



Annual Report

FOR THE YEAR ENDED 31 DECEMBER 2014



CORPORATE DIRECTORY

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

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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

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CHAIRMAN'S REPORT

Dear Shareholders,

It is my pleasure to present to you the Annual Report of Focus Minerals Limited for 2014.

What a change a year can make!

In the previous Annual Report I wrote about the very challenging and disappointing year your company faced in 2013, including the difficult but sensible decisions to shut down our mining operations at Coolgardie and Laverton. As is the case with so many gold companies, it is fair to say that Focus will not remember 2013 in a positive light.

In stark contrast, 2014 will be remembered as the year Focus transformed itself into a disciplined, efficient, and sustainability minded company. By combining these traits with the best of Australian and Chinese know-how, your company is exceptionally well placed to capitalise on the opportunities lying on the highly prospective tenement package compiled over many years.

As an exploration company, it is natural that most news from Focus emphasises exploration results. After all, only exploration success can unlock the significant value of our tenement package for shareholders. Although the work behind the scenes gets less attention, I'm pleased to report that our non-exploration focused employees have built a sustainable foundation for future growth. They have realised millions of dollars in savings through a thorough companywide commercial review, the optimising of our tenement package, the divestment of non-core assets, and the review of our operating models. Of course, sustainability means more than just cost cutting, so senior management has taken a hands on approach to rectifying environmental legacies and working with stakeholder groups such as local councils and community groups, the local Aboriginal people, and Government departments.

You will have by now read about your Company's successful 2014 exploration campaigns, particularly at Karridale in Laverton and Bonnie Vale in Coolgardie. Each of these exciting projects are being followed up with vigour. I look forward to updating you on the company's ongoing exploration activities, which at all times have future production in mind.

While our significant exploration investment in 2014 reveals the company's emphasis on organic growth, your Board will continue to pursue wealth creation through inorganic growth opportunities such as joint ventures or mergers and acquisitions. Focus will prioritise investment opportunities that offer significant synergies to our existing assets, further supporting our organic growth.

Your Company is full of people who share my sense of hunger to generate shareholder wealth. I am looking forward to 2015, a year I hope will be full of exploration success, and I thank you for your ongoing loyalty and support.

Yours faithfully,



Jisheng Lu
Chairman of the Board

OPERATIONS REVIEW

Overview

Focus completed its transformation to a low cost gold exploration organisation in 2014. The Company is now clearly on the path to rebuilding a gold resource and reserve foundation to enable a profitable and sustainable operational restart.

Consistent with the shift towards exploration, the majority of Focus' employees work directly on the Company's exploration campaigns. The remaining non-exploration focused employees have worked diligently throughout the year to facilitate exploration success by simplifying the business and establishing a lower corporate cost base for the future.

During 2014 the corporate administration team renegotiated an Aboriginal Land Access Agreement, divested non-core assets, entered joint ventures, rationalised our tenement holdings, renegotiated contracts, and achieved cash refunds for historic R&D work and overpaid indirect taxes. This work has generated significant upfront cash as well as saving the company millions of dollars per year on an ongoing basis.

The care and maintenance team on site continue to keep our operations safe and secure, take hands on roles assisting exploration, have worked with the local Shire and Main Roads to improve the quality and safety of the road network, and have conducted importance maintenance on the Three Mile Hill gold processing plant. Our environment department is using this period to make strong progress towards rehabilitation with the aims of reducing the environmental impact of our past operations.

Exploration

Focus's exploration strategy aims to extend and improve the Company's current known resources and discover new ore bodies. To this end, the Company drilled a total of 389 exploration holes for a total of 42,335m across its Laverton and Coolgardie projects in 2014.

At Laverton a total of 85 holes for 15,652m of drilling were completed. 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. Karridale has produced particularly interesting results, including:

- 6.0m @ 5.20 g/t Au from 168m and 1.0m @ 38.96 g/t Au from 190m in KARC140
- 5.0m @ 4.55 g/t Au from 41m in KARC152
- 2.0m @ 17.37 g/t Au from 5m in KARC153

In addition to the drilling conducted at Laverton during the year a VTEM geophysical survey was flown over approximately 25km of the Company's Admiral Hill – Barnicoat tenure early in the year. This survey has proven very useful in enabling 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. The work highlighted a number of conductive anomalies which will continue to be tested by drilling in the near future.

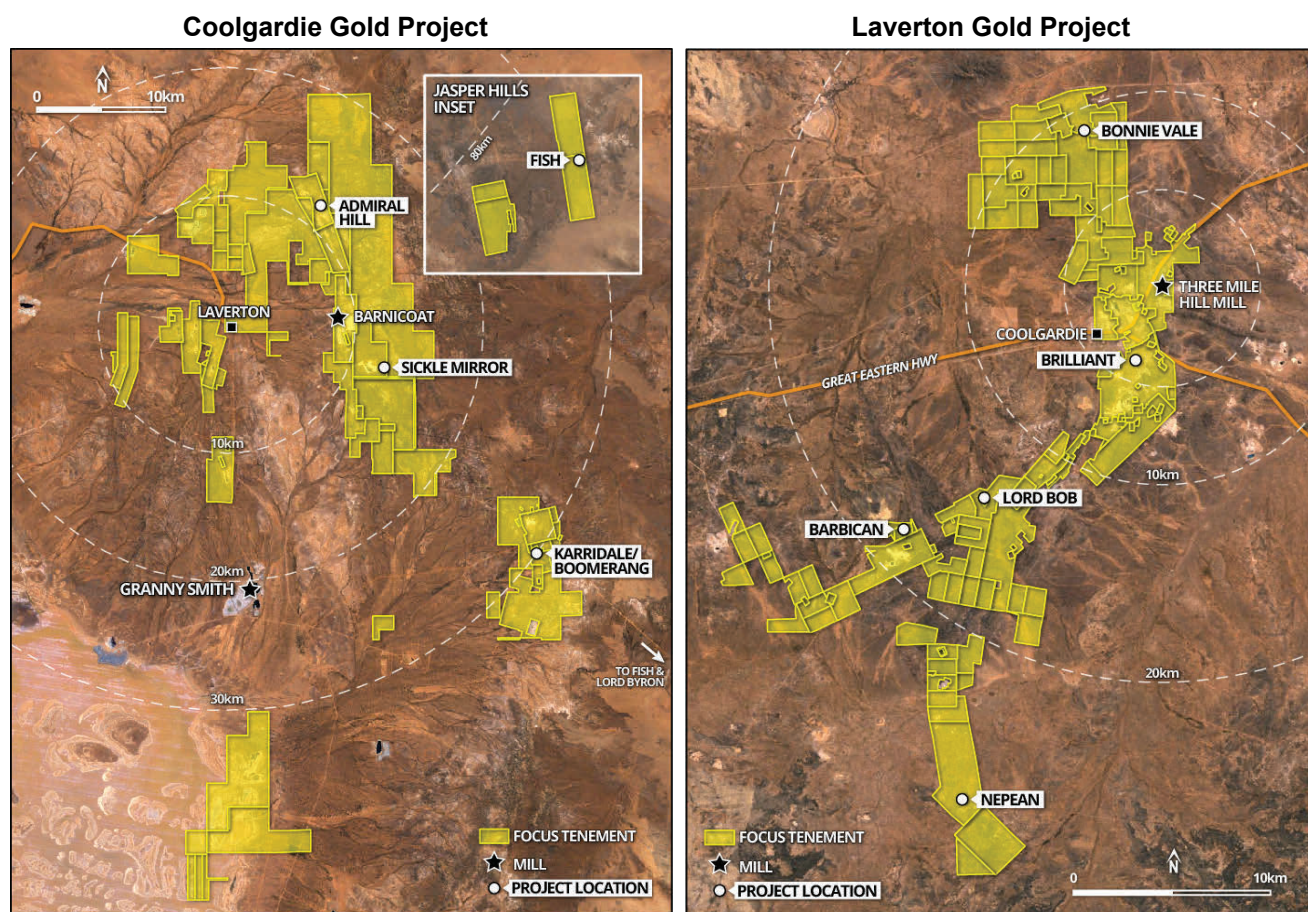
At Coolgardie a total of 304 holes were drilled for 26,683m, including 66 RC holes for 16,152m, 11 diamond tails for 1,280m, 79 AC holes for 6,805m and 147 RAB holes for 2,446m. This included a continuation of the work conducted in 2013 at Brilliant, as well as programs at Bonnie Vale and Boundary. The Company's 2014 drilling at Brilliant was a success, with results including 8.3m @ 13.46g/t Au from 268.24m in BRRC007. Even more exciting has been the Company's success at Bonnie Vale which included:

- 6.0m @ 9.45g/t Au from 158m in BONC035,
- 2.0m @ 38.5g/t Au from 95m in BONC046 and

- 4.0m @ 18.84 g/t Au from 123m and
1.0m @ 8.11 g/t Au from 141m and
10.0m @ 9.14 g/t Au from 146m in BONC054
- 7.0m @ 22.06 g/t Au from 136m in BONC055
- 3.0m @ 8.82 g/t Au from 118m in BONC056
- 5.0m @ 21.54 g/t Au from 165m in BONC058
- 4.0m @ 5.47 g/t Au from 216m in BONC059
- 4.0m @ 3.30 g/t Au from 146m and
2.0m @ 16.26 g/t Au from 153m in BONC060
- 3.0m @ 8.81 g/t Au from 36m and
7.0m @ 4.30 g/t Au from 147m in BONC061

A regional targeting review of Focus' Coolgardie tenure was conducted with the assistance of external consultants, in order to review the work of previous authors in the region to produce a high-level prospective view of the tenement package. This study has resulted in fresh perspectives on areas south of Coolgardie between Tindals and Nepean and continues to influence the Company's exploration targeting.

The Company recommenced exploration for nickel sulphide mineralisation at the Nepean Project, which has mainly lain dormant since its closure in 1985. Focus last investigated the possibility of reopening the mine in 2008, however this idea was postponed due to a slump in nickel prices at the time. The Company conducted a 2D2R seismic technique as it is a cost-effective compromise between conventional 2D seismic work and more expensive wide-scale 3D survey. The 2D2R seismic survey was completed in late September and the results are currently being interpreted.



Mineral Resources

31 December 2014	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	Grade Au g/t	Ounces
COOLGARDIE GOLD PROJECT												
<i>Tindals Project - UG</i>	268	4.5	39,000	1,717	3.9	216,000	309	3.8	37,500	2,294	4.0	292,500
<i>Tindals Project - Surface</i>				7,802	2.1	537,500	3,098	2.2	216,500	10,900	2.2	754,000
Tindals Project	268	4.5	39,000	9,519	2.5	753,500	3,407	2.3	254,000	13,194	2.5	1,046,500
Mount Project				0		0	0		0	0		0
Lindsays-Bayleys Project				4,350	1.7	238,000	3,562	2.0	233,000	7,912	1.8	471,000
Three Mile Hill Project				2,664	1.6	135,000	790	1.4	36,000	3,454	1.5	171,000
Norris Project							2,440	2.2	169,000	2,440	2.2	169,000
Total Coolgardie	268	4.5	39,000	16,533	2.1	1,126,500	10,199	2.1	692,000	27,000	2.1	1,857,500
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	230,000
Burtville Project				1,207	1.4	54,000	708	1.8	41,500	1,915	1.5	95,500
Central Laverton Project				2,749	2.0	176,500	642	1.9	39,500	3,391	2.0	216,000
Chatterbox Project	531	2.2	38,000	3,923	2.1	270,000	3,235	2.2	232,000	7,689	2.2	540,000
<i>Jasper Hills Project - UG</i>				129	4.3	18,000	100	4.0	13,000	229	4.2	31,000
<i>Jasper Hills Project - Surface</i>	370	1.9	22,000	1,326	1.5	64,000	743	1.9	45,000	2,439	1.7	131,000
Jasper Hills Project	370	1.9	22,000	1,455	1.7	82,000	843	2.1	58,000	2,668	1.9	162,000
<i>Lancefield Project - UG</i>				2,037	6.5	427,000	619	7.1	141,000	2,656	6.7	568,000
<i>Lancefield Project - Surface</i>				72	3.9	9,000	94	6.3	19,000	166	5.2	28,000
Lancefield Project				2,109	6.4	436,000	713	7.0	160,000	2,822	6.6	596,000
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	1,839,500
TOTAL MINERAL RESOURCES	1,559	2.4	120,000	30,462	2.3	2,280,000	18,143	2.2	1,297,000	50,164	2.3	3,697,000

Competent Person's Statement

The information in this announcement that relates to Mineral Resources is based on information compiled by Michael Guo (P Geo) who is a member of the Association of Professional Geoscientists of Ontario, Canada, which is a Recognised Professional Organisation (RPO). Mr Guo is employed by Focus Minerals Limited and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Guo consents to the inclusion in this announcement of the matters based on the information compiled by him in the form and context in which it appears.

