Focus Minerals Limited

ABN 56 005 470 799

Annual Report

For the year ended 31 December 2017

Corporate Directory

ABN 56 005 470 799

Directors

Dianfei Pei	Chairman - Non-Executive, Non-Independent
Zhaoya Wang	Director – Non-Executive, Non-Independent
Gerry Fahey	Director - Independent
Peter Hepburn-Brown	Director - Independent
Zaiqian Zhang	Director - Executive

Company Secretary
Zaiqian Zhang

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East Perth WA 6004

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East Perth WA 6892

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Share Registry
Computershare Investor Services Pty Ltd
Level 11, 172 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

Industrial and Commercial Bank of China
Level 28, 44 St Georges Terrace
Perth WA 6000

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

Stock Exchange Listing
Australian Securities Exchange (ASX)
ASX Symbol: FML

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Chairman's Report

Dear Shareholders,

On behalf of the Board of Directors of Focus Minerals Limited, it is my privilege to present you the Annual Report for the year ended 31 December 2017.

In 2017, the Company continued its growth strategy by committing $9.6m in exploration and development related activities. During the year, the Company had a number of achievements due to the Company's investment in organic growth.

In Coolgardie, we completed the Pre-Feasibility Study on Bonnie Vale, Greenfields and Brilliant. The Mineral Reserve-only model shows a net present value of $37m, assuming the gold price is $1,580/oz. As part of the PFS, the Company also declared the Maiden Ore Reserve of our high grade Bonnie Vale deposit and increased the Mineral Resource of our Brilliant deposit. While the Board is cautiously optimistic about the result of the PFS, we are also exploring alternatives which could potentially realise a greater value of the Coolgardie Project.

In Laverton, the Company made a significant progress on our Karridale-Burtville area, declaring the Maiden Mineral Resources of 538,000oz of gold at 1.3g/t (ASX Announcement on 23 February 2018). This was the direct result of the Company's commitment in exploration for the past 3 years. The Board firmly believes that at this stage, demonstrating the same or higher level of commitment in exploring Karridale-Burtville is the most effective way to unlock the value of Laverton. Having said that, the Board realises that we have a very large tenement holding in the region and to expedite the development of our Laverton Project, we are also looking for opportunities to bring in external expertise to share risks and successes.

On behalf of the Board, I would like to thank you for your support and I would like to express my gratitude to the team, which has been working tirelessly to deliver those results. These are outstanding achievements for a gold resource company. The Company has a very strong balance sheet of its kind and it will provide a financial safeguard to the Company's growth and the team is ready to deliver a fruitful 2018.

Yours faithfully,

Dianfei Pei
Chairman of the Board

Operations Review

Overview

In 2017, Focus Minerals Ltd continued to invest in its Coolgardie and Laverton project groups to a total of $9.62 million. This investment resulted in the delivery of:

- PFS for the Coolgardie project: +4yrs Mine Life averaging 32koz PA at all in Cash cost of AU$1,200/oz
- PFS NPV of AU$37M assuming gold price of AU$1580/oz and 7.5% Discount rate.
- Maiden JORC 2012 OP Reserves for Greenfields 1,016kt @ 1.45ppm Au for 47,100oz
- Maiden JORC 2012 UG Reserves for Bonnie Vale 625kt @ 6.16ppm Au for 123,700oz
- 26% Increase for combined Brilliant Mineral Resource now totalling 5.89Mt A 2.5ppm au for 475,000oz
- Expansion of the Karridale Project for Maiden Resource Modelling in 1st Qtr 2018

Exploration

During the year, Focus conducted exploration programmes at Coolgardie and Laverton with over 51,600m drilled.

Coolgardie

The Coolgardie projects tested in 2017 comprise Brilliant, Bonnie Vale, Lindsays and Possum for 29,784.1m. The bulk of the drilling comprising more than 75 holes and 20,000m were focussed at Brilliant. Bonnie Vale also received significant drilling comprising 15 holes for over 4,000m. The drilling was used to help prepare maiden underground reserves at Bonnie Vale and identify opportunities to enhance the Coolgardie PFS at Brilliant.

Coolgardie Project Group Significant Intersections*

Bonnie Vale Project

Hole_ID	Drill Type	Grid_ID	East	North	RL	Azimuth	Dip	EOH	Significant Intersection*
BONC162	RC	MGA94 Zone 51	324545.45	6584029.04	383.05	220	-59.96	300	3m @ 24.25ppm from 180m

Lindsays Project

Hole_ID	Drill Type	Grid_ID	East	North	RL	Azimuth	Dip	EOH	Significant Intersection*
LND17005	RC	MGA94 Zone 51	325746.78	6574586.7	426.16	220.6	-59.89	204	2m @ 41.72ppm from 130m
LND17012	RC	MGA94 Zone 51	325824.66	6575429.88	411.32	224.8	-60.32	198	1m @ 20.70ppm from 155m

Tindals Project

Hole_ID	Drill Type	Grid_ID	East	North	RL	Azimuth	Dip	EOH	Significant Intersection*
TND17015	RC/DD	MGA94 Zone 51	326574.86	6573068.34	402.83	255	-62.33	495.5	2.2m @ 24.85ppm from 437.8m
TND17018	DD	MGA94 Zone 51	326549.19	6572671.22	412.81	250.35	-69.76	468.4	3.08m @ 11.88ppm from 355m
TND17022	RC	MGA94 Zone 51	326620.21	6572127.22	423.26	251.32	-70.11	300	3m @ 6.67ppm from 193m
TND17031	RC/DD	MGA94 Zone 51	326208.98	6572441.8	408.44	75	-50.66	462.2	6.15m @ 3.26ppm from 411.7m
TND17038	RC	MGA94 Zone 51	326206.26	6572497.01	408.1	72.7	-54.09	200	5m @ 4.41ppm from 171m
TND17040	RC	MGA94 Zone 51	326290.57	6573077.17	406.57	251.3	-60.7	198	7m @ 7.6ppm from 161m
TND17044	RC/DD	MGA94 Zone 51	326598.59	6572600.85	417.65	251.2	-69.6	555.7	4.85m @ 7.13ppm from 371m
TND17045	RC	MGA94 Zone 51	326258.31	6573192.66	405.85	249.6	-55.45	105	2m @ 12.16ppm from 91m
TND17049	RC	MGA94 Zone 51	326208.05	6573536.98	411.35	251.7	-60.63	250	1m @ 27.00ppm from 122m
TND17050	RC	MGA94 Zone 51	326247.42	6573429.76	409.46	250.5	-60.16	252	10m @ 3.39ppm from 108m
TND17052	RC/DD	MGA94 Zone 51	326595.4	6573003.4	404.09	248.9	-55.65	561.6	1m @ 15.30ppm from 460m
TND17059	RC	MGA94 Zone 51	326586.59	6571991.79	421.83	274	-54.34	282	3m @ 29.37ppm from 104m
TND17065	RC	MGA94 Zone 51	326245.13	6572358.76	408.9	72	-56.82	254	2m @ 12.34ppm from 172m
TND17076	RC/DD	MGA94 Zone 51	326376.54	6573551.47	405.75	250.2	-55.28	366.7	1.9m @ 12.72ppm from 316m

*Selected Significant Intersections greater than 1ppm Au calculated using a maximum of 1 meters internal dilution where the down hole length x grade exceeds 20

Table 1: Coolgardie Project Group Significant Intersections

In addition, a ground gravity survey comprising 3,370 stations was completed on the Lake Cowan Project.

Laverton

The 2017 Laverton exploration program was primarily targeted at Karridale where a flow of significant results encouraged additional drilling. Over 60 holes for about 20,000m were drilled at Karridale. The remaining drilling was completed at Lancefield where 3 diamond tails for 1,314.95m were completed. The Karridale drilling was completed in the lead up to planned maiden resource estimation which was completed in the 1st Qtr 2018.

Laverton Project Group Significant Intersections*

Karridale Project

Hole_ID	Drill Type	Grid_ID	East	North	RL	Azimuth	Dip	EOH	Significant Intersection*
KARC230	RC	MGA94 Zone 51	465663.7	6815778.0	469.7	148.1	-60.4	300	8m @ 3.15ppm from 32m
KARC236	RC	MGA94 Zone 51	465653.5	6815529.2	468.3	146.8	-60.5	165	4m @ 5.68ppm from 93m
KARC237	RC	MGA94 Zone 51	465597.6	6815618.9	468.4	144.1	-60.0	315	1m @ 36.50ppm from 155m
KARC262	RC	MGA94 Zone 51	465853.4	6815667.0	470.5	145.0	-60.0	274	4m @ 25.28ppm from 153m
KARC271	RC	MGA94 Zone 51	465862.8	6816002.5	469.3	145.7	-60.6	297	11m @ 3.30ppm from 195m

Lancefield Project

Hole_ID	Drill Type	Grid_ID	East	North	RL	Azimuth	Dip	EOH	Significant Intersection*
LFRC016	RC	MGA94 Zone 51	438890.98	6840360.66	451.81	309.05	-89.8	110	5m @ 9.34ppm from 45m

*Selected Significant Intersections greater than 1ppm Au calculated using a maximum of 1 meters internal dilution where the down hole length x grade exceeds 20

Table 2: Laverton Project Group Significant Intersections

Operating Result

The full-year loss was $4.807 million (2016: $3.184 million), which is 50.1% higher than last year's. This was mainly because the divestment of Jasper Hills tenements resulted in a non-cash accounting loss of $1.662 million.

As at 31 December 2017, the Company had a cash balance (consisting of cash and cash equivalents and short term deposit) of $36.381 million (2016: $48.332 million).

Subsequent Event

On 19 March 2018, the Company announced that Dane Etheridge resigned as Company Secretary and appointed Zaiqian Zhang as the new Company Secretary.

Ore Reserves Table

30 March 2018	Proven Reserves			Probable Reserves			Total Reserves		
	Tonnes '000t	Grade Au g/t	Ounces	Tonnes '000t	Grade Au g/t	Ounces	Tonnes '000t	Grade Au g/t	Ounces
COOLGARDIE GOLD PROJECT									
Tindals Project - UG	-	-	-	-	-	-	-	-	-
Tindals Project - Surface	-	-	-	-	-	-	-	-	-
Tindals Project	-	-	-	-	-	-	-	-	-
Bonnie Vale Project	-	-	-	625	6.2	124,000	625	6.2	124,000
Lindsays-Bayleys Project	-	-	-	-	-	-	-	-	-
Three Mile Hill Project	-	-	-	1,016	1.4	47,000	1,016	1.4	47,000
Stocks	-	-	-	-	-	-	-	-	-
Total Coolgardie	-	-	-	***1,641***	***3.2***	***171,000***	***1,641***	***3.2***	***171,000***
LAVERTON GOLD PROJECT									
Barnicoat Project	-	-	-	-	-	-	-	-	-
Burtville Project	-	-	-	-	-	-	-	-	-
Central Laverton Project	-	-	-	-	-	-	-	-	-
Chatterbox Project	-	-	-	-	-	-	-	-	-
Jasper Hills Project - UG	-	-	-	-	-	-	-	-	-
Jasper Hills Project - Surface	-	-	-	-	-	-	-	-	-
Jasper Hills Project	-	-	-	-	-	-	-	-	-
Lancefield Project - UG	-	-	-	-	-	-	-	-	-
Lancefield Project - Surface	-	-	-	-	-	-	-	-	-
Lancefield Project	-	-	-	-	-	-	-	-	-
Stocks	-	-	-	-	-	-	-	-	-
Total Laverton	-	-	-	-	-	-	-	-	-
TOTAL COMBINED RESERVES	**-**	**-**	**-**	**1,641**	**3.2**	**171,000**	**1,641**	**3.2**	**171,000**

Competent Person's Statement

The information in this Annual Report that relates to Minerals Resources is based on information complied by Hannah Kosovich who is a member of the Australasian Institute of Geologists. Ms Kosovich 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 she is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Ms Kosovich consents to the inclusion in this report of the matters based on the information complied by herself in the form and context in which it appears.

The Mineral Reserve estimates were undertaken by Dr David Trembath, an employee of Mining One Consultants. Dr Trembath is a member of The Australasian Institute of Mining and Metallurgy with a chartered professional status in mining. Dr Trembath has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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".

Mineral Resources Table

30 March 2018	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												
Tindals Project - UG	*268*	*4.5*	*39,000*	*1,872*	*3.9*	*234,500*	*942*	*4.0*	*120,000*	*3,082*	*4.0*	*393,500*
Tindals Project - Surface				*8,707*	*2.2*	*616,500*	*2,191*	*2.2*	*154,500*	*10,898*	*2.2*	*771,000*
Tindals Project	268	4.5	39,000	10,579	2.5	851,000	3,133	2.7	274,500	13,980	*2.6*	1,164,500
Bonnie Vale Project				474	9.1	139,000	347	5.0	56,000	821	*7.4*	195,000
Lindsays-Bayleys Project				4,350	1.7	238,000	3,327	2.1	229,000	7,677	*1.9*	467,000
Three Mile Hill Project				2,122	1.7	113,500	156	1.7	8,500	2,278	*1.7*	122,000
Norris Project							2,440	2.2	169,000	2,440	*2.2*	169,000
Total Coolgardie	***268***	***4.5***	***39,000***	***17,525***	***2.4***	***1,341,500***	***9,403***	***2.4***	***737,000***	***27,196***	***2.4***	***2,117,500***
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
Jasper Hills Project - UG				*84*	*4.6*	*12,000*	*101*	*4.0*	*13,000*	*185*	*4.3*	*25,000*
Jasper Hills Project - Surface	*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	1,410	1.7	76,000	844	2.1	58,000	2,624	1.9	156,000
Lancefield Project - UG				*2,037*	*6.5*	*427,000*	*619*	*7.1*	*141,000*	*2,656*	*6.7*	*568,000*
Lancefield Project - Surface				*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***	***13,884***	***2.6***	***1,147,500***	***7,945***	***2.4***	***605,000***	***23,120***	***2.5***	***1,833,500***
TOTAL MINERAL RESOURCES	**1,559**	**2.4**	**120,000**	**31,409**	**2.5**	**2,489,000**	**17,348**	**2.4**	**1,342,000**	**50,316**	**2.4**	**3,951,000**

Competent Person's Statement

The information in this Annual Report that relates to Minerals Resources is based on information complied by Hannah Kosovich who is a member of the Australian Institute of Geologists. Ms Kosovich 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 she 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". Ms Kosovich consents to the inclusion in this report of the matters based on the information complied by herself in the form and context in which it appears.

The information, except for Bonnie Vale, Brilliant and Greenfields was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. Bonnie Vale, Brilliant and Greenfields are reported under the JORC Code 2012.

Corporate Governance Statement

This statement outlines the main corporate governance practices that were in place for the year ended 31 December 2017. This statement explains the extent to which the Company complies with the ASX Corporate Governance Principles and Recommendations 3rd Edition, including explanations of why certain recommendations have not been followed. For ease of comparison with the Principles and Recommendations, this statement summarises Focus' compliance with each of the 29 specific recommendations. This statement and summaries of Focus' key governance policies, can be found at:

http://www.focusminerals.com.au/investors/governance/

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1: A listed entity should disclose:

(a) the respective roles and responsibilities of its Board and management; and

(b) those matters expressly reserved to the Board and those delegated to management.

<u>Compliant</u>

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 the Chief Executive Officer. Ratifying the appointment and/or removal of other senior management including Company Secretary and other Board members through the Remuneration and Nominations Committee;
- Remuneration – Management of the remuneration and reward systems and structures for senior management and staff through the Remuneration and Nominations 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: A listed entity should:

(a) **undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and**

(b) **provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.**

Compliant

The Company, through the Remuneration and Nominations 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: A listed entity should have a 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 2015, 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.

Compliant

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

Recommendation 1.5: Gender Diversity

Not Fully 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 measurable 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: A listed entity should:

(a) **have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; and**

(b) **disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.**

Compliant

In future years, 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 will include:

- 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.

The Board is presently undergoing a review of its processes regarding Board and senior executive evaluation and no such formal review was undertaken during the year.

Recommendation 1.7: A listed entity should:

(a) have and disclose a process for periodically evaluating the performance of its senior executives; and

(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

Compliant

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

The Remuneration and Nominations Committee will conduct an annual review of the Board composition and performance of 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 executive; and
- Assessing any education requirements or opportunities;

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.

The Board is presently undergoing a review of its processes regarding Board and senior executive evaluation and no such formal review was undertaken during the year.

Principle 2: Structure the Board to add value

Recommendation 2.1: Establish a Nomination Committee

Not Fully Compliant

The Company did not fully comply with this recommendation in the year ended 31 December 2017. The Remuneration and Nominations Committee comprised four directors, all of which were non-executive. However, as two of four were independent directors, there was not a strict majority of independent directors on the committee. The composition of the committee and a record of its meetings is set out in the Directors Report section of the Annual Report.

Recommendation 2.2: Have and disclose a Board skills matrix

Not Fully Compliant

As part of the Board performance review mentioned in the discussion of recommendations 1.6 and 1.7, the Company will develop a 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 and Mr Peter Hepburn-Brown are the two directors considered to meet the criteria as an 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

<u>Not Compliant</u>

The structure of the Board does not comply with this recommendation in that a majority of the directors are not independent. During the year ended 31 December 2017 the Board consisted of one executive director, Mr Yang, two independent directors, Mr Fahey and Mr Hepburn-Brown, and two non-executive directors, Mr Pei and Mr Ge. Mr Pei was the Chairman. Following the resignation of Mr Yang and the retirement of Mr Ge, the Board consists of two non-executive non-independent directors, one executive director and two independent directors.

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 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.

<u>Not Complaint</u>

The Company's Chairman throughout the year was Mr Pei, a non-executive but non-independent director. However, the Board believes that Mr Pei was 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

<u>Compliant</u>

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: A listed entity should:

(a) have a code of conduct for its directors, senior executives and employees; and

(b) disclose that code or a summary of it.

<u>Compliant</u>

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 comprised of only two independent directors throughout the year which was not a strict majority, though the members were 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.

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.

The policy is currently being updated and a summary of the current 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/governance/

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

<u>Compliant</u>

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 website 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

<u>Compliant</u>

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

<u>Compliant</u>

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

<u>Not Fully Compliant</u>

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 comprised two independent directors throughout the year which was not a strict majority, though the four members were 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.

Recommendation 7.2: The Board or a committee of the Board should:

(a) **review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and**

(b) **disclose, in relation to each reporting period, whether such a review has taken place.**

<u>Not Compliant</u>

Focus' full Board, led by the Audit and Risk Committee, reviews the Company's risk management framework on a regular basis, however, due to there being no material changes in the Company's environment or activities, no formal review was undertaken this year. Ad hoc reviews may also be conducted when the Board perceives that the risk environment has shifted significantly.

Recommendation 7.3: A listed entity should disclose:

(a) if it has an internal audit function, how the function is structured and what role it performs; or

(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

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: A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those 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 Remuneraton and Nominations 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 Nominations Committee comprises only two independent directors during the year ended 31 December 2017 which was not a strict majority, though the four members were all non-executive. The composition of the Committee and a record of its meetings is set out in the Directors' Report.

Recommendation 8.2: A listed entity should separately 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" or "consolidated entity") at the end of, or during the year ended 31 December 2017.

Directors

The directors of the Company at any time during or since the end of the year and up to the date of this report, unless otherwise indicated, are:

Name	**Designation & Independence Status**
Dianfei Pei	Chairman - Non-Executive, Non-Independent
Gerry Fahey	Director – Independent
Peter Hepburn-Brown	Director – Independent
Zhaoya Wang	Director – Non-Executive, Non-Independent (appointed 17 November 2017)
Zaiqian Zhang	Director - Executive (appointed as Director 24 November 2017)
Yuhuan Ge	Chairman - Non-Executive, Non-Independent (resigned on 24 November 2017)
Wanghong Yang	Director – Executive, Interim CEO (resigned 17 November 2017)

Details of the Directors' qualifications, experience, special responsibilities and details of directorships of other listed companies can be found on pages 18 to 20 and in the remuneration report on pages 25 to 29.

Information on Directors, Officers and Senior Management

Directors	**Designation & Independence Status**	**Experience, Expertise & Qualifications**
Dianfei Pei *Appointed on 12 January 2016*	**Chairman** *Non-Executive Non-Independent*	Mr Pei is a mining engineer with almost 30 years of relevant experience. He has been in several senior positions within Shandong Gold Group, such as Resident Manager of Ling Long Mine and Chief Health and Safety Inspector of the Group. Currently, he is the Executive Chairman of Shandong Gold Non-ferrous Mining and the Executive Chairman of Shandong Gold International Mining. Mr Pei has a Master's degree in Mining Engineering at University of Science and Technology Beijing. Directorships of other ASX listed companies: Nil
Zhaoya Wang *Appointed as Director on 17 November 2017*	**Director** *Non-Executive Non-Independent*	Mr Wang is a mining engineer who began his career at Shandong Gold in 1994. He has served various management positions in three of Shandong Gold's mine sites. He has a Master degree in Project Management at Science and Technology University of Shandong and a bachelor degree in Mining at Inner Mongolia University of Science and Technology in China.
Zaiqian Zhang *Appointed as Alternate Director on 12 January 2016* *Appointed as Director on 24 November 2017*	**Director** *Executive CFO*	*Qualifications: CA, AGIS, ACIS, MSc, BSc (Hons)* Mr Zhang joined Focus Minerals Ltd in September 2013 as a Senior Accountant. On 24 November 2017, he was promoted to Director and Chief Financial Officer. He is a Chartered Accountant (Chartered Accountants Australia and New Zealand) and a Chartered Secretary (Governance Institute of Australia). He has a master's degree in Accounting and Finance and an Honours degree in Accounting for Management from Aston University in Birmingham, UK. Directorships of other ASX listed companies: Nil

Directors	**Designation & Independence Status**	**Experience, Expertise & Qualifications**
Gerry Fahey *Appointed on 18 April 2011*	**Director** *Independent*	*Qualifications: M.AIG, M.AusIMN* Mr Fahey is a geologist with over 40 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 in 2006. Mr Fahey is a former member of the Joint Ore Reserve Committee (JORC) and a former Board Member (Federal Councillor) of the Australian Institute of Geoscientists (AIG). Directorships of other ASX listed companies: • Prospect Resources Limited (Non-Executive Director: appointed July 2013, ongoing) • Modun Resources Limited (Non-Executive Director: resigned January 2014)
Peter Hepburn-Brown *Appointed on 10 April 2015*	**Director** *Independent*	Mr Hepburn-Brown has over 35 years mining experience including senior management and Board positions in Australia and Overseas. He has served as the Chairman of Chaffer's Mining and First Graphite Resources and was the Managing Director of Medusa Mining Limited and Alloy Resources Limited. He graduated from the Western Australian School of Mines with Bachelor of Applied Science and also holds a Graduate Diploma of Human Resources from Monash University. Directorships of other ASX listed companies: • First Graphite Resources (Non-Executive Chairman, resigned November 2015) • Medusa Mining Ltd (Managing Director, resigned August 2014) He is also currently Non-Executive Director of an AIM listed mining company, Keras PLC (appointed November 2015)

Directors	**Designation & Independence Status**	**Experience, Expertise & Qualifications**
Yuhuan Ge *Appointed on 5 July 2013* *Retired on 24 November 2017*	**Director** *Non-Executive Non-Independent*	Mr Ge became Vice Chairman and Deputy General Manager of Shandong Gold International Mining Corporation Limited in 2010. Mr Ge has over 30 years' experiences in mining with a background in Engineering. From 1982 to 2002 he worked for the Shandong Gold Group 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. Directorships of other ASX listed companies: Nil
Wanghong Yang *Appointed on 5 July 2013* *Resigned on 17 November 2017*	**Director** *Executive Interim CEO*	Prior to his role at Focus 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. 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. 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. Directorships of other ASX listed companies: Nil

Note: For director's special responsibilities during the year ended 31 December 2017, please refer to the Remuneration Report

Senior Management

Zaiqian Zhang –Chief Financial Officer (Appointed 24 November 2017)

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

Dane Etheridge – Company Secretary and General Manager of Business Development (Resigned 17 March 2018)

Qualifications: BCom (Hons), MAppFin, PhD, CFA, AGIA, CPA, 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, CPA, and a Fellow of the Financial Services Institute of Australasia.

Wanghong Yang – Interim Chief Executive Officer (Resigned 17 November 2017)

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. He resigned from the Company on 17 November 2017.

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

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	12,820	-
Dianfei Pei*	90,039,954	-
Peter Hepburn-Brown	-	-
Zhaoya Wang*	90,039,954	-
Zaiqian Zhang	-	-

*Messieurs Pei and Wang hold an indirect interest in 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 Business Risk Committee**		**Remuneration and Nominations Committee**		**Technical Committee**	
	A	**B**	**A**	**B**	**A**	**B**	**A**	**B**
Directors								
Dianfei Pei	3	3	2	2	-	-	-	-
Yuhuan Ge	3	3	2	2	-	-	-	-
Wanghong Yang	3	3	2	2	-	-	-	-
Gerry Fahey	3	3	2	2	-	-	-	-
Peter Hepburn-Brown	3	2	2	2	-	-	-	-
Zhaoya Wang	-	-	-	-	-	-	-	-
Zaiqian Zhang	-	-	-	-	-	-	-	-

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 182,748,565 fully paid ordinary shares.

Share Options

Options Issued
There were no options issued during the year ended 31 December 2017.

Options Exercised
There were no options exercised during the year ended 31 December 2017.

As at the date of this report, there are no unissued ordinary shares under options.

Principal Activities

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

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Review of Operations

Overview

In 2017, Focus continued its positive momentum towards resuming production. During the year, the Company invested $9.617 million (2016: $8.817 million) into its exploration programmes in Coolgardie and Laverton. In October the Company announced the encouraging results of the pre-feasibility study into the potential restart of operations at Coolgardie.

Exploration

During the year, Focus conducted a number of exploration programmes with over 51,000m drilled. This drilling, coupled with the drilling conducted in prior years, resulted in mineral resource updates at Brilliant and Greenfields, and maiden Ore Reserve estimates at Bonnie Vale and Greenfields.

<u>Coolgardie</u>

The main targets were concentrated on Bonnie Vale, Brilliant and their vicinities, testing the extensions of mineralisation as well as providing critical information for updating our existing resources models. During 2017, Focus drilled over 29,000m in the Coolgardie tenements with the details being released to the ASX on 7 April, and 24 May, 29 May, and 13 October.

Following successful drilling campaigns over the past 3 years, your board decided to engage the mining consultancy firm, Mining One, to conduct a preliminary feasibility study on the Coolgardie project, with the primary focus on Bonnie Vale and Brilliant. This study was released in October 2017 and included a maiden Ore Reserve for Bonnie Vale of 625kt at 6.16g/t Au for 123,700 ounces of contained gold and a maiden Ore Reserve at Greenfields comprising 1,016kt at 1.45g/t for 47,100 ounces of contained gold.

<u>Laverton</u>

The exploration programmes focused on targets within our Karridale Project in order to progress towards a maiden Mineral Resource estimate. Over 21,000m was drilled in the Laverton project during the year. The Company expects to use these results to shorty declare a maiden Mineral Resources for the Karridale Project.

Operating Result

The full-year loss for the 2017 was $4.807 million (2016: $3.184 million), which is 51% higher than last year's loss. The increase was caused by the divestment of Jasper Hills tenements, which led to a loss on disposal of $1.662 million.

As at 31 December 2017, the Company has a cash balance (consisting of cash and cash equivalent and short term deposits) of $36.381 million (2016: $48.332 million).

Dividends

No dividends have been paid or provided in the year (2016: nil).

Earnings per Share

	31 December 2017	**31 December 2016**
Basic loss per share (cents per share)	**(2.63)**	(1.74)
Diluted loss per share (cents per share)	**(2.63)**	(1.74)

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 Company'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 Group. At the date of this report the Group is not aware of any breach of those environmental regulations which apply to the Company's operations. The Group continues to comply with its specified regulations.

Indemnification and Insurance of Directors and Officers

The Company has paid premiums of $19,000 (2016: $20,000) to insure the directors and officers of the Company 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 Company, other than conduct involving a wilful breach of duty in relation to the Company.

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 the Company and the consolidated group. The Board formed the view that the two most senior people in the organisation, being the Interim Chief Executive Officer (Interim CEO) and the General Manager – Business Development and Improvement/Company Secretary are, in addition to the directors, 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 2017 are listed in the table below:

Directors	**Capacity**	**Change during the Year**
Dianfei Pei	Non-Executive, Non-Independent	None
Yuhuan Ge	Non-Executive, Non-Independent	Retired 24 November 2017
Gerry Fahey	Independent	None
Peter Hepburn-Brown	Independent	None
Wanghong Yang	Executive, Interim CEO	Resigned 17 November 2017
Zaiqian Zhang	Director, Executive, CFO	Appointed Director and CFO 24 November 2017
Zhaoya Wang	Non-Executive, Non-Independent	Appointed 17 November 2017

Current Executives	**Capacity**	**Change during the Year**
Dane Etheridge	General Manager – Business Development and Improvement and Company Secretary	None

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 and Nominations 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 and Nominations Committee, comprising all the non-executive directors.

Members of the Remuneration and Nominations Committee during the year were:

- Gerry Fahey - Committee Chairman
- Dianpei Pei
- Peter Hepburn-Brown and,
- Yuhuan Ge (retired 24 November 2017)

The Remuneration and Nominations Committee did not meet during the year.

Compensation of Key Management Personnel

<u>Remuneration Structure</u>

In accordance with best practice of *the Corporate Governance Principles and Recommendations 3rd Edition*, the remuneration structures for non-executive directors and executive directors are separate and distinct.

Remuneration and Nominations Committee

The Remuneration and Nominations 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. The committee did not meet this year.

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 Directors, tied solely to their current Directors Fee at the time of retirement (Fixed Component). The application of the allowance was backdated 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, Mr Yuhuan Ge was paid $12,500 under this benefit (2016: None).

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

Board Member	**Position**	**Audit & Business Risk**	**Technical**	**Remuneration and Nominations**
Dianfei Pei	Director *Non-Executive* *Non-Independent*	M	M	M
Gerry Fahey	Director *Independent*	C	C	C
Peter Hepburn-Brown	Director *Independent*	M	M	M
Zhaoya Wang	Director *Non-Executive* *Non-Independent*	-	-	-
Zaiqian Zhang	Director *Executive*	-	-	-

C=Chairman, M=Member

The following fees have applied:

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

The compensation provided to the Directors in these circumstances is fixed, which reflects the time commitment and responsibilities of their roles.

At present, the maximum aggregate remuneration of directors' fees is $700,000 per annum of which $232,083 has been paid to the directors as fees during the year.

The remuneration of directors for the year ended 31 December 2017 is detailed in the remuneration table below.

Senior Executive and Executive Director Remuneration

Remuneration primarily consists of fixed and performance based remuneration where determined by the Remuneration and Nominations Committee. The Company had established an equity based scheme that will allow the executive team to share in the success of Focus. 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 and Nominations 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

For the year ended 31 December 2017, the Company did not set any KPIs.

During the year ended 31 December 2017, the Company awarded its employees a discretionary bonus, this included Zaiqian Zhang and is included as other short term remuneration.

No options were issued during the year (2016: None). At this stage, no LTI programmes are in place.

Key Management Personnel Contracts

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

Zaiqian Zhang – Chief Financial Officer

Base Salary:	$245,000 per annum plus superannuation guarantee
Term:	Permanent starting from 24 November 2017
Termination:	Four weeks' notice plus three months of salary

Dane Etheridge – Company Secretary and GM Business Development and Improvement

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

Remuneration Tables

Directors' remuneration for the year ended 31 December 2017

	Short-Term Benefits			Post-Employment Benefits			%
	Salary $	**Fees $**	**Other $**	**Super-annuation $**	**Bonus $**	**Total $**	**Performance Related $**
Directors							
Dianfei Pei	-	80,000	-	-	-	80,000	-
Gerry Fahey	-	50,000	-	4,750	-	54,750	-
Peter Hepburn-Brown	-	50,000	-	4,750	-	54,750	-
Zhaoya Wang	-	6,250	-	-	-	6,250	-
Zaiqian Zhang	144,712	-	10,000[1]	14,698	-	169,410	-
Former Directors							
Wanghong Yang	280,000	-	20,000[2]	26,600	151,484[3]	478,084	-
Yuhuan Ge	-	45,833	-	-	12,500[4]	58,333	-
Total	**424,712**	**232,083**	**30,000**	**50,798**	**163,984**	**901,577**	**-**

Directors' remuneration for the year ended 31 December 2016

	Short-Term Benefits			Post-Employment Benefits			%
	Salary $	**Fees $**	**Other $**	**Super-annuation $**	**Bonus $**	**Total $**	**Performance Related $**
Directors							
Dianfei Pei	-	80,000	-	-	-	80,000	-
Yuhuan Ge	-	50,000	-	-	-	50,000	-
Wanghong Yang	280,000	-	-	26,600	-	306,600	-
Gerry Fahey	-	50,000	-	4,750	-	54,750	-
Peter Hepburn-Brown	-	50,000	-	4,750	-	54,750	-
Zaiqian Zhang	131,456	-	10,000	13,439	-	154,895	-
Former Directors							
Jisheng Lu	-	-	-	-	-	-	-
Total	**411,456**	**230,000**	**10,000**	**49,539**	**-**	**700,995**	**-**

[1] Paid in January 2018.

[2] The payment was related to the year ended 31 December 2016 but it was paid in July 2017. At the time of publishing the Financial Accounts for the year ended 31 December 2016, the bonus had yet been approved.

[3] This consists of his unused annual leave and 3-month of salary as his termination payment.

[4] This is the retirement allowance, being 25% of his director's fee for 4.4 years of service.

Remuneration of the key management personnel for the year ended 31 December 2017

		Short-Term Benefits		Post-Employment Benefits			%
	Salary $	Fees $	Other $	Super-annuation $	Bonus $	Total $	Performance Related $
Current Executive							
Dane Etheridge	245,000	-	20,000[2]	23,275	-	288,275	-

Remuneration of the key management personnel for the year ended 31 December 2016

		Short-Term Benefits		Post-Employment Benefits			%
	Salary $	Fees $	Other $	Super-annuation $	Bonus $	Total $	Performance Related $
Current Executive							
Dane Etheridge	245,000	-	-	23,275	-	268,275	-

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 Company over the last five reporting periods, which have been restated to reflect the 50-to-1 share consolidation:

		12 months to 31 December	12 months to 31 December	12 months to 31 December	12 months to 31 December	6 months to 31 December
		2017	**2016**	**2015**	**2014**	**2013**
(Loss) / profit attributable to the owners of Focus Minerals Ltd ('$000's)		(4,807)	(3,184)	(2,830)	(23,370)	(171,523)
Basic earnings per share	(CPS)	(2.63)	(1.74)	(1.55)	(12.79)	(93.86)
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 year/period	$	0.32	0.41	0.31	0.35	0.70
Decrease in share price		(22%)	32%	(11%)	(41%)	(62%)
Total KMP incentive as percentage of profit/loss for the year/period	%	-	-	-	-	0.70%

This is the end of remuneration report.

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

During the year ended 31 December 2017, PwC provided Country by Country Reporting tax services to the Company for the amount of $9,761 (2016: Nil).

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 31 December 2017 has been received and can be found on page 19 of the Financial Report.

Rounding of Amounts

The Company is of a kind referred to in Instrument 2016/191, 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 Instrument 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.

Dianfei Pei
Chairman of the Board
23 February 2018
Jinan, China

Auditors' Independence Declaration

Auditor's Independence Declaration

As lead auditor for the audit of Focus Minerals Limited for the year ended 31 December 2017, 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.

Helen Bathurst

Helen Bathurst
Partner
PricewaterhouseCoopers

Perth
23 February 2018

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Financial Statements

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

		Consolidated	
	Notes	**2017 $'000**	2016 $'000
Revenue from continuing operations	2(a)	**1,592**	2,055
Other Income	2(b)	**363**	373
Employee expenses		**(1,428)**	(1,367)
Depreciation Expenses	2(c)	**(722)**	(1,069)
Finance Costs		**(167)**	(167)
Loss on disposal of tenements	2(c)	**(2,073)**	(87)
Care and Maintenance Costs		**(1,129)**	(1,113)
Corporate and Other Expenses	2(c)	**(1,243)**	(1,809)
Loss Before Income Tax		**(4,807)**	(3,184)
Income Tax Expense	4	**-**	-
Loss After Income Tax		**(4,807)**	(3,184)
Other Comprehensive Income for the year, Net of Tax		**-**	-
Total Comprehensive Loss		**(4,807)**	(3,184)
Total Comprehensive Loss Attributable to:			
Owners of the Parent		**(4,807)**	(3,184)
Total Comprehensive Loss		**(4,807)**	(3,184)
Earnings per Share			
Basic Loss per Share (Cents Per Share)	5	**(2.63)**	(1.74)
Diluted Loss per Share (Cents Per Share)	5	**(2.63)**	(1.74)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Notes	Consolidated **31 December 2017 $'000**	31 December 2016 $'000
Assets			
Current Assets			
Cash and Cash Equivalents	6	**2,870**	3,332
Short-term deposits	6	**33,511**	45,000
Trade and Other Receivables	7	**1,308**	1,572
Financial Assets		**-**	37
Total Current Assets		**37,689**	49,941
Non-Current Assets			
Restricted Cash	6	**16,094**	16,104
Inventories	8	**1,293**	1,293
Plant and Equipment	9	**1,712**	2,430
Exploration and Evaluation Assets	10	**66,830**	59,469
Total Non-Current Assets		**85,929**	79,296
Total Assets		**123,618**	129,237
Liabilities			
Current Liabilities			
Trade and Other Payables		**172**	659
Prepaid Income	11	**1,500**	1,500
Provisions	12	**150**	210
Total Current Liabilities		**1,822**	2,369
Non-Current Liabilities			
Provisions	12	**25,970**	26,235
Total Non-Current Liabilities		**25,970**	26,235
Total Liabilities		**27,792**	28,604
Net Assets		**95,826**	100,633
Equity			
Issued Capital	13 (a)	**427,167**	427,167
Reserves	13 (c)	**(7,178)**	(7,178)
Accumulated Losses		**(324,163)**	(319,356)
Total Equity		**95,826**	100,633

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Issued Capital	Accumulated Losses	Reserves	Total
	$'000	$'000	$'000	$'000
Balance as at 31 December 2015	**427,167**	**(316,355)**	**(6,995)**	**103,817**
Total Comprehensive loss for the year	-	(3,001)	(183)	(3,184)
Balance as at 31 December 2016	**427,167**	**(319,356)**	**(7,178)**	**100,633**
Total Comprehensive loss for the year	-	(4,807)	-	(4,807)
Balance as at 31 December 2017	**427,167**	**(324,163)**	**(7,178)**	**95,826**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Consolidated 2017 '$000	2016 '$000
Cash Flows from Operating Activities			
Receipts from Customers		**-**	-
Payments to Suppliers and Employees (Including GST)		**(4,080)**	(4,054)
Royalties Paid		**(10)**	(46)
Collection of Performance Bonds		**10**	227
Other Income		**395**	362
Interest Received		**1,460**	1,558
Finance Costs		**(167)**	(167)
Net Cash Outflow from Operating Activities	6(ii)	**(2,392)**	(2,120)
Cash Flows from Investing Activities			
Proceeds from Sale of Non-Current Assets		**10**	27
Prepaid Income		**0**	1,500
Acquisition of Plant and Equipment		**(4)**	(20)
Proceeds from sale of financial assets		**52**	152
Decrease in short-term deposits		**11,489**	10,615
Payments for Exploration Expenditure		**(9,617)**	(8,817)
Net Cash Inflow/(Outflow) from Investing Activities		**1,930**	3,457
Net (Decrease)/Increase in Cash and Cash Equivalents		**(462)**	1,337
Cash and Cash Equivalents at the Beginning of the Year		**3,332**	1,995
Cash and Cash Equivalents at the End of the Year	6(i)	**2,870**	3,332

The accompanying notes form part of these financial statements.

Notes to 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 Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and accordingly, amounts in the financial statements and directors' report have been rounded off to the nearest $1,000, or, in certain cases, to the nearest dollar.

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 complies 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 17 has been prepared on the same basis as the consolidated financial statements other than investments in subsidiaries, which are held at cost.

(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 Interim 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 control of the entity, demonstrated by the Group's exposure to, or rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. In assessing the ability to control, 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 16 to the financial statements.

The acquisition method of accounting is used to account for business combinations by the Group (refer to Note 1(e)).

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

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

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 of loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, 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:

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 statement of financial position 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 statement of financial position 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.

<u>Financial Assets Carried at Amortised Cost</u>

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

<u>Recognition and Initial Measurement</u>

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.

<u>Classification and Subsequent Measurement</u>

Financial 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 income or an expense in profit or loss.

- 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.

<u>Fair Value</u>

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.

<u>Impairment</u>

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 statement of profit or loss.

<u>De-recognition</u>

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 ("GST")

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 statement of financial position.

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.

<u>Depreciation</u>

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.

<u>Impairment</u>

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may be impaired. Where this is the case then the recoverable amount of this plant and equipment is estimated.

The recoverable amount of plant and equipment is the higher of fair value less costs of disposal 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.

<u>De-Recognition and Disposal</u>

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 interest is 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 corporate 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) 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 statement of profit or loss 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) Issued 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(aa).

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) Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate. If the assets related to government grants have been fully impaired, amortised or depreciated, the grant received is recorded in the statement of profit or loss as other income.

(y) Earnings per Share

Basic earnings per share is calculated as net result 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 result 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.

(z) Comparative Figures

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

(aa) 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. With the exception of the Bonnievale deposit, the consolidated entity estimates 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 2004 JORC code). The Mineral Resource of the Bonnievale deposit was first reported in November 2005 and is reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC 2012 Edition).

  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.

- 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), 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 of disposal 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).

(ab) New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2017 reporting period. The Group's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 9 *Financial Instruments (Mandatory for financial years commencing on or after 1 January 2018)*

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 2018 but is available for early adoption. The de-recognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed. The Group has not early adopted 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. Management has assessed the effects of applying the new standard on the group's financial statements and has determined that as of 1 January 2018, the impact is not expected to be material.

(ii) AASB 15 Revenue from contracts with customers (Mandatory for financial years commencing on or after 1 January 2018)

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 has assessed the effects of applying the new standard on the group's financial statements and has determined that as of 1 January 2018, the impact is not expected to be material.

(iii) AASB 16 *Leases (Mandatory for financial years commencing on or after 1 January 2019)*

AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of $352,000, see note 15. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

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.

Note 2: Revenues and Expenses

	Consolidated	
	2017 **$'000**	2016 $'000
(a) Revenue from continuing operations		
Interest income	**1,592**	2,055
Total revenue from continuing operations	**1,592**	2,055
(b) Other income		
Sundry income	**349**	335
Investment income	**15**	39
Total other income	**363**	373
(c) Expenses		
Depreciation Expenses		
Depreciation	**722**	1,069
Total depreciation expenses	**722**	1,069
Corporate and other expenses		
Professional services and consulting fees	**180**	207
Corporate expense	**663**	966
Office lease costs	**401**	418
Adjustment to rehabilitation obligation	**-**	220
Total corporate and other expenses	**1,243**	1,809
Loss on disposal of tenements		
Exploration assets	**2,073**[5]	87
Total loss on disposal of tenements	**2,073**	87

[5] On 07 October 2017, the Company entered into an agreement to sell Jasper Hills tenements, resulting an accounting loss on tenement disposal of $1.662 million.

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 Interim Chief Executive Officer reviews internal management reports on each of these business units a monthly basis. Segment Financial Information for the year ended 31 December 2017 is presented below:

	2017 Coolgardie $'000	**2017 Laverton $'000**	**2017 Corporate $'000**	**2017 Consolidated $'000**
Revenue from continuing operations	2	1	1,589	1,592
Other income	115	-	234	349
Depreciation	(714)	-	(8)	(722)
Employee expenses	(83)	-	(1,345)	(1,428)
Finance cost	-	-	(167)	(167)
Care and Maintenance Costs	(510)	(619)	-	(1,129)
Loss on disposal of tenements and plant and equipment	(373)	(1,700)	-	(2,073)
Corporate and Other expenses	-	-	(1,243)	(1,243)
SEGMENTED LOSS BEFORE TAX	(1,563)	(2,318)	(940)	(4,821)
Income taxes	-	-	-	-
SEGMENTED LOSS	**(1,563)**	**(2,318)**	**(940)**	**(4,821)**
Current Assets	151	228	37,310	37,689
Non-Current Assets				
- Restