(11,556)	(132,872)
Income Tax Expense		-	-
Loss After Income Tax for the Period		(11,556)	(132,872)
Other Comprehensive Income for the Period, Net of Tax		-	-
Total Comprehensive Loss for the Period		(11,556)	(132,872)
Total Comprehensive Loss Attributable to:			
Owners of the Parent		(11,556)	(132,872)
		(11,556)	(132,872)
Total Comprehensive Loss for the Period		(11,556)	(132,872)
Earnings per Share			
Basic Loss per Share (Cents Per Share)	4	(0.13)	(1.45)
Diluted Loss per Share (Cents Per Share)	4	(0.13)	(1.45)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION**AS AT 30 JUNE 2014**

		Consolidated	
		30 June	31 December
	Notes	2014	2013
		\$'000	\$'000
Assets			
Current Assets			
Cash and Cash Equivalents	5	683	81,239
Short term deposits	5	74,398	166
Trade and Other Receivables	6	1,184	813
Financial Assets	7	349	600
Total Current Assets		76,614	82,818
Non-Current Assets			
Restricted Cash	5	17,126	18,035
Inventories		2,894	2,894
Plant and Equipment	9	9,163	12,115
Mine Properties and Development	8	750	6,876
Exploration and Evaluation Assets	10	40,319	37,059
Total Non-Current Assets		70,252	76,979
Total Assets		146,866	159,797
Liabilities			
Current Liabilities			
Trade and Other Payables		1,393	1,396
Interest Bearing Liabilities		267	1,018
Provisions		1,531	2,136
Total Current Liabilities		3,191	4,550
Non-Current Liabilities			
Interest Bearing Liabilities		227	227
Provisions		24,987	25,003
Total Non-Current Liabilities		25,214	25,230
Total Liabilities		28,405	29,780
Net Assets		118,461	130,017
Equity			
Issued Capital	12 (a)	427,167	427,167
Reserves		(6,995)	(6,995)
Accumulated Losses		(301,711)	(290,155)
Total Equity		118,461	130,017

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 30 JUNE 2014

	Notes	Issued Capital	Accumulated Losses	Reserves	Total
		\$'000	\$'000	\$'000	\$'000
Balance as at 30 June 2013		427,167	(157,283)	(6,995)	262,889
Total Comprehensive Income for the period		-	(132,872)	-	(132,872)
Balance as at 31 December 2013		427,167	(290,155)	(6,995)	130,017
Total Comprehensive Income for the period		-	(11,556)	-	(11,556)
Balance as at 30 June 2014		427,167	(301,711)	(6,995)	118,461

The accompanying notes form part of these financial statements.

STATEMENT OF CASHFLOWS**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014**

		Consolidated	
		6 months to 30 June 2014 '\$000	6 months to 31 December 2013 '\$000
Notes			
Cash Flows from Operating Activities			
		93	16,408
		(5,132)	(43,915)
		(17)	(2,350)
		252	995
		-	(43)
		1,488	2,104
		(227)	(204)
Net Cash Outflow from Operating Activities		(3,543)	(27,005)
Cash Flows from Investing Activities			
		511	514
		(3)	(158)
		-	(1,265)
		171	-
		(74,241)	-
		(3,619)	(4,238)
Net Cash Outflow from Investing Activities		(77,181)	(5,147)
Cash flows from Financing Activities			
		-	(8,000)
		(751)	-
		-	8,000
		918	-
Net Cash Inflow/(Outflow) from Financing Activities		167	(769)
		(80,557)	(32,920)
		81,239	114,159
		682	81,239
	5(i)		

The accompanying notes form part of these financial statements.

Notes to the Consolidated Interim Financial Report for the Half Year Ended 30 June 2014

Note 1: Basis of preparation of half-year report

The interim financial report of Focus Minerals Limited (“the Company”, together with its consolidated reporting entities, as “the Group”) for the half-year reporting period ended 30 June 2014 has been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The Company has changed its financial year end from 30 June to 31 December, which enables the Company to align its financial reporting period with its major shareholder, Shandong Gold International Mining Corporation Limited. The comparative for this half-year reporting period is 31 December 2013 and the six months then ended.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the Period Ended 31 December 2013 and any public announcements made by Focus Minerals Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of previous financial year and corresponding interim reporting period, unless otherwise noted below.

(a) New and amended standards adopted by the Group

The Group applied the following standards and amendments for first time in their annual reporting period commencing 1 January 2014:

- Amendments to AASB 2011-4 and revised Corporations Regulations 2M.3.03 move the individual key management personnel (KMP) disclosures about equity holdings, loans and other transactions with KMP from the notes to the financial statements the remuneration report and require aggregate disclosures in the related parties note.
- Changes to Australian Conceptual Framework and Materiality (AASB CF 2013-1, AASB 1031, AASB 2013-9) Incorporates the guidance from the IASB's Framework on the objective and qualitative characteristics of financial reporting and removes Australian specific guidance on materiality from AASB 1031.

The adoption of these Standards and Interpretations has not had a significant impact on the Group's accounting policies.

(b) Impacts of standards issued but not yet applied by the Group

The following standards are available for early adoption but have not been applied by the Group:

- AASB 9 Financial Instruments addresses the classification, measurement and de-recognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2017 but is available for early adoption. It is not anticipated to have an impact on the Group's accounting policies in regards to its financial assets and liabilities.
- Annual improvements project – 2011-2013 cycle containing amendments to clarify minor points in various accounting standards, including AASB 1, AASB 3, AASB 13 and AASB 140, which are largely effective for annual periods beginning on or after 1 July 2014. These amendments are not expected to have an impact on the Group's accounting policies.
- The ASX has revised its Corporate Governance Principles and Recommendations, with important changes to guidance on risk management, governance reporting, independence of long-serving directors and gender diversity. The updated Principles and Recommendations will apply to listed entities from 1 July 2014.

(c) Change in method of accounting estimation: Depreciation of mill assets

In order to make a better reflection of the Group's business and operation result, as at 1 January 2014, the Group revised the depreciation method of mill treatment assets from the diminishing value to the straight-line method. This change in method of accounting estimate did not result a significant impact in the net profit for the six months period ended 30 June 2014.

Note 2: 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.

All of Focus Minerals Limited's subsidiaries are wholly owned. 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.

Segment Financial Information for the six months ended 30 June 2014 is presented below:

	6 months to 30 June 2014 Coolgardie \$'000	6 months to 30 June 2014 Laverton \$'000	6 months to 30 June 2014 Corporate \$'000	6 months to 30 June 2014 Consolidated \$'000
Revenue from continuing operations	93	-	-	93
Depreciation and Amortisation Expenses	(1,127)	-	(79)	(1,206)
Employee expenses	(220)	(13)	(1,249)	(1,482)
Finance costs	-	(1)	(226)	(227)
Other income	481	156	1,641	2,278
Care and Maintenance Costs	(396)	(1,189)	-	(1,585)
Impairment expenses	(6,120)	-	-	(6,120)
Loss on disposal of tenements and plant and equipment	(1,399)	(366)	-	(1,765)
Corporate and Other expenses	(65)	(118)	(1,359)	(1,542)
SEGMENT LOSS BEFORE TAX	(8,753)	(1,531)	(1,272)	(11,556)
Income taxes	-	-	-	-
SEGMENT LOSS	(8,753)	(1,531)	(1,272)	(11,556)
Current Assets	3,082	363	76,063	79,508
Non-Current Assets				
- Restricted Cash	706	7458	8,962	17,126
- Plant and Equipment	8,920	-	243	9,163
- Mine Properties and Development	750	-	-	750
- Exploration and Evaluation Assets	27,247	13,072	-	40,319
TOTAL ASSETS	40,705	20,893	85,268	146,866
Current Liabilities	1,432	1,050	709	3,191
Non-Current Liabilities	12,853	11,818	543	25,214
TOTAL LIABILITIES	14,285	12,868	1,252	28,405
NET ASSETS	26,420	8,025	84,016	118,461
Capital Expenditures	1,684	1,932	3	3,629

Segment Financial Information for the 6 months ended 31 December 2013 is presented below:

	6 months to 31 December	6 months to 31 December	6 months to 31 December	6 months to 31 December
	2013	2013	2013	2013
	Coolgardie	Laverton	Corporate	Consolidated
	\$'000	\$'000	\$'000	\$'000
Revenue from continuing operations	14,335	-	1,511	15,846
Cost of Sales	(6,618)	-	-	(6,618)
Depreciation and Amortisation Expenses	(2,921)	(1,158)	(79)	(4,158)
Changes in inventories	(6,391)	(192)	-	(6,583)
Employee expenses	(2,520)	(591)	(3,377)	(6,490)
Finance costs	228	(239)	(193)	(204)
Other income	(8)	1,134	391	1,517
Takeover costs	-	-	(43)	(43)
Care and Maintenance Costs	(43)	(549)	-	(593)
Impairment expenses	(53,601)	(59,628)	-	(113,229)
Loss on disposal of tenements and plant and equipment	(1,781)	(6,260)	(654)	(8,695)
Other expenses	-	(44)	(3,579)	(3,623)
SEGMENT LOSS BEFORE TAX	(59,320)	(67,527)	(6,024)	(132,872)
Income taxes	-	-	-	-
SEGMENT PROFIT / (LOSS)	(59,320)	(67,527)	(6,024)	(132,868)
Current Assets	4,493	635	80,584	85,712
Non-Current Assets				
- Restricted Cash	751	7,818	9,466	18,035
- Plant and Equipment	11,793	-	322	12,115
- Mine Properties and Development	6,876	-	-	6,876
- Exploration and Evaluation Assets	25,273	11,786	-	37,059
TOTAL ASSETS	49,186	20,239	90,372	159,797
Current Liabilities	2,344	452	1,754	4,550
Non-Current Liabilities	12,852	11,818	561	25,231
TOTAL LIABILITIES	15,196	12,270	2,315	29,781
NET ASSETS	33,990	7,969	88,057	130,017
Capital Expenditures	1,923	3,669	69	5,661

Note 3: Revenues

	Consolidated	
	6 months ended 30 June 2014 \$'000	6 months ended 31 December 2013 \$'000
(a) Revenue from continuing operations		
Gold sales	93	13,698
Silver sales	-	44
Total revenue from continuing operations	93	13,742
(b) Other income		
Sundry income	522	995
Finance income	21	389
Interest income	1,735	2,104
Change in fair value of financial assets	-	133
Total Other income	2,278	3,621

Note 4: Earnings per Share

	Consolidated	
	6 months to 30 June 2014 Cents per Share	6 months to 31 December 2013 Cents per Share
<i>Basic earnings per share:</i>		
Total Basic EPS	(0.13)	(1.45)
<i>Diluted earnings per share</i>		
Total Diluted EPS	(0.13)	(1.45)
<i>Basic Earnings per share</i>	\$000	\$000
The earnings used in the calculation of basic earnings per share	(11,556)	(132,872)
Weighted average number of ordinary shares for the purposes of basic earnings per share	9,137,375,877	9,137,375,877
<i>Diluted Earnings per share</i>	'\$000	'\$000
The earnings used in the calculation of diluted earnings per share	(11,556)	(132,872)
Weighted average number of ordinary shares for the purposes of diluted earnings per share	9,165,875,877	9,165,875,877

Note 5: Cash, Cash Equivalents, Short Term Deposits and Restricted Cash

	Consolidated	
	6 months to 30 June 2014 \$'000	6 months to 31 December 2013 \$'000
Cash and cash equivalents	683	81,239
Short term deposits	74,398	166
	75,081	81,405
Non- current – restricted cash	17,126	18,035

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

Cash 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 which is recognised as cash and cash equivalents

Short term deposits are made longer than three months and shorter than one year.

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 recognised as restricted cash.

Note 6: Current Trade and Other Receivables

	Consolidated	
	6 months to 30 June 2014 \$'000	6 months to 31 December 2013 \$'000
Trade receivables	264	72
Other receivables	920	741
	1,184	813

An allowance for doubtful debts is made when there is objective evidence that a trade receivable is impaired. No provision is considered necessary as at 30 June 2014.

Note 7: Financial Assets

	Consolidated	
	6 months to 30 June 2014 \$'000	6 months to 31 December 2013 \$'000
Opening balance at 01 January 2014	600	467
Sale of shares	(150)	-
Fair value adjustment	(101)	133
Investments in listed entities – at fair value	349	600

Investment in the listed entity – Macphersons Resources Limited (“MRL”) was made for an amount of \$1,000,000. The Company sold 828,741 Macphersons Resources Limited shares (average price per share 0.18 cents) during the half year ended 30 June 2014.

Note 8: Impairment of Non-current Assets

After an internal review carried out in the half year ended 30 June 2014, the Company has provided the following impairment on its non-current assets.

IMPAIRMENT \$'000s	Exploration	Mine Properties and Development	Plant and Equipment	Total
Coolgardie	-	6,120	-	6,120
Laverton	-	-	-	-
Total	-	6,120	-	6,120

Note 9: Plant and Equipment

Non-current	Furniture & fittings '\$000	Plant & Equipment '\$000	Mill assets '\$000	Construction in progress '\$000	Motor Vehicles '\$000	Total '\$000
At 31 December 2013						
Cost or fair value	2,138	16,027	39,811	8,000	551	66,527
Accumulated depreciation	(1,500)	(6,233)	(20,967)	-	(330)	(29,030)
Impairment loss	-	(5,872)	(11,510)	(8,000)	-	(25,382)
Net book amount	638	3,922	7,334	-	221	12,115
6 months ended June 2014						
Opening net book amount	638	3,922	7,334	-	221	12,115
Reclassifications between Plant and Equipment	(158)	(1,017)	1,070	-	105	-
Balance after adjustment	480	2,905	8,404	-	326	12,115
Additions	3	-	-	-	-	3
Depreciation expense	(163)	(247)	(703)	-	(93)	(1,206)
Disposals	(4)	(5)	(1,675)	-	(65)	(1,749)
Closing book amount	316	2,653	6,026	-	168	9,163
At 30 June 2014						
Cost or fair value	1,992	13,304	39,225	8,000	624	63,145
Accumulated depreciation	(1,663)	(4,703)	(21,828)	-	(406)	(28,600)
Impairment loss	(13)	(5,948)	(11,371)	(8,000)	(50)	(25,382)
Net book amount	316	2,653	6,026	-	168	9,163

Non-current	Furniture & Fittings ‘\$000	Plant & Equipment ‘\$000	Mill Assets ‘\$000	Construction in Progress ‘\$000	Motor Vehicles ‘\$000	Total ‘\$000
At 30 June 2013						
Cost or fair value	2,154	18,589	39,872	8,000	1,115	69,730
Accumulated depreciation	(1,437)	(5,411)	(18,851)	-	(736)	(26,435)
Impairment loss	-	(5,872)	-	-	-	(5,872)
Net book amount	717	7,306	21,021	8,000	379	37,423
6 months ended 31 December 2013						
Opening net book amount	717	7,306	21,021	8,000	379	37,423
Additions	-	-	-	101	57	158
Transfer from Construction in progress	74	(2,444)	-	-	-	(2,370)
Depreciation additions	(59)	(909)	(2,146)	-	(58)	(3,172)
Disposals	(94)	(31)	(31)	(101)	(157)	(414)
Impairment loss	-	-	(11,510)	(8,000)	-	(19,510)
Closing book amount	638	3,922	7,334	-	221	12,115
At 31 December 2013						
Cost or fair value	2,138	16,027	39,811	8,000	551	66,527
Accumulated depreciation	(1,500)	(6,233)	(20,967)	-	(330)	(29,030)
Impairment loss	-	(5,872)	(11,510)	(8,000)	-	(25,382)
Net book amount	638	3,922	7,334	-	221	12,115

Note 10: Exploration and Evaluation Assets

	Consolidated	
	6 months to 30 June 2014 \$'000	6 months to 31 December 2013 \$'000
Exploration and Evaluation Expenditure:		
At Cost	147,497	144,237
Less: Accumulated Impairment	(107,178)	(107,178)
Net Book Value	40,319	37,059
Movement Summary:		
Carrying amount at beginning of the period	37,059	91,176
plus – exploration expenditure	3,626	4,238
less – write off of tenements allowed to lapse or dropped	(366)	(8,588)
less - Impairment	-	(49,767)
Carrying amount at end of year	40,319	37,059

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

Note 11: Share Based Payments*Options**Options Issued*

No options were issued in the half year ended 30 June 2014 (six months ended 31 December 2013: Nil).

As at 30 June 2014, the exercisable options are as follow:

	Balance at beginning of period 1/1/2014	Issued during period	Options Exercised/ (lapsed)	Balance at end of period 30/06/2014	Vested as at 30 June 2014		
					Total	Vested	Not Vested
	in millions	in millions	in millions	in millions	in millions	in millions	in millions
Exercisable at 12.3 cents	13.5	-	(13.5)	-	-	-	-
Exercisable at 5.0 cents	15.0	-	-	15.0	15.0	15.0	-
Total	28.5	-	-	15.0	15.0	15.0	-

Options Exercised

There were no options exercised during the period.

Options Lapsed

During the period, there were 13,500,000 options (exercise price: 12.30 cents) expired on 30 June 2014.

Options Outstanding

As at 30 June 2014, 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
Total Options on issue		15,000,000		

Note 12: 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

Issued capital

Shares issued at 1 July 2013, 31 December 2013
and 30 June 2014

No. of shares	\$'000
9,137,375,877	427,167

Share Issue Details

There were no shares issued during the half year period.

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.

(b) Dividends

No dividends have been paid or provided for during the half year period ended 30 June 2014 (6 months ending 31 December 2013: Nil).

Note 13: Related Party Disclosure

Transactions with Related Parties

Mr Gerry Fahey is a Director of CSA Global, which provided technical consulting services to the Group. Technical services provided by CSA Global for the period totalled \$52,840 (6 months ending 31 December 2013: nil).

Note 14: Significant Events after Balance Date

The Mount project was forced to shut down in June 2013 due to high production costs. Since then, the Company had been looking for opportunities to divest the project. During first half of 2014 the Company received a number of offers in relation to The Mount and after several rounds of negotiations with the potential buyers the Company decided to sell The Mount to Lukah Mining for around \$750,000 in August 2014.

Since the Laverton operation was shut down, the camp has been under care and maintenance. The Company received several offers to purchase the camp and in August 2014 the Company sold the camp to Rakkan Pty Ltd for around \$900,000.

In March 2005, Crescent Gold (Focus Minerals acquired Crescent Gold in October 2011 and the entity is now called Focus Minerals (Laverton) Pty Ltd) signed a land access agreement with Wongatha People in exchange of certain tenements. In March 2014, NEIB Group, acting on behalf of the Wongatha People, issued a letter to the Company, claiming an amount of \$1,300,000 as royalty payments dating back to 2007. In August 2014, Focus agreed to settle this matter by paying around \$600,000 as well as amending the agreement in favour of the Company.

Save as the matters mentioned above, there are no events that have arisen after balance date that have 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 the future financial periods.

Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 7 to 19 are in accordance with the Corporations Act 2001, including:
 - a. Complying with the Accounting Standard AASB 134: Interim Financial Reporting; and
 - b. Giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the half year ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Jisheng Lu
Chairman of the Board
12 September 2014
Jinan, Shandong, China

Independent Auditor's Review Report



Independent auditor's review report to the members of Focus Minerals Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Focus Minerals Limited (the Company), which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected 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 during that half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Focus Minerals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

PricewaterhouseCoopers, ABN 52 780 433 757

Brookfield Place, 125 St Georges Terrace, PERTH WA 6000, GPO Box D198, PERTH WA 6840
T: +61 8 9238 3000, F: +61 8 9238 3999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.



Independent auditor's review report to the members of Focus Minerals Limited (continued)

Conclusion

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

- a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the half-year ended on that date;
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in cursive script that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in cursive script that reads 'Ben Gargett'.

Ben Gargett
Partner

Perth
12 September 2014