The Mineral Resource information was prepared and first disclosed under the JORC Code 2004 Edition. It has not been updated since to comply with the JORC Code 2012 Edition on the basis that the information has not materially changed since it was last reported. The only material change that has been made since the last Mineral Resource and Ore Reserve statement is the removal of 188,000 ounces of Probable Ore Reserves and the removal of The Mount Ore Reserves and Mineral Resources (3,000 ounces of Probable Ore Reserves and 136,000 ounces of Mineral Resources) as a result of the sale of The Mount during the year.

CORPORATE GOVERNANCE STATEMENT

This statement outlines the main corporate governance practices that were in place for the year ended 31 December 2014. This statement explains the extent to which the company complies with the ASX Corporate Governance Principles and Recommendations (the Company has voluntarily adopted the 3rd Edition), including explanations of why certain recommendations have not been followed. For ease of comparison with the Principles and Recommendations, this section summarises Focus' compliance with each of the 29 specific recommendations.

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1: Respective roles and responsibilities of its board and management

Compliant

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 interests of all stakeholders. This includes setting the strategic direction 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 liaising with the external auditors through the Audit and Risk 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 Remuneration and Nomination Committee;
- Remuneration – Management of the remuneration and reward systems and structures for senior management and staff through the Remuneration and Nomination Committee;
- Risk management – Ensuring appropriate risk management systems and internal controls are in place, through the Audit and Risk Committee; 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;
- 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.

Recommendation 1.2: Information prior to director election/re-election

Compliant

The Company, through the Remuneration and Nomination committee and with the assistance of professional recruitment agencies, conducts in-depth assessments of potential director candidates. When directors are nominated for election or re-election, shareholders are provided a summary of the individual's relevant professional background sufficient to enable an informed decision.

Recommendation 1.3: Written agreement with each director and senior executive setting out the terms of their appointment

Compliant

The Company has established a process whereby all new directors will agree all significant details of their duties and responsibilities. Prior to the current year, directors were informed of the terms of their engagement but the key responsibilities were taken to be strictly in line with statutory and best practice expectations of directors.

Recommendation 1.4: The company secretary of a listed entity should be accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.

Fully Compliant

The company secretary is hired by and directly accountable to the Board on matters relating to the proper functioning of the Board.

Recommendation 1.5: Gender Diversity

Not Compliant

The Company's policy regarding Equal Employment Opportunity & Diversity is set out on the Company's website and available upon request. The policy does not include measureable diversity objectives as the Board believes that the Company will not be able to successfully meet meaningful objectives given the size and stage of development of the Company.

Recommendations 1.6 and 1.7: Board and Senior Executive Evaluation

Not Compliant

The Board is presently undergoing a review of its processes regarding Board and senior executive evaluation. The current evaluation processes is described below.

The Remuneration and Nominations 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

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

No such formal review was undertaken during the year.

The Board meets annually 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.

No such formal review was undertaken during the year.

Principle 2: Structure the Board to add value

Recommendation 2.1: Establish a Nomination Committee

Compliant

The company does not fully comply with this recommendation in that the Remuneration and Nomination Committee comprises only one independent director, though the three members are all non-executive. The composition of the committee and a record of its meetings are set out in the Directors Report.

Recommendation 2.2: Have and disclose a Board skills matrix

Not Compliant

As part of the Board performance review mentioned in the discussion of recommendations 1.6 and 1.7, the Company will develop new Board skills matrix that effectively maps the skills held by individual directors and the whole Board against the skills deemed most important to achieve shareholder value.

Recommendation 2.3: Independent directors

Compliant

The Board has accepted that an Independent Director is as defined in Box 2.3 of the ASX Corporate Governance Principles and Recommendations (3rd Edition).

Of the current Board members, Mr Gerry Fahey is the only director considered to meet the criteria as an Independent Director. The Company recognises the importance of independence and is in the process of a search for an additional Independent Director.

The length of service of each director are set out in the Directors Report.

Recommendation 2.4: A majority of the Board of a listed entity should be independent directors

Not Compliant

The structure of the Board does not comply with this recommendation in that a majority of the directors are not independent. Currently the Board consists of a one executive director, Mr Yang, one independent director, Mr Fahey, and two non-executive directors, Mr Lu and Mr Ge. Mr Lu is the Chairman.

The Board has nevertheless determined that the composition of the current Board represents an appropriate mix of directors that have a range of qualifications and expertise enabling them to understand and effectively deal with issues faced by the Company. Though not considered independent for the purposes of this

recommendation, the non-executive directors can effectively review and challenge the performance of management. The Board is satisfied that all directors bring an independent judgment to bear on Board decisions. In addition, each director is entitled to seek independent professional advice at the Company's expense on matters directly related to his director responsibilities, in accordance with Company's constitution.

The Company recognises the importance of independence and is in the process of a search for an additional Independent Director.

The Board's structure and composition will be reviewed as and when its scale, strategic direction or activities change. The company will only recommend the appointment of additional directors to the Board where it believes the expertise and value added outweighs the additional cost.

Recommendation 2.5: The chair of the Board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

Not Compliant

The Company's Chairman is Mr Lu, a non-executive but non-independent director. However, the Board believes that Mr Lu is able to and does bring expertise and independent judgment to all relevant issues falling within the scope of his role as Chairman.

Recommendation 2.6: Director induction and professional development

Compliant

New directors are inducted into the company's processes and policies in a suite of ways, including the provision of a 'Board manual' interviews with senior management to build awareness of the issues facing the business, and out of session meetings with other directors. All directors are encouraged to undertake ongoing professional development both in their area of technical expertise and in the skills required to effectively execute the role of director.

Principle 3: Act ethically and responsibly

Recommendation 3.1: Code of conduct

Compliant

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. A summary of the Code is available on the Company's website and upon request.

The Code sets out Focus' commitment to conducting its business in accordance with all applicable laws and regulations while demonstrating and promoting the highest ethical standards.

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

Principle 4: Safeguard integrity in corporate reporting

Recommendation 4.1: Audit Committee

Not Compliant

The company does not fully comply with this recommendation in that the Audit and Risk Committee comprises only one independent director, though the three members are all non-executive and it is chaired by an independent director. The composition of the committee, a record of its meetings, and the relevant experience of each member of the committee is set out in the Directors Report. The Audit and Risk Committee charter is available on the Focus Minerals website and upon request.

Recommendation 4.2: CEO and CFO declaration on the financial records

Compliant

The Board has received written confirmation from the CEO and CFO that Focus' financial records have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Recommendation 4.3: The external auditor should attend the AGM and be available to answer questions from security holders relevant to the audit

Compliant

A partner of PwC, the Company's auditor during the year, was available at the most recent AGM and will be available at the next AGM to answer questions from shareholders. It is the policy of the Board to always request auditor presence at AGMs.

Principle 5: Make timely and balanced disclosure

Recommendation 5.1: Continuous disclosure policy

Compliant

The Company's Continuous Disclosure Policy sets out the obligations of the Company's directors, officers, employees and consultants in relation to continuous disclosure as well as the company's obligations under the Corporations Act and the ASX Listing Rules. The policy also contains procedures for internal notification and external disclosure, as well as procedures for promoting understanding of compliance with the disclosure requirements and for the monitoring of company compliance.

A summary of the policy is available on the Company's website and upon request.

Principle 6: Respect the rights of security holders

Recommendation 6.1: A listed entity should provide information about itself and its governance to investors via its website

Compliant

Investors and other stakeholders can find information about the Company on its website <http://www.focusminerals.com.au/>. Information on the Company's corporate governance practices can be found at <http://www.focusminerals.com.au/investors/>

Recommendation 6.2: A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors

Compliant

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.

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.

Through the Company's information email address and phone number, and at AGMs, the Company encourages two-way communication with shareholders.

Recommendation 6.3: Disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders

Compliant

The company facilitates and encourage participation at meetings of security by having sections of each meeting dedicated to questions from the floor. Shareholders are given at least 30 days' notice of security holder meetings and those that are unable to attend in person may email or fax questions they would like answered. The Company provides a direct voting facility to allow security holders to vote ahead of AGMs without having to attend or appoint a proxy.

Recommendation 6.4: Give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically

Compliant

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.

Principle 7: Recognise and manage risk

Recommendation 7.1: Risk committee

Not Compliant

The Board has expanded the scope of the Audit and Risk 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 Company does not fully comply with this recommendation in that the audit and risk committee comprises only one independent director, though the three members are all non-executive and it is chaired by an independent director. The composition of the committee and a record of its meetings is set out in the Directors Report. The Audit and Risk Committee charter is available on the Focus Minerals website and on request.

Recommendation 7.2: Annual risk management framework review

Compliant

Each year, Focus' full Board, led by the Audit and Risk Committee, reviews the Company's risk management framework. Ad hoc reviews may also be conducted when the Board perceives that the risk environment has shifted significantly. A review was conducted during the year.

Recommendation 7.3: Internal audit function

Compliant

The Company does not have an internal audit function as the Board has deemed it is not necessary giving consideration to the size and nature of the company. Instead, the full Board through the Audit and Risk Committee liaises closely with the Company's external auditor to identify potential improvements to the risk management and internal control processes.

Recommendation 7.4: Exposure to economic, environmental and social sustainability risks

Compliant

The Board is keenly aware of the exposure Focus has to economic, environmental and social sustainability risks, an exposure common to most mining and exploration companies. A brief description of the risk mitigations put in place by the Company to manage these material risks are:

Economic: In a period with minimal revenue, the Company is working diligently to minimise cash outflow to ensure its strong cash position is sustained. Future capital investment will be subject to strict financial analysis to ensure the Company protects its economic sustainability.

Environmental: Focus is investing significantly in reducing the environmental impact of past activities and will continue to work closely with the relevant government departments and other stakeholders to manage the Company's environmental sustainability risks in the long term.

Social: The Company has a strong relationship with local stakeholders including local shires, and Aboriginal communities. Focus believes the sustainability of the Company and its local stakeholders are intertwined so is committed to working together with those groups.

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1: Remuneration committee

Not Compliant

The Board has expanded the scope of the Nominations Committee to include monitoring the Company's Remuneration matters.

The Remuneration and Nomination Committee steers the Board in its efforts to attract and retain high quality directors and senior executives. It ensures that the incentives for executive directors and other senior executives work to align their interests to the success of the entity over the long term while appropriately managing risks. The committee further seeks to ensure that the incentives for non-executive directors do not lessen their independent judgement.

The company does not fully comply with this recommendation in that the remuneration and nomination committee comprises only one independent director, though the three members are all non-executive. The composition of the committee and a record of its meetings is set out in the Directors Report. The Remuneration and Nomination Committee charter is available on the Focus Minerals website and upon request.

Recommendation 8.2: Disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives

Compliant

The maximum amount of Directors' fees is fixed by shareholders at the Annual 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 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.

Recommendation 8.3: Equity-based remuneration

As the Company does not have an equity-based remuneration scheme, Recommendation 8.3 is not applicable.

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 year ended 31 December 2014.

Directors

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

Name	Designation & Independence Status
Jisheng Lu	Chairman - Non-Executive, Non-Independent
Yuhuan Ge	Director - Non-Executive, Non-Independent
Bruce McComish	Director - Non-Executive, Non-Independent (retired 28 May 2014)
Wanghong Yang	Director – Executive, Interim CEO
Gerry Fahey	Director – Independent
Zaiqian Zhang	Alternate Director to Jisheng Lu – Executive

Details of the Directors' qualifications, experience, special responsibilities and details of directorships of other listed companies can be found on pages 17 to 18 and in the remuneration report on pages 23 to 28.

Information on Directors, Officers and Senior Management

Directors	Designation & Independence Status	Experience, Expertise & Qualifications
Jisheng Lu <i>Appointed as Director on 5 July 2013</i> <i>Elected as Chairman on 29 November 2013</i>	Chairman <i>Non-Executive Non-Independent</i>	<p>Mr Lu is the Chairman of Shandong Gold International Mining Corporation Limited.</p> <p>Mr Lu has over 30 years' experience in mining with a geology background. He worked at the Yinan Gold Mine from 1985 to 2001 where he became the Division Director and Assistant General Manager. Between 2001 and 2009 he was Deputy General Manager of Qingdao Co., Ltd and Changyi Mining Co., Ltd, both are Shandong Gold Group's subsidiaries. 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>Directorships of other ASX listed companies: Nil</p>
Yuhuan Ge <i>Appointed on 5 July 2013</i>	Director <i>Non-Executive Non-Independent</i>	<p>Mr Ge became Vice Chairman and Deputy General Manager of Shandong Gold International Mining 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 in a range of management roles. He has considerable international experience and from 2002 to 2010 he was the Chairman & General Manager of Jinyan Corporation Limited in Venezuela and Chairman of Shandong Gold Jinwang Corporation Limited in Suriname.</p> <p>Directorships of other ASX listed companies: Nil</p>
Bruce McComish <i>Appointed on 18 April 2011</i> <i>Retired on 28 May 2014</i>	Director <i>Non-Executive Non-Independent</i>	<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>

<p>Wanghong Yang</p> <p><i>Appointed on 5 July 2013</i></p>	<p>Director</p> <p><i>Executive Interim CEO</i></p>	<p>Mr Yang is the Interim CEO at Focus Minerals Ltd, prior to this role he worked at Shandong Gold International Mining Corporation Limited as Financial Controller. 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 Mining Corporation Limited.</p> <p>Mr Yang began his career with the China Machinery Industry Supply and Sale Corporation, working in a number of management roles between 1986 and 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 in 2002.</p> <p>Mr Yang has a Bachelor's degree in Accounting from Renmin University of China and a Master's degree in Applied Finance from Macquarie University.</p> <p>Directorships of other ASX listed companies: Nil</p>
<p>Gerry Fahey</p> <p><i>Appointed on 18 April 2011</i></p>	<p>Director</p> <p><i>Independent</i></p>	<p>Qualifications: BSc(Hons, Geology) MAIG, FAusIMM</p> <p>Mr Fahey is a geologist with over 39 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 Global Pty Ltd in 2006.</p> <p>Mr Fahey is a former member of the executive 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"> Prospect Resources Limited (non-executive director: appointed July 2013, ongoing) Modun Resources Limited (non-executive director: resigned January 2014)
<p>Zaiqian Zhang</p> <p><i>Appointed on 5 July 2013</i></p>	<p>Alternate Director</p> <p><i>Executive</i></p>	<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. Mr Zhang has a degree of Bachelor of Science (Hons) Accounting for Management with one year placement at Xerox as a Financial Analyst and a degree of MSc Accounting and Finance from Aston University, Birmingham, United Kingdom.</p> <p>Directorships of other ASX listed companies: Nil</p>

Note: For director's special responsibilities during the year ended 31 December 2014, please refer to the Remuneration Report

Senior Management

Wanghong Yang – Interim Chief Executive Officer

Mr. Yang joined Focus Minerals Limited on 2 September 2013 as the General Manager – Finance. Following the former Chairman and Acting CEO's resignation on 29 November 2013, Mr Yang was appointed as the Interim CEO by the Board of directors.

Please refer to the directors' section for more information about Mr Yang.

Dane Etheridge – Company Secretary and General Manager of Business Development

Qualifications: BCom (Hons), MAppFin, PhD, CFA, AGIA, F Fin

Appointed: 25 March 2014

Dr Etheridge has ten years' experience in corporate governance and corporate finance gained through a diverse professional background including management consulting, finance academia, corporate advisor, and senior management of ASX listed and not for profit organisations.

In his most recent position prior to Focus Minerals Dr Etheridge played a key role in advising Boards and senior management of large ASX listed and Government enterprises with the strategy consulting firm Chauvel Group. He is a Chartered Secretary, a Chartered Financial Analyst charterholder, and a Fellow of the Financial Services Institute of Australasia.

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)
Gerry Fahey	641,000	-
Bruce McComish	250,000	-
Jisheng Lu*	4,501,997,651	-
Yuhuan Ge*	4,501,997,651	-
Wanghong Yang*	4,501,997,651	-
Zaiqian Zhang	-	-

*Mr Lu, Mr Ge and Mr Yang hold indirect interest of the company through Shandong Gold International Mining Corporation Limited, for whom they are executives.

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:

	Board		Audit and Risk Committee		Remuneration and Nominations Committee		Technical Committee	
	A	B	A	B	A	B	A	B
Current Directors								
Jisheng Lu	3	4	1	2	-	-	-	-
Yuhuan Ge	3	4	1	2	-	-	-	-
Wanghong Yang	4	4	1	2				
Gerry Fahey	4	4	2	2	-	-	-	-
Bruce McComish	3	3	1	1				

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.

Capital Structure

Ordinary shares

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

Share Options

Options Issued

There were no options issued during the year ended 31 December 2014.

Options Exercised

There were no options exercised during the year ended 31 December 2014.

Options Lapsed

During the year ended 31 December 2014, a total of 13,500,000 options to acquire shares at an exercise price of 12.3 cents lapsed.

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
Total Options on issue	15,000,000			

Principal Activities

The principal activity of the Group during the year was gold exploration in Western Australia.

Review of Operations

Overview

Focus completed its transformation to a low cost gold exploration organisation in 2014. The Company is now clearly on the path to rebuilding a gold resource and reserve foundation to enable a profitable and sustainable operational restart.

Consistent with the shift towards exploration, the majority of Focus' employees work directly on the Company's exploration campaigns. The remaining non-exploration focused employees have worked diligently throughout the year to facilitate exploration success by simplifying the business and establishing a lower corporate cost base for the future.

During 2014 the corporate administration team renegotiated an Aboriginal Land Access Agreement, divested non-core assets, entered joint ventures, rationalised our tenement holdings, renegotiated contracts, and achieved cash refunds for historic R&D work and overpaid indirect taxes. This work has generated significant upfront cash as well as saving the company millions of dollars per year on an ongoing basis.

The care and maintenance team on site continue to keep our operations safe and secure, take hands on roles assisting exploration, have worked with the local Shire and Main Roads to improve the quality and safety of the road network, and have conducted importance maintenance on the Three Mile Hill gold processing plant. Our environment department is using this period to make strong progress towards rehabilitation with the aims of reducing the environmental impact of our past operations.

Exploration

Focus's exploration strategy aims to extend and improve the Company's current known resources and discover new ore bodies. To this end, the Company drilled a total of 389 exploration holes for a total of 42,335m across its Laverton and Coolgardie projects in 2014.

At Laverton a total of 85 holes for 15,652m of drilling was completed. 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. Karridale has produced particularly interesting results, including:

- 6.0m @ 5.20 g/t Au from 168m and 1.0m @ 38.96 g/t Au from 190m in KARC140
- 5.0m @ 4.55 g/t Au from 41m in KARC152
- 2.0m @ 17.37 g/t Au from 5m in KARC153

In addition to the drilling conducted at Laverton during the year a VTEM geophysical survey was flown over approximately 25km of the Company's Admiral Hill – Barnicoat tenure early in the year. This survey has proven very useful in enabling 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. The work highlighted a number of conductive anomalies which will continue to be tested by drilling in the near future.

At Coolgardie a total of 304 holes were drilled for 26,683m, including 66 RC holes for 16,152m, 11 diamond tails for 1,280m, 79 AC holes for 6,805m and 147 RAB holes for 2,446m. This included a continuation of the work conducted in 2013 at Brilliant, as well as programs at Bonnie Vale and Boundary. The Company's 2014 drilling at Brilliant was a success, with results including 8.3m @ 13.46g/t Au from 268.24m in BRRCD007. Even more exciting has been the Company's success at Bonnie Vale which included:

- 6.0m @ 9.45g/t Au from 158m in BONC035
- 2.0m @ 38.5g/t Au from 95m in BONC046 and
- 4.0m @ 18.84 g/t Au from 123m and
1.0m @ 8.11 g/t Au from 141m and
10.0m @ 9.14 g/t Au from 146m in BONC054
- 7.0m @ 22.06 g/t Au from 136m in BONC055
- 3.0m @ 8.82 g/t Au from 118m in BONC056
- 5.0m @ 21.54 g/t Au from 165m in BONC058
- 4.0m @ 5.47 g/t Au from 216m in BONC059
4.0m @ 3.30 g/t Au from 146m and
2.0m @ 16.26 g/t Au from 153m in BONC060
- 3.0m @ 8.81 g/t Au from 36m and
7.0m @ 4.30 g/t Au from 147m in BONC061

A regional targeting review of Focus' Coolgardie tenure was conducted with the assistance of external consultants, in order to review the work of previous authors in the region to produce a high-level prospective view of the tenement package. This study has resulted in fresh perspectives on areas south of Coolgardie between Tindals and Nepean and continues to influence the Company's exploration targeting.

The Company recommenced exploration for nickel sulphide mineralisation at the Nepean Project, which has mainly lain dormant since its closure in 1985. Focus last investigated the possibility of reopening the mine in 2008, however this idea was postponed due to a slump in nickel prices at the time. The Company conducted a 2D2R seismic technique as it is a cost-effective compromise between conventional 2D seismic work and more expensive wide-scale 3D survey. The 2D2R seismic survey was completed in late September and the results are currently being analysed. This report will be used to inform a decision about the most valuable future path for the project.

Operating Result

The Company incurred a loss of \$23.370 million for the year ended 31 December 2014 (6 months to 31 December 2013 loss: \$132.872 million). The loss was mainly caused by impairment and write off expenses:

- \$13.785 million impairment on mining assets and inventories.
- \$3.484 million disposal of tenements and plant and equipment.

At 31 December 2014, the Company has cash, cash equivalents and short-term deposit (excluding environmental performance bonds) of \$65.782 million (31 December 2013: \$81.239 million).

Net cash outflow from operations totalled \$7.886 million (6 months to 31 December 2013: \$27.005 million outflow).

There were no issues of capital during the year ended 31 December 2014. The number of options on issue decreased by 13,500,000 due to their lapsing.

Dividends

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

Earnings per Share

	31 December 2014	31 December 2013
Basic loss per share (cents per share)	(0.26)	(1.45)
Diluted loss per share (cents per share)	(0.26)	(1.45)

Significant Changes in the State of Affairs

Other than explained in the Review of Operations section above, there have been no significant changes in the state of affairs of the consolidated group to balance date.

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 affected, or may significantly effect, the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in future financial periods.

Likely Developments and Expected Results

The Company has now entered an exploration only phase and it is not possible to predict likely developments and expected results as these will be dependent upon exploration success and conversion of existing resources.

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 \$20,000 (December 2013: \$29,000) 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.

The Company signed a Deed of Release with Mr Bruce McComish upon his retirement during the year ended 31 December 2014.

Remuneration Report

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 group. The Board formed the view that the three most senior people in the organisation, being the Interim Chief Executive Officer (Interim CEO) and the General Manager – Business Development and Improvement/Company Secretary and the former CFO/Company Secretary are the only executives who satisfy the "key management personnel" criteria during the period. The tables disclosing remuneration for this period and comparatives only include these KMP.

The KMP for the year ended 31 December 2014 are listed in the table below:

Current Directors	Capacity	Change during the Year
Jisheng Lu	Non-Executive, Non-Independent	None
Yuhuan Ge	Non-Executive, Non-Independent	None
Gerry Fahey	Independent	None
Wanghong Yang	Executive, Interim CEO	None
Zaiqian Zhang	Alternate Director, Executive	None

Former Directors	Capacity	Change during the Year
Bruce McComish	Non-Executive, Non-Independent	Retired on 28 May 2014

Current Executives	Capacity	Change during the Year
Dane Etheridge	General Manager – Business Development and Improvement and Company Secretary	Appointed Company Secretary on 25 March 2014

Former Executives	Capacity	Change during the Year
Paul Fromson	CFO and Company Secretary	Resigned on 25 March 2014

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

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.

The expected outcomes of the remuneration structure are:

- Retaining and motivating key executives; and
- Attracting high quality management to the Company.

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:

- Gerry Fahey - Committee Chairman
- Jisheng Lu
- Yuhuan Ge
- Bruce McComish¹

The Remuneration Committee did not meet during the year.

Compensation of Key Management Personnel

Remuneration Structure

In accordance with best practice of the Corporate Governance Principles and Recommendations 3rd Edition, 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.

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

During the year, the Company paid Mr McComish a \$12,500 retirement allowance for 3 years of his service.

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

¹ Mr McComish retired from the Board and the Committee on 28 May 2014.

Board Member	Position	Audit & Risk	Technical	Remuneration and Nomination
Jisheng Lu	Director <i>Non-Executive Non-Independent</i>	M	M	M
Yuhuan Ge	Director <i>Non-Executive Non-Independent</i>	M	M	M
Gerry Fahey	Director <i>Independent</i>	C	C	C
Wanghong Yang	Director <i>Executive</i>	-	M	-
Zaiqian Zhang	Alternate Director <i>Executive</i>	-	-	-

C=Chairman, M=Member

The following fees have applied:

- Chairman of the Board \$80,000 per annum
- Other directors \$50,000 per annum

The technical committee representatives are paid day rates for their services which are separate to base director fees. The technical committee had several meetings during the year but none were official convened.

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 does not 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.

According to the contract between Bruce McComish and Shandong Gold, Shandong Gold paid \$15,000 extra per annum to him for being a Shandong Gold representative while he was on the board.

At present, the maximum aggregate remuneration of directors' fees is \$700,000 per annum of which \$240,000 has been paid to the directors as fees during the year.

The remuneration of directors for the year ended 31 December 2014 is detailed in the remuneration table.

Senior Executive and Executive Director Remuneration

Remuneration primarily consists of fixed and performance based remuneration where determined by the Remuneration Committee. The Company had 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 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 achievement and Company financial performance. Maximum amount, actual amount agreed and communicated by the 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.

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 12-month period, it was decided to not award bonuses.

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 during the 12-month period. At this stage, no LTI programmes are in place. It is intended to implement an appropriate LTI at a future date.

Key Management Personnel Contracts

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

Wanghong Yang – Interim Chief Executive Officer

Base Salary ² :	\$280,000 per annum plus superannuation guarantee
Term:	Four years starting from 2 September 2013
Termination:	Four weeks' notice

Dane Etheridge – Company Secretary and GM Business Development and Improvement

Base Salary ³ :	\$245,000 per annum plus superannuation guarantee
Term:	Permanent starting from 24 June 2013
Termination:	Four weeks' notice plus three months of salary

Paul Fromson – Former Chief Financial Officer and Company Secretary⁴

Rate:	\$1,250 per diem
Term:	One year (three days per week plus extra days if agreed) starting from 1 January 2014
Termination:	One month's notice

² Mr Yang received a salary increase from \$245,000, effective on 1 June 2014, reflecting his new role as the Interim CEO.

³ Dr Etheridge received a salary increase from \$230,000, effective on 1 June 2014, reflecting his new role as the Company Secretary.

⁴ Mr Fromson resigned on 25 March 2014.

Remuneration Tables

Directors' remuneration for the year ended 31 December 2014

	Short-Term Benefits			Post-Employment Benefits			%
	Salary	Fees	Other	Super-annuation	Bonus	Total	Performance Related
Current Directors							
Jisheng Lu ⁵	-	80,000	-	-	-	80,000	-
Yuhuan Ge ⁶	-	50,000	-	-	-	50,000	-
Wanghong Yang ⁷	265,413	25,000	-	27,589	-	318,002	-
Gerry Fahey	-	50,000	-	4,750	-	54,750	-
Zaiqian Zhang	129,150	-	-	12,269	-	141,419	-
Former Directors							
Bruce McComish ⁸	-	35,000	12,500	3,325	-	50,825	-
Total	394,563	240,000	12,500	47,933	-	694,996	-

Directors' remuneration for the 6-month period ended 31 December 2013.

	Short-Term Benefits			Post-Employment Benefits			%
	Salary	Fees	Other	Super-annuation	Bonus	Total	Performance Related
Then Current Directors							
Jisheng Lu	-	39,000	-	-	-	39,000	-
Yuhuan Ge	-	25,000	-	-	-	25,000	-
Wanghong Yang	81,667	25,000	-	9,867	-	116,534	-
Gerry Fahey	-	25,000	-	2,313	-	27,313	-
Bruce McComish	-	33,000	-	3,053	-	36,053	-
Zaiqian Zhang	44,417	-	-	4,109	-	48,526	-
Then Former Directors							
Zhongyi Li	-	-	-	-	-	-	-
Dahui Zhang	-	-	-	-	-	-	-
Michael Guo	-	-	-	-	-	-	-
Phillip Lockyer ⁹	-	20,833	25,000	1,927	-	47,760	-
Donald Taig ¹⁰	211,281	33,333	80,000	22,627	-	347,241	-
Total	337,365	201,166	105,000	43,894	-	687,425	-

⁵ According to his employment contracts, the directors' fees belong to Shandong Gold.

⁶ According to his employment contracts, the directors' fees belong to Shandong Gold.

⁷ According to his employment contracts, the directors' fees belong to Shandong Gold. Starting from 1 July 2014, Mr Yang will not receive the directors' fee as long as he remains as an Executive Director.

⁸ Pursuant to his contract and Focus' policy, Mr McComish was paid \$12,500 on his retirement, representing 25 percent of his annual Director fees for 3 years' service. As a Shandong Gold representative on the Board, Mr McComish received \$15,000 plus superannuation from Shandong Gold during the period.

⁹ Pursuant to his contract and Focus' policy, Mr Lockyer was paid \$25,000 on his retirement, representing 50 percent of his annual Director fees for 7 years' service.

¹⁰ Pursuant to his contract and Focus' policy, Mr Taig was paid \$80,000 on his retirement, representing 100 percent of his annual Director fees for 10 years' service.

Remuneration of the key management personnel for the year ended 31 December 2014.

		Short-Term Benefits		Post-Employment Benefits			%
	Salary	Fees	Other	Super-annuation	Bonus	Total	Performance Related
Current Executive							
Dane Etheridge	229,060	-	-	21,761	-	250,821	-
Former Executive							
Paul Fromson ¹¹	-	-	60,150	-	-	60,150	-

Remuneration of the key management personnel for the six-month period ended 31 December 2013

		Short-Term Benefits		Post-Employment Benefits			%
	Salary	Fees	Other	Super-annuation	Bonus	Total	Performance Related
Former Executives							
Paul Fromson ¹²	132,500	-	176,889	12,256	-	321,646	-
Mark Hine ¹³	100,000	-	276,312	9,250	-	385,562	-

Relationship between Remuneration and Focus Minerals' Performance

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

The following table shows key performance indicators for the Group over the last five reporting periods:

		12 months to 31 December	6 months to 31 December	12 months to 30 June		
		2014	2013	2013	2012	2011
Profit attributable to the owners of Focus Minerals Ltd ('\$000's)		(23,370)	(132,872)	(171,523)	6,844	7,645
Basic earnings per share	(CPS)	(0.26)	(1.45)	(2.47)	0.15	0.26
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 the end of the period	\$	0.007	0.012	0.014	0.037	0.070
Increase/(Decrease) in share price		(41%)	(14%)	(62%)	(47%)	37%
Total KMP incentive as percentage of profit/loss for the year	%	-	-	0.70%	1.56%	

This is the end of remuneration report.

¹¹ Mr Fromson was hired as a consultant after his redundancy, the fee is the remuneration for his service.

¹² Mr Fromson was made redundant on 30 November 2013. Other short-term benefits are termination benefit.

¹³ Mr Hine was made redundant on 30 September 2013 and subsequently employed as a consultant at \$2,000 per diem for 24 days at 2 days per week. Other short-term benefits are termination benefit.

Proceedings on Behalf of the 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.

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.

Non-Audit Services

Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers) for audit and non-audit services provided during the year are outlined in Note 20 to the financial statements.

The Directors are satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are satisfied that the provision of non-audit services by the auditor, as disclosed in Note 20, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure they do not impact the impartiality and objectivity of the auditor;
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 31 December 2014 has been received and can be found on page 30 of the Annual 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.



Jisheng Lu
Chairman
31 March 2015
Jinan, China

AUDITOR'S INDEPENDENCE DECLARATION



Auditor's Independence Declaration

As lead auditor for the audit of Focus Minerals Limited for the year ended 31 December 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 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 Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Ben Gargett'.

Ben Gargett
Partner
PricewaterhouseCoopers

Perth
31 March 2015

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Liability limited by a scheme approved under Professional Standards Legislation.

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014

		Consolidated	
		12 months to 31 December	6 months to 31 December
	Notes	2014 \$'000	2013 \$'000
Revenue from continuing operations	2(a)	3,372	15,846
Other Income	2(b)	1,889	1,517
Cost of Sales		-	(6,618)
Changes in inventories		-	(6,583)
Employee expenses		(2,423)	(6,489)
Depreciation and Amortisation Expenses	2(c)	(2,300)	(4,158)
Finance Costs		(1,344)	(204)
Takeover Costs		-	(43)
Impairment expense	9	(13,785)	(113,229)
Loss on disposal of tenements and plant and equipment	2(c)	(3,484)	(8,695)
Care and Maintenance Costs		(3,091)	(593)
Corporate and Other Expenses	2(c)	(2,204)	(3,623)
Loss Before Income Tax		(23,370)	(132,872)
Income Tax Expense		-	-
Loss After Income Tax for the Year/Period		(23,370)	(132,872)
Other Comprehensive Income for the Period, Net of Tax		-	-
Total Comprehensive Loss for the Year/Period		(23,370)	(132,872)
Total Comprehensive Loss Attributable to:			
Owners of the Parent		(23,370)	(132,872)
Total Comprehensive Loss for the Year/Period		(23,370)	(132,872)
Earnings per Share			
Basic Loss per Share (Cents Per Share)	5	(0.26)	(1.45)
Diluted Loss per Share (Cents Per Share)	5	(0.26)	(1.45)

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014**

		Consolidated 31 December 2014 \$'000	31 December 2013 \$'000
	Notes		
Assets			
Current Assets			
Cash and Cash Equivalents	6	9,210	81,239
Short-term deposits	6	56,572	-
Restricted Cash	6	132	166
Trade and Other Receivables	7	2,027	813
Financial Assets		247	600
Total Current Assets		68,188	82,818
Non-Current Assets			
Restricted Cash	6	18,991	18,035
Inventories	8	1,293	2,894
Plant and Equipment	10	4,719	12,115
Mine Properties and Development		-	6,876
Exploration and Evaluation Assets	11	43,261	37,059
Total Non-Current Assets		68,264	76,979
Total Assets		136,452	159,797
Liabilities			
Current Liabilities			
Trade and Other Payables	12	1,599	1,396
Interest Bearing Liabilities		160	1,018
Provisions	13	2,492	2,136
Total Current Liabilities		4,251	4,550
Non-Current Liabilities			
Interest Bearing Liabilities		-	227
Provisions	13	25,554	25,003
Total Non-Current Liabilities		25,554	25,230
Total Liabilities		29,805	29,780
Net Assets		106,647	130,017
Equity			
Issued Capital	14 (a)	427,167	427,167
Reserves	14 (d)	(6,995)	(6,995)
Accumulated Losses		(313,525)	(290,155)
Total Equity		106,647	130,017

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014**

	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 year	-	(23,370)	-	(23,370)
Balance as at 31 December 2014	427,167	(313,525)	(6,995)	106,647

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014**

		Consolidated	
		12 months to 31 December 2014 '\$000	6 months to 31 December 2013 '\$000
Notes			
Cash Flows from Operating Activities			
		158	16,408
		(10,617)	(43,915)
		(620)	(2,350)
		548	995
		-	(43)
		3,067	2,104
		(422)	(204)
	6(ii)	(7,886)	(27,005)
Cash Flows from Investing Activities			
		1,393	514
		(17)	(158)
		-	(1,265)
		267	-
		(56,572)	-
		(8,292)	(4,238)
		(63,221)	(5,147)
Cash flows from Financing Activities			
		-	(8,000)
		-	8,000
		(922)	(769)
		(922)	(769)
		(72,029)	(32,920)
		81,239	114,159
	6(i)	9,210	81,239

The accompanying notes form part of these financial statements.

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 18 has been prepared on the same basis as the consolidated financial statements.

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 financial report is 31 December 2013 and the six months then ended.

(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 17 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 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.

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 and 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.

(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 cash equivalents 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 flows, 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.

(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.

(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.

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:

- the amount at which the financial asset or financial liability is measured at initial recognition;
- less principal repayments;
- 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
- 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.

- 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.

- 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.

- 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.

(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 3 -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 straight-line basis over the estimated useful life of the assets, being 10 years.

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at the end of each reporting period.

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.

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, or when the cash generating unit that exploration expenditure assets are a part of are tested for impairment. 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.

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) Stripping Costs in 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:

- There is a probable future economic benefits will be realised;
- The costs can be reliably measured; and
- The component of an ore body for which access has been improved can be identified.

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.

(r) *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 each reporting period 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.

(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.

(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.

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).

(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 are 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.

- **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 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves as revised in December 2004 (the JORC code).

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 9, 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 1(n). 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 4 for details of the judgement applied in the current period in relation to income taxes.

(aa) New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2014 reporting period. The Group's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 9 Financial Instruments (Must be applied for financial years commencing on or after 1 January 2017).

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. There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated as at fair value through profit or loss and the Group does not have any such liabilities. The de-recognition rules have been transferred from AASB 139 *Financial Instruments: Recognition and Measurement* and have not been changed. The Group has not yet decided when to adopt AASB 9.

The new hedging rules align hedge accounting more closely with the entity's risk management. As a general rule, it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation. There will be no impact on the Group's accounting as the Group does not have any hedge instruments.

(ii) AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle (Mandatory for financial years commencing on or after 1 January 2016)

In January 2015, the AASB approved a number of amendments to Australian Accounting Standards as a result of the annual improvements project. The Group is yet to assess the full impact of these amendments, but do not expect the impact to be material to future reporting periods.

(iii) AASB 2015-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101 (Mandatory for financial years commencing on or after 1 January 2016)

In January 2015, the AASB made various amendments to AASB 101 as part of the Disclosure Initiative which explores how financial statement disclosures can be improved. The amendments clarify guidance in AASB 101 on: materiality and aggregation, presentation of subtotals, structure of financial statements and disclosure of accounting policies. The Group is yet to assess the full impact of these amendments, but do not expect the impact to be material to future reporting periods.

(iv) 2015-5 Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception (Mandatory for financial years commencing on or after 1 January 2016)

In January 2015, the AASB made amendments to Australian Accounting Standards AASB 10 *Consolidated Financial Statements*, AASB 12 *Disclosure of Interests in Other Entities* and AASB 128 *Investments in Associates and Joint Ventures*. The Group is yet to assess the full impact of these amendments, but do not expect the impact to be material to future reporting periods.

(v) AASB 15 Revenue from contracts with customers (Mandatory for financial years commencing on or after 1 January 2017)

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. Management is currently assessing the impact of the new rules and at this stage; the Group is not able to estimate the impact of the new rules on the company's financial statements.

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.

(ab) Changes in accounting estimates: Depreciation method 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 year ended 31 December 2014.

NOTE 2: REVENUES AND EXPENSES

	Consolidated	
	12 months to 31 December 2014 \$'000	6 months to 31 December 2013 \$'000
(a) Revenue from continuing operations		
Gold sales	158	13,698
Silver sales	-	44
Interest income	3,214	2,104
Total revenue from continuing operations	3,372	15,846
(b) Other income		
Sundry income	1,868	995
Finance income	21	389
Change in fair value of financial assets	-	133
Total Other income	1,889	1,517
(c) Expenses		
<i>Depreciation & Amortisation Expenses</i>		
Depreciation	2,300	3,252
Amortisation	-	906
Total depreciation and amortisation	2,300	4,158
<i>Corporate and other expenses</i>		
Legal fees	107	219
Corporate expense	1,703	2,922
Office lease costs	394	482
Total corporate and other expenses	2,204	3,623
<i>Loss on disposal of tenements and plant and equipment</i>		
Exploration assets	2,090	8,102
Plant & Equipment	1,394	-
Inventories	-	593
Total loss on disposal of tenements and plant and equipment	3,484	8,695
<i>Impairment expense</i>		
Impairment – Non-current assets (Note 9)	13,785	113,229
Total impairment expense	13,785	113,229

NOTE 3: SEGMENT REPORTING

All 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. Segment Financial Information for the year ended 31 December 2014 is presented below:

	2014 Coolgardie \$'000	2014 Laverton \$'000	2014 Corporate \$'000	2014 Consolidated \$'000
Revenue from continuing operations	168	293	2,911	3,372
Other income	859	964	66	1,889
Amortisation & Depreciation	(2,148)	-	(152)	(2,300)
Employee expenses	(296)	(13)	(2,114)	(2,423)
Finance cost	-	(1)	(1,343)	(1,344)
Care and Maintenance Costs	(1,452)	(1,639)	-	(3,091)
Impairment	(11,922)	(1,863)	-	(13,785)
Write off	(2,602)	(437)	(445)	(3,484)
Corporate and Other expenses	(75)	(118)	(2,011)	(2,204)
SEGMENTED LOSS BEFORE TAX	(17,468)	(2,814)	(3,088)	(23,370)
Income taxes	-	-	-	-
SEGMENTED LOSS	(17,468)	(2,814)	(3,088)	(23,370)
Current Assets	523	949	66,716	68,188
Non-Current Assets				
- Restricted Cash	706	7,458	10,827	18,991
- Inventories	1,293	-	-	1,293
- Property, Plant & Equipment	4,536	-	183	4,719
- Exploration and Evaluation	28,004	15,257	-	43,261
TOTAL ASSETS	35,062	23,664	77,726	136,452
Current Liabilities	3,301	360	590	4,251
Other Non-Current Liabilities	11,355	14,131	68	25,554
TOTAL LIABILITIES	14,656	14,491	658	29,805
NET ASSETS	20,407	9,173	77,067	106,647
Capital Expenditures	4,024	4,188	80	8,292

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

	6 months to 31 December 2013 Coolgardie \$'000	6 months to 31 December 2013 Laverton \$'000	6 months to 31 December 2013 Corporate \$'000	6 months to 31 December 2013r Consolidated \$'000
Revenue from continuing operations	14,335	-	1,511	15,846
Cost of Sales	(6,618)	-	-	(6,618)
Amortisation & Depreciation	(2,921)	(1,158)	(79)	(4,158)
Changes of inventories	(6,391)	(192)	-	(6,583)
Employee expenses	(2,520)	(591)	(3,377)	(6,490)
Finance cost	228	(239)	(193)	(204)
Other income	(8)	1,134	391	1,517
Takeover costs	-	-	(43)	(43)
Care and Maintenance Costs	(43)	(549)	-	(593)
Impairment	(53,601)	(59,628)	-	(113,229)
Write off	(1,781)	(6,260)	(654)	(8,695)
Other expenses	-	(44)	(3,579)	(3,623)
SEGMENTED LOSS BEFORE TAX	(59,320)	(67,527)	(6,024)	(132,872)
Income taxes	-	-	-	-
SEGMENTED PROFIT / (LOSS)	(59,320)	(67,527)	(6,024)	(132,872)
Current Assets	4,493	635	80,584	85,712
Non-Current Assets				
- Restricted Cash	751	7,818	9,466	18,035
- Property, Plant & Equipment	11,793	-	322	12,115
- Mine Property and Development	6,876	-	-	6,876
- Exploration and Evaluation	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
Other 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 4: INCOME TAX

	Consolidated	
	12 months to 31 December 2014	6 months to 31 December 2013
Major components of income tax expense for the periods ended 31 December 2014 and 31 December 2013 are:		
Income Statement		
<i>Current income</i>		
Current income tax charge	-	-
Deferred tax assets relating to tax losses	-	-
<i>Deferred income tax</i>		
Relating to origination and reversal of temporary differences	-	-
Temporary differences recognised in equity	-	-
Current year tax loss not recognised in current period	-	-
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 periods ended 31 December 2014 and 31 December 2013 is as follows

Accounting loss before tax	(23,369)	(132,872)
Tax at the statutory income tax rate of 30%	(7,011)	(39,862)
Add:		
Non-deductible expenses	11	2,585
Non-taxable income	(228)	-
Previously unrecognised deferred tax assets used to reduce deferred tax liabilities	(4,500)	-
Temporary differences not recognised	-	12,400
Tax loss not brought to account as a deferred tax asset	11,728	24,877
Income tax expense	-	-

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	
	31	31	31	31	31	31
	December	December	December	December	December	December
	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CONSOLIDATED						
Inventories and other current assets	-	-	(445)	14	(445)	14
Plant and Equipment	(77)	-	(1,197)	(5,206)	(1,274)	(5,206)
Mine Property	-	(645)	(5,186)	(372)	(5,186)	(1,017)
Exploration	-	-	11,309	7,653	11,309	7,653
Trade and other payables	-	(4)	-	-	-	(4)
Employee benefits	(54)	(18)	-	-	(54)	(18)
Provisions	(640)	(560)	-	-	(640)	(560)
Rehabilitation Provision	(3,690)	-	-	-	(3,690)	-
Provisions	-	(831)	-	-	-	(831)
Other Non-current liabilities	(20)	(29)	-	-	(20)	(29)
Tax Losses	-	-	-	-	-	-
<i>Tax (assets) liabilities</i>	(4,481)	(2,089)	4,481	2,089	-	-
Set off of tax	4,481	2,089	(4,481)	(2,089)	-	-
<i>Net tax (assets) liabilities</i>	-	-	-	-	-	-

Movement in Temporary Differences

During the year ended	Balance	Recognised in	Recognised in	Balance
31 December 2014	31 December	Income	in Equity	31 December
	2013			2014
	\$'000	\$'000	\$'000	\$'000
Inventories and other current assets	14	(459)	-	(445)
Plant and Equipment	(5,206)	3,932	-	(1,274)
Mine Property	(1,017)	(4,169)	-	(5,186)
Exploration	7,653	3,656	-	11,309
Trade and other payables	(4)	4	-	-
Employee benefits	(18)	(36)	-	(54)
Provisions	(560)	(80)	-	(640)
Rehabilitation Provision	-	(3,690)	-	(3,690)
Provisions	(831)	831	-	-
Other Non-current liabilities	(29)	9	-	(20)
Tax Losses	-	-	-	-
	-	-	-	-

During the six months period ended 31 December 2013	Balance 30 June 2013	Recognised in Income	Recognised in Equity	Balance 31 December 2013
	\$'000	\$'000	\$'000	\$'000
Inventories and other current assets	(119)	133	-	14
Plant and Equipment	(1,686)	(3,520)	-	(5,206)
Exploration	14,095	(6,442)	-	7,653
Mine Property	13,505	(14,523)	-	(1,017)
Trade and other payables	(266)	262	-	(4)
Employee benefits	(373)	355	-	(17)
Provisions	(1,782)	1,222	-	(560)
Rehabilitation Provision	(5,175)	5,175	-	-
Provisions	(1,177)	345	-	(831)
Other Non-current liabilities	(146)	116	-	(30)
Tax Losses	(16,874)	16,874	-	-
	-	-	-	-

Unrecognised Deferred Tax Assets

	Consolidated 31 December 2014	31 December 2013
	\$'000	\$'000
Deferred tax assets have not been recognised in respect of the following items		
Deferred tax assets - other	7,933	12,433
Tax Losses	120,447	108,719
Capital Losses	4,310	4,310
Total	132,690	125,462

The tax losses do not expire under current legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise the benefits.

NOTE 5: EARNINGS PER SHARE

	Consolidated 12 months to 31 December 2014	6 months to 31 December 2013
	Cents per Share	Cents per Share
<i>Basic earnings per share:</i>		
Total Basic EPS	(0.26)	(1.45)
<i>Diluted earnings per share</i>		
Total Diluted EPS	(0.26)	(1.45)
<i>Basic Earnings per share</i>	\$000	\$000
The earnings used in the calculation of basic earnings per share	(23,370)	(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	(23,370)	(132,872)
Weighted average number of ordinary shares for the purposes of diluted earnings per share	9,137,375,877	9,165,875,877

NOTE 6: CASH, CASH EQUIVALENTS, RESTRICTED CASH AND SHORT-TERM DEPOSITS

	Consolidated	
	31 December	31 December
	2014 \$'000	2013 \$'000
Cash and cash equivalents	9,210	81,239
Current – Short-term deposits	56,572	-
Current – Restricted cash	132	166
	65,914	81,405
Non- current – restricted cash	18,991	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 recognized 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.

(i) 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	
	12 months to 31 December	6 months to 31 December
	2014 \$'000	2013 \$'000
Cash, cash equivalents, restricted cash and short-term deposits	84,905	99,440
Less: Short-term Deposit	(56,572)	-
Less: Restricted cash not available for use	(19,123)	(18,201)
Cash and cash equivalents as per statement of cash flow	9,210	81,239

(ii) Reconciliation of Profit for the Year to Net Cash Flows from Operating Activities

	Consolidated	
	12 months to	6 months to
	31 December	31 December
	2014	2013
	\$'000	\$'000
Net loss for the year/period	(23,370)	(132,872)
Other income	(1,304)	
Depreciation expense	2,300	3,252
Amortisation expense	-	906
Assets impairment	13,785	113,229
Loss on disposal of tenements and plant and equipment	3,484	8,695
Finance costs/(income)	922	(582)
Change in fair value of financial assets	106	(133)
<i>(Increase)/decrease in assets:</i>		
Current receivables	(421)	1,292
Inventories	-	6,583
Other current assets	-	138
<i>Increase/(decrease) in liabilities</i>		
Current payables	203	(20,096)
Other liabilities	(1,085)	(2,284)
Provisions	(2,506)	(5,133)
Net cash used in operating activities	(7,886)	(27,005)

(iii) Non Cash Financing and Investing Activities Transactions**12 Months to 31 December 2014**

- The Company did not have any transactions in this category during the year.

6 Months to 31 December 2013

- The Company did not have any transactions in this category during the period.

NOTE 7: CURRENT TRADE AND OTHER RECEIVABLES

	Consolidated	
	31 December	31 December
	2014	2013
	\$'000	\$'000
Trade receivables	-	72
Interest receivables	768	621
Other receivables	1,259	120
	2,027	813

An allowance for doubtful debts is made when there is objective evidence that a trade receivable is impaired. No provision is considered as at 31 December 2014.

NOTE 8: INVENTORIES

	31 December 2014 \$'000	Consolidated 31 December 2013 \$'000
Consumables	1,293	2,894
	1,293	2,894

Inventory is valued at the lower of cost and net realisable value. An impairment of \$1.532 million was made to carrying values of inventories at 31 December 2014. (31 December 2013: \$518,000).

NOTE 9: IMPAIRMENT OF NON-CURRENT ASSETS

After internal review carried out in the year ended 31 December 2014, the Company has provided following impairment on its non-current assets.

For the year ended 31 December 2014

IMPAIRMENT \$'000s	Inventory	Mine Properties	Plant and Equipment	Total
Coolgardie	1,482	7,074	3,366	11,922
Laverton	50	1,813	-	1,863
Total	1,532	8,887	3,366	13,785

Impairment methodology and key assumptions

Impairment is recognised when the carrying value exceeds the recoverable amount.

In 2014 management has reassessed the Group's future business plans and determined that the Group is now likely to be in the exploration phase for a longer period. The timing of a potential restart of the Three Mile Hill plant is uncertain. As a result of this change a further impairment charge was recorded in this year which reduced the value of mine properties and development assets in the Coolgardie and Laverton CGUs to nil.

In assessing the Plant and Equipment, the Fair Value Less Cost To Sell approach has been adopted by management. The costs to sell have been estimated by management based on in similar transactions and for other similar mills in the market.

For six-month period ended 31 December 2013

IMPAIRMENT \$'000s	Exploration	Mine Properties	Plant and Equipment	Total
Coolgardie	17,935	26,579	9,086	53,601
Laverton	31,832	17,372	10,424	59,628
Total	49,767	43,951	19,510	113,229

NOTE 10: 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
Year ended 31 December 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	17	-	-	-	-	17
Depreciation expense	(245)	(539)	(1,352)	-	(164)	(2,300)
Disposals	(19)	(5)	(1,686)	-	(37)	(1,747)
Impairment loss	-	-	(3,366)	-	-	(3,366)
Closing book amount	233	2,361	2,000	-	125	4,719
At 31 December 2014						
Cost or fair value	2,004	6,834	32,796	8,000	599	50,233
Accumulated depreciation	(1,758)	(4,448)	(17,631)	-	(424)	(24,261)
Impairment loss	(13)	(25)	(13,165)	(8,000)	(50)	(21,253)
Net book amount	233	2,361	2,000	-	125	4,719

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 expense	(59)	(909)	(2,146)	-	(58)	(3,172)
Disposals – at cost	(94)	(118)	(61)	(101)	(621)	(991)
Depreciation disposals	-	87	30	-	464	581
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 11: EXPLORATION AND EVALUATION ASSETS

	Consolidated	
	31 December 2014 \$'000	31 December 2013 \$'000
Exploration and Evaluation Expenditure:		
At Cost	150,439	144,237
Less: Accumulated Impairment	(107,178)	(107,178)
Net Book Value	43,261	37,059
Movement Summary:		
Carrying amount at beginning of the year	37,059	91,176
plus – exploration expenditure	8,292	4,238
less – write off of tenements allowed to lapse, dropped or sold	(2,090)	(8,588)
less – Impairment	-	(49,767)
Carrying amount at end of the year	43,261	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 12: TRADE AND OTHER PAYABLES

	Consolidated	
	AS at 31 December 2014 \$'000	As at 31 December 2013 \$'000
Current		
Trade payables	662	779
Sundry creditors and accrued expenses	921	341
Employee benefits	16	275
	1,599	1,395

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

NOTE 13: PROVISIONS

	Consolidated	
	31 December 2014 \$'000	31 December 2013 \$'000
Current		
Employee benefits		
Balance at the beginning of the year/period	270	1,329
(Decrease) / Increase in the year/period	88	(1,059)
Balance at the year/period end	358	270
Provision for onerous electricity contract		
Balance at the beginning of the year/period	1,866	5,940
(Decrease) / Increase in the year/period	268	(4,074)
Balance at the year/period end	2,134	1,866
	2,492	2,136
Non-current		
Employee benefits		
Balance at the beginning of the year/period	433	487
(Decrease) / Increase in the year/period	(365)	(54)
Balance at the year/period end	68	433
Provision for onerous electricity contract		
Balance at the beginning of the year/period	2,773	3,926
(Decrease) / Increase in the year/period	(2,773)	(1,153)
Balance at the year/period end	-	2,773
Asset Retirement Obligation ("ARO")		
Balance at the beginning of the year/period	21,797	17,251
Increase in the year/period	3,689	4,546
Balance at the year/period end	25,486	21,797
	25,554	25,003

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 used was 3.05% (December 2013: 4.32%), and CPI was 2% (December 2013: 2.70%).

NOTE 14: ISSUED CAPITAL AND RESERVES*Authorised Capital*

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

	As at 31 December 2014 \$'000	As at 31 December 2013 \$'000
(a) Ordinary shares		
Issued capital	<u>427,167</u>	<u>427,167</u>
	No. of shares	\$'000
Shares on issue as at 31 December 2013 and 31 December 2014	<u>9,137,375,877</u>	<u>427,167</u>

Share Issue Details

There were no shares issued during the year.

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) Options**Options Issued*

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

Options Exercised

There were no options exercised during the period.

Options Lapsed

During the year ended 31 December 2014, there were 13,500,000 options (exercise price: 12.30 cents) expired on 30 June 2014.

Options Outstanding

As at 31 December 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		

(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. The Group's debt and capital includes ordinary share capital and financial liabilities supported by financial assets and cash and cash equivalents. 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.

(d) Reserves

	Consolidated	
	31 December	31 December
	2014	2013
	\$'000	\$'000
Acquisition reserve	(7,178)	(7,178)
Share option reserve	183	183
	(6,995)	(6,995)

The acquisition reserve resulted from acquisition of Focus Minerals (Laverton) Pty Ltd.

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.

(e) Dividends

No dividends have been paid or provided for during the year ended 31 December 2014 (six months ended 31 December 2013: Nil).

NOTE 15: FINANCIAL INSTRUMENTS

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, and 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 Audit and Business Risk 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.

Interest Rate Risk

The Company's exposure to risks of changes in market interest rates relates primarily to the Company cash balances.

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.

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.

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 year the Group held deposits at call of \$65.8m (December 2013: \$81.2m) that are expected to readily generate cash inflows for managing liquidity risk.

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 cash flows.

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 cash flow	Carrying amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 31 December 2014							
Non-derivatives							
Trade payables	662	-	-	-	-	662	662
At 31 December 2013							
Non-derivatives							
Trade payables	1,396	-	-	-	-	1,396	1,396

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)

The following table presents the Group's financial assets and liabilities measured and recognised at fair value as at 31 December 2014 and 31 December 2013:

At 31 December 2014	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Assets				
Equity securities	247	-	-	247
Total Assets	247	-	-	247
Liabilities	-	-	-	-

At 31 December 2013	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Assets				
Equity securities	600	-	-	600
Total Assets	600	-	-	600
Liabilities	-	-	-	-

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

	31 December 2014		31 December 2013	
Consolidated	Carrying Amount \$'000	Net Fair Value \$'000	Carrying Amount \$'000	Net Fair Value \$'000
Financial assets				
Cash and cash equivalents	9,210	9,210	81,239	81,239
Short-term deposit	56,572	56,572	-	-
Restricted cash	19,123	19,123	18,201	18,201
Other financial assets	247	247	600	600
Trade and other receivables	2,027	2,027	813	813
Total	87,179	87,179	100,853	100,853
Trade and other payables	662	662	1,395	1,395
	662	662	1,395	1,395

Sensitivity Analysis

Interest Rate Analysis

At 31 December 2014, the Group had \$19.123m invested in security deposits and performance bonds and \$65.782m in cash and cash equivalents and short-term deposit. A 1% increase / (decrease) in the interest rate would impact the interest earned by \$849,050 / (\$849,050) respectively.

NOTE 16: 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 31 December 2014 are as follows:

	Consolidated	
	31 December	31 December
	2014	2013
	\$'000	\$'000
Office Accommodation		
Within one year	275	265
After one year but not more than five years	619	861
Total	894	1,126

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:

	31 December 2014		31 December 2013	
	Minimum lease payments \$'000	Present value of lease payments \$'000	Minimum lease payments \$'000	Present value of lease payments \$'000
CONSOLIDATED				
Within one year	160	160	1,078	1,018
After one year but not more than five years	-	-	233	228
Total minimum lease payments	160	160	1,311	1,246
Less amounts representing finance charges	-	-	(65)	-
Present value of minimum lease payments	160	160	1,246	1,246

The weighted average interest rate impact on the leases for both the Group and the Parent at 31 December 2014 is 8.9% (at 31 December 2013: 8.9 %).

Mining tenement expenditure commitments

The Group has committed, under tenement landholding conditions, to spend a minimum of \$4.205 million per annum of which \$1.652 million relates to Coolgardie and \$2.553 million relates to Laverton on mining and exploration tenements held by the Group.

Contingent Liability

There are no contingent liabilities.

NOTE 17: CONTROLLED ENTITIES

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

<i>Name</i>	<i>Country of Incorporation</i>	<i>% Equity Interest</i>	
		31 December 2014	31 December 2013
Austminex Pty Ltd	Australia	100%	100%
Focus Operation Pty Ltd	Australia	100%	100%
Focus Minerals (Laverton) Pty Ltd ¹	Australia	100%	100%
Underground Drilling Services Pty Ltd ²	Australia	N/A	100%
Laverton Nickel Pty Ltd ²	Australia	N/A	100%
Uranium West Ltd ²	Australia	N/A	100%

¹Focus Minerals (Laverton) Ltd changed its name and status on 4th July 2013 to Focus Minerals (Laverton) Pty Ltd.

²These three companies were deregistered during the year.

NOTE 18: PARENT ENTITY

The parent company throughout the year ended 31 December 2014 was Focus Minerals Limited.

	Parent Entity	
	12 months to 31 December 2014 \$'000	6 months to 31 December 2013 \$'000
Results of the parent entity		
Loss for the year/period	(14,680)	(132,792)
Other comprehensive income	-	-
Total comprehensive loss for the period	(14,680)	(132,792)
Financial position of parent entity at year/period end		
Current assets	66,716	80,585
Total assets	77,726	94,064
Current Liabilities	591	1,754
Total liabilities	659	2,315
Total equity of parent entity comprising of:		
Share capital	427,167	427,167
Option reserve	182	182
Accumulative losses	(350,281)	(335,601)
Total equity	77,068	91,749

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.

NOTE 19: RELATED PARTY DISCLOSURE*Subsidiaries*

Interests in subsidiaries are set out in Note 17.

Key Management Personnel

Disclosures relating to key management personnel are set out in the Directors' Report

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 period ended 31 December 2014, the Group has not made any allowance for doubtful debts relating to amounts owed by related parties due to solid payment history (December 2013: \$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 Fahey is a Director of CSA Global Pty Ltd, which provided technical consulting services to the Group. Technical services provided by CSA Global Pty Ltd for the period totalled \$52,840 (6 months ended 31 December 2013: nil).

NOTE 20: AUDITORS' REMUNERATION

The auditors of Focus Minerals Limited are PricewaterhouseCoopers.

	12 months to 31 December 2014	6 months to 31 December 2013
Amounts received or due and receivable by PricewaterhouseCoopers		
<i>An audit or review of the financial report of the entity and any other entity in the consolidated group</i>	100,000	132,000
Other services in relation to the entity and any other entity in the consolidated group:		
<i>Accounting advice</i>	25,000	-
	125,000	132,000

NOTE 21: SIGNIFICANT EVENTS AFTER BALANCE DATE

There are 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 period.

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 31 to 66 are in accordance with the Corporations Act 2001, including:
 - a. Complying with the Accounting Standard AASB 101: Presentation of Financial Report; and
 - b. Giving a true and fair view of the consolidated entity's financial position as at 31 December 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
31 March 2015
Jinan, Shandong, China

INDEPENDENT AUDITOR'S REPORT



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

Report on the financial report

We have audited the accompanying financial report of Focus Minerals Limited (the company), which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated 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 Limited 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 as issued by the International Accounting Standards Board.

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

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Auditor's opinion

In our opinion:

- (a) the financial report of Focus Minerals Limited 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 31 December 2014 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*.
- (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 11 to 16 of the directors' report for the year ended 31 December 2014. 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 Limited for the year ended 31 December 2014 complies with section 300A of the *Corporations Act 2001*.

A handwritten signature in dark ink, appearing to read 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in dark ink, appearing to read 'Ben Gargett'.

Ben Gargett
Partner

Perth
31 March 2015

SHAREHOLDER INFORMATION

Additional information required by the Australian Securities Exchange Listing Rules and not disclosed elsewhere in this report. The information was prepared based on share registry information processed up to the 31st of March 2015.

Spread of Holders

Spread of Holdings		Shareholders
1	- 1,000	166
1,001	- 5,000	89
5,001	- 10,000	209
10,001	- 100,000	3,101
100,001	- and over	3,160
Total Number of Holders		<u>6,725</u>

Number of shareholders holding less than a marketable parcel: 1,916 shareholders each hold less than 55,556 shares.

Substantial Shareholders

As at 2 April 2015 the following had notified the Company as being substantial shareholders:

Shandong Gold International Mining Corporation Limited	4,525,997,651 ordinary shares
Lloyd Miller III	904,957,764 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 Securities Exchange are 9,137,375,877 ordinary shares.

Twenty Largest Shareholders of Each Class of Quoted Securities Ordinary Fully Paid Shares at 31 March 2015

No.	Shareholder Name	Number of Shares	Percentage of Capital
1	SHANDONG GOLD INTERNATIONAL MINING CORPORATION LIMITED	4,501,997,651	49.27
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	993,759,972	10.88
3	JP MORGAN NOMINEES AUSTRALIA LTD	774,897,694	8.48
4	NATIONAL AUSTRALIA TRUSTEES LIMITED <12849500 A/C>	246,047,887	2.69
5	CITICORP NOMINEES PTY LTD	184,044,317	2.02
6	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	89,016,684	0.97
7	NATIONAL NOMINEES LIMITED <DB A/C>	52,944,038	0.58
8	MR GRAHAM PAUL ELLIS	38,000,000	0.42
9	PETER ERMAN PTY LIMITED <SUPERANNUATION FUND A/C>	27,527,182	0.30
10	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED- GSCO ETA	27,162,634	0.30
11	KAHUNA CLOTHING AND TRADING CO PTY LTD <UTTLEYMOORE S/F A/C>	25,025,000	0.27
12	HSBC CUSTODY NOMINEES LIMITED - A/C 2	19,032,455	0.21
13	MRS RITA MAY GODFREY	18,166,000	0.20
14	BROADARROW GOLDMINES PTY LTD	18,116,224	0.20
15	LUJETA PTY LTD <THE MARGARET ACCOUNT>	15,000,000	0.16
16	CS FOURTH NOMINEES PTY LTD	13,169,000	0.14
17	BNP PARIBAS NOMS PTY LTD <DRP>	10,942,077	0.12
18	MR DAVID TEOH	10,925,048	0.12
19	122 DEAN STREET PTY LTD <GAVIN MACKENZIE S/F A/C>	10,923,741	0.12
20	TIERRA DE SUANOS SA	10,525,000	0.12
	Total	7,087,319,605	77.56

Holders of Securities of an Unquoted Class (Options)

Option Holder Name	Options Expiring 28/02/2016
Semro Pty Ltd	15,000,000
Total	15,000,000

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	M15/1358	Live	100%
WA	Bayleys	L15/122	Live	100%	WA	Gunga	M15/1359	Live	100%
WA	Bayleys	L15/161	Live	100%	WA	Gunga	P15/5256	Live	100%
WA	Bayleys	L15/164	Live	100%	WA	Gunga	P15/5702	Pending	100%
WA	Bayleys	L15/186	Live	100%	WA	Gunga	P15/5703	Pending	100%
WA	Bayleys	L15/34	Live	100%	WA	Lake Cowan	E15/986	Live	100%
WA	Bayleys	M15/1433	Live	100%	WA	Lake Cowan	E15/1224	Live	100%
WA	Bayleys	M15/1788	Live	100%	WA	Lord Bob	L15/51	Live	100%
WA	Bayleys	M15/630	Live	100%	WA	Lord Bob	L15/59	Live	100%
WA	Bayleys	P15/4912	Live	100%	WA	Lord Bob	L15/63	Live	100%
WA	Bayleys	P15/5717	Live	100%	WA	Lord Bob	L15/77	Live	100%
WA	Bonnie Vale	L15/126	Live	100%	WA	Lord Bob	L15/78	Live	100%
WA	Bonnie Vale	L15/127	Live	100%	WA	Lord Bob	M15/1789	Live	100%
WA	Bonnie Vale	L15/130	Live	100%	WA	Lord Bob	M15/385	Live	100%
WA	Bonnie Vale	L15/200	Live	100%	WA	Lord Bob	M15/664	Live	100%
WA	Bonnie Vale	L15/211	Live	100%	WA	Lord Bob	P15/4829	Live	100%
WA	Bonnie Vale	M15/1384	Live	100%	WA	Lord Bob	P15/4916	Live	100%
WA	Bonnie Vale	M15/1444	Live	100%	WA	Lord Bob	P15/4917	Live	100%
WA	Bonnie Vale	M15/1760	Live	100%	WA	Lord Bob	P15/4950	Live	100%
WA	Bonnie Vale	M15/277	Live	100%	WA	Lord Bob	P15/4951	Live	100%
WA	Bonnie Vale	M15/365	Live	100%	WA	Lord Bob	P15/4952	Live	100%
WA	Bonnie Vale	M15/595	Live	100%	WA	Lord Bob	P15/4953	Live	100%
WA	Bonnie Vale	M15/662	Live	100%	WA	Lord Bob	P15/4956	Live	100%
WA	Bonnie Vale	M15/711	Live	100%	WA	Lord Bob	P15/5550	Live	100%
WA	Bonnie Vale	M15/770	Live	100%	WA	Lord Bob	P15/5712	Pending	100%
WA	Bonnie Vale	M15/852	Live	100%	WA	Lord Bob	P15/5731	Live	100%
WA	Bonnie Vale	M15/857	Live	100%	WA	Lord Bob	P15/5733	Live	100%
WA	Bonnie Vale	M15/877	Live	100%	WA	Lord Bob	P15/5735	Live	100%
WA	Bonnie Vale	M15/981	Live	100%	WA	Mount	L15/325	Live	100%
WA	Bonnie Vale	P15/5155	Live	100%	WA	Mount	L15/338	Live	100%
WA	Bonnie Vale	P15/5156	Live	100%	WA	Mount	L15/343	Pending	100%
WA	Bonnie Vale	P15/5158	Live	100%	WA	Mount	M15/1423	Live	100%
WA	Bonnie Vale	P15/5159	Live	100%	WA	Mount	M15/1431	Live	100%
WA	Bonnie Vale	P15/5190	Live	100%	WA	Mount	M15/30	Live	100%
WA	Bonnie Vale	P15/5238	Live	100%	WA	Mount	P15/4906	Live	100%
WA	Bonnie Vale	P15/5253	Live	100%	WA	Mount	P15/4907	Live	100%
WA	Bonnie Vale	P15/5254	Live	100%	WA	Mount	P15/5495	Live	100%
WA	Bonnie Vale	P15/5255	Live	100%	WA	Mount	P15/5500	Live	100%
WA	Bonnie Vale	P15/5704	Pending	100%	WA	Mount	P15/5501	Live	100%
WA	Bonnie Vale	P15/5713	Live	100%	WA	Mount	P15/5716	Live	100%
WA	Bonnie Vale	P15/5714	Live	100%	WA	Nepean	L15/179	Live	100%
WA	Burbanks	P15/5939	Pending	100%	WA	Nepean	L15/193	Live	100%
WA	Coolgardie	P15/5946	Pending	100%	WA	Nepean	L15/194	Live	100%
WA	Coolgardie	P15/5949	Pending	100%	WA	Nepean	L15/27	Live	100%
WA	Gunga	L15/114	Live	100%	WA	Nepean	L15/28	Live	100%
WA	Gunga	L15/116	Live	100%	WA	Nepean	L15/294	Live	100%
WA	Gunga	L15/119	Live	100%	WA	Nepean	M15/1809	Live	100%
WA	Gunga	L15/283	Live	100%	WA	Nepean	M15/709	Live	100%
WA	Gunga	L15/88	Live	100%	WA	Nepean	P15/5519	Live	100%
WA	Gunga	L15/90	Live	100%	WA	Nepean	P15/5574	Live	100%
WA	Gunga	L15/95	Live	100%	WA	Nepean	P15/5575	Live	100%
WA	Gunga	L15/96	Live	100%	WA	Nepean	P15/5576	Live	100%
WA	Gunga	M15/1341	Live	100%	WA	Nepean	P15/5625	Live	100%
WA	Gunga	M15/1357	Live	100%	WA	Nepean	P15/5626	Live	100%

State	Project	Tenement	Status	Interest
WA	Nepean	P15/5629	Live	100%
WA	Nepean	P15/5738	Live	100%
WA	Nepean	P15/5739	Live	100%
WA	Nepean	P15/5740	Live	100%
WA	Nepean	P15/5741	Live	100%
WA	Nepean	P15/5742	Live	100%
WA	Nepean	P15/5743	Live	100%
WA	Nepean	P15/5749	Live	100%
WA	Nepean	P15/5750	Live	100%
WA	Norris	L15/168	Live	100%
WA	Norris	L15/169	Live	100%
WA	Norris	L15/170	Live	100%
WA	Norris	L15/171	Live	100%
WA	Norris	L15/172	Live	100%
WA	Norris	L15/173	Live	100%
WA	Norris	L15/174	Live	100%
WA	Norris	L15/175	Live	100%
WA	Norris	L15/71	Live	100%
WA	Norris	M15/1153	Live	100%
WA	Norris	M15/1422	Live	100%
WA	Norris	M15/1793	Live	100%
WA	Norris	M15/384	Live	100%
WA	Norris	M15/391	Live	100%
WA	Norris	M15/515	Live	100%
WA	Norris	M15/761	Live	100%
WA	Norris	M15/791	Live	100%
WA	Norris	M15/871	Live	100%
WA	Norris	P15/5241	Live	100%
WA	Norris	P15/5522	Live	100%
WA	Norris	P15/5527	Live	100%
WA	Norris	P15/5528	Live	100%
WA	Norris	P15/5729	Live	100%
WA	Norris	P15/5730	Live	100%
WA	Norris	P15/5732	Live	100%
WA	Norris	P15/5734	Live	100%
WA	Norris	P15/5736	Live	100%
WA	Norris	P15/5756	Live	100%
WA	Norris	P15/5807	Live	100%
WA	Three Mile Hill	L15/123	Live	100%

State	Project	Tenement	Status	Interest
WA	Three Mile Hill	L15/177	Live	100%
WA	Three Mile Hill	L15/42	Live	100%
WA	Three Mile Hill	M15/1432	Live	100%
WA	Three Mile Hill	M15/1434	Live	100%
WA	Three Mile Hill	M15/150	Live	100%
WA	Three Mile Hill	M15/154	Live	100%
WA	Three Mile Hill	M15/636	Live	100%
WA	Three Mile Hill	M15/645	Live	100%
WA	Three Mile Hill	M15/781	Live	100%
WA	Three Mile Hill	M15/827	Live	100%
WA	Three Mile Hill	P15/4913	Live	100%
WA	Three Mile Hill	P15/4926	Live	100%
WA	Tindals	M15/1114	Live	100%
WA	Tindals	M15/1262	Live	100%
WA	Tindals	M15/1293	Live	100%
WA	Tindals	M15/1294	Live	100%
WA	Tindals	M15/1461	Live	100%
WA	Tindals	M15/23	Live	100%
WA	Tindals	M15/237	Live	100%
WA	Tindals	M15/410	Live	100%
WA	Tindals	M15/411	Live	100%
WA	Tindals	M15/412	Live	100%
WA	Tindals	M15/646	Live	100%
WA	Tindals	M15/660	Live	100%
WA	Tindals	M15/675	Live	100%
WA	Tindals	M15/958	Live	100%
WA	Tindals	M15/966	Live	100%
WA	Tindals	P15/4810	Live	100%
WA	Tindals	P15/4933	Live	100%
WA	Tindals	P15/4934	Live	100%
WA	Tindals	P15/4935	Live	100%
WA	Tindals	P15/4941	Live	100%
WA	Tindals	P15/4943	Live	100%
WA	Tindals	P15/4945	Live	100%
WA	Tindals	P15/4947	Live	100%
WA	Tindals	P15/5046	Live	100%
WA	Tindals	P15/5048	Live	100%
WA	Tindals	P15/5464	Live	100%

Laverton Gold Project - Focus Minerals (Laverton) Ltd

State	Project	Tenement	Status	Interest	State	Project	Tenement	Status	Interest
WA	Barrick	E38/1642	Live	100%	WA	Infrastructure	L38/34	Live	100%
WA	Barrick	E38/1652	Live	100%	WA	Infrastructure	L38/52	Live	100%
WA	Barrick	E38/1725	Live	100%	WA	Infrastructure	L38/53	Live	100%
WA	Barrick	E38/2028	Live	100%	WA	Infrastructure	L38/54	Live	100%
WA	Barrick	E38/2032	Live	100%	WA	Infrastructure	L38/55	Live	100%
WA	Barrick	L38/92	Live	100%	WA	Infrastructure	L38/56	Live	100%
WA	Barrick	L38/101	Live	100%	WA	Infrastructure	L38/57	Live	100%
WA	Barrick	M38/0037	Live	100%	WA	Infrastructure	L38/63	Live	100%
WA	Barrick	M38/38	Live	100%	WA	Infrastructure	L38/75	Live	100%
WA	Barrick	M38/39	Live	100%	WA	Infrastructure	L38/76	Live	100%
WA	Barrick	M38/101	Live	100%	WA	Infrastructure	L38/78	Live	100%
WA	Barrick	M38/159	Live	100%	WA	Infrastructure	L38/108	Live	100%
WA	Barrick	M38/342	Live	100%	WA	Infrastructure	L38/120	Live	100%
WA	Barrick	M38/363	Live	100%	WA	Infrastructure	L38/152	Live	100%
WA	Barrick	M38/364	Live	100%	WA	Infrastructure	L38/153	Live	100%
WA	Barrick	M38/535	Live	100%	WA	Infrastructure	L38/160	Live	100%
WA	Barrick	M38/693	Live	100%	WA	Infrastructure	L38/163	Live	100%
WA	Barrick	M38/954	Live	100%	WA	Infrastructure	L38/164	Live	100%
WA	Barrick	P38/3500	Live	100%	WA	Infrastructure	L38/165	Live	100%
WA	Barrick	P38/3501	Live	100%	WA	Infrastructure	L38/166	Live	100%
WA	Barrick	P38/3656	Live	100%	WA	Infrastructure	L38/173	Live	100%
WA	Barrick	P38/3657	Live	100%	WA	Infrastructure	L38/177	Live	100%
WA	Barrick	P38/3667	Live	100%	WA	Infrastructure	L38/179	Live	100%
WA	Barrick	P38/3671	Live	100%	WA	Infrastructure	L38/183	Live	100%
WA	Black Swan JV	E38/1869	Live	64%	WA	Infrastructure	L39/124	Live	100%
WA	Black Swan JV	P38/3608	Live	64%	WA	Infrastructure	L39/214	Live	100%
WA	Burtville	G38/33	Live	100%	WA	Jasper Hills	M39/138	Live	100%
WA	Central Laverton	E38/1349	Live	100%	WA	Jasper Hills	M39/139	Live	100%
WA	Central Laverton	E38/1861	Live	100%	WA	Jasper Hills	M39/185	Live	100%
WA	Central Laverton	E38/1864	Live	100%	WA	Jasper Hills	M39/262	Live	100%
WA	Central Laverton	E38/1865	Live	100%	WA	Laverton	L38/231	Live	100%
WA	Central Laverton	E38/2143	Live	100%	WA	Laverton	P38/4091	Live	100%
WA	Central Laverton	G38/20	Live	100%	WA	Laverton	P38/4099	Live	100%
WA	Central Laverton	M38/264	Live	100%	WA	Laverton	P38/4100	Live	100%
WA	Central Laverton	M38/318	Live	100%	WA	Laverton	P38/4102	Live	100%
WA	Central Laverton	M38/376	Live	100%	WA	Laverton	P38/4161*	Pending	100%
WA	Central Laverton	M38/377	Live	100%	WA	Laverton	P38/4163*	Pending	100%
WA	Central Laverton	M38/387	Live	100%	WA	Laverton-Money	M38/547	Live	100%
WA	Central Laverton	M38/401	Live	100%	WA	Laverton-Money	P38/3504	Live	100%
WA	Central Laverton	M38/507	Live	100%	WA	Laverton-Money	P38/3505	Live	100%
WA	Central Laverton	M38/1032	Live	100%	WA	Laverton-Money	P38/3506	Live	100%
WA	Central Laverton	M38/1042	Live	100%	WA	Merolia JV	M38/73	Live	56%
WA	Central Laverton	P38/3691	Live	100%	WA	Merolia JV	M38/89	Live	56%
WA	Central Laverton	P38/3692	Live	100%	WA	Mt Weld	E38/2862	Live	100%
WA	East Laverton	E38/1860	Live	100%	WA	Mt Weld	E38/2872	Live	100%
WA	East Laverton	E38/1867	Live	100%	WA	Mt Weld	E38/2873*	Pending	100%
WA	East Laverton	M38/8	Live	100%	WA	West Laverton	M38/143	Live	100%
WA	East Laverton	M38/261	Live	100%	WA	West Laverton	M38/236	Live	100%
WA	East Laverton	P38/3611	Live	100%	WA	West Laverton	M38/270	Live	100%
WA	East Laverton	P38/3612	Live	100%	WA	West Laverton	M38/345	Live	100%
WA	East Laverton	P38/3693	Live	100%	WA	West Laverton	M38/1187	Live	100%

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 or 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

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 M38/143	\$1.50/BCM of ore mined between 100,000BCM and 850,000BCM \$10/ounce gold produced (after the first 50,000 ounces)
All tenements at Laverton owned by Focus Minerals (Laverton) Ltd (<i>all tenements are listed in the "Interest in Mining Tenements" section above except those with an *</i>)	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	\$1.00/tonne mined and treated from open cut and \$1.50/tonne mined and treated from underground (assuming spot gold price is fixed by the Perth Mint (SGP) is \$525 (Base Price)). Each quarter the royalty is to be varied by: (i) calculating the average daily \$ SGP during the quarter; (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; (iii) the minimum royalty payable for open cut and underground will be \$0.75 and \$1.25 respectively
M38/1042	\$1.50/tonne of ore mined and treated after 100,000 tonnes Plus \$0.58/tonne ore mined and milled for first 500,000 tonnes, \$0.05/tonne of ore mined and milled thereafter
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
All tenements within a 50km radius of Laverton township.	A quarterly fee equal to the greater of 1.25% of annual DMP tenement fees or \$2,500. A quarterly mining fee relating to gold production from the tenements in a calendar year, of: <ul style="list-style-type: none"> • 0 – 50,000oz Au: 0.20% of total gross proceeds of the relevant quarter; • 50,001 – 100,000oz Au: 0.24% of the total gross proceeds of the relevant quarter; • 100,001 – 150,000oz Au: 0.28% of total gross proceeds of the relevant quarter; • 150,001 – 200,000oz Au: 0.33% of total gross proceeds of the relevant quarter; • >200,000oz Au: 0.40% of total gross proceeds of the relevant quarter. Scholarship funds payable each calendar year in the amount of \$10,000 where the total annual gold production is less than 100,000oz, and \$20,000 if the total annual gold production is greater than 100,000oz.



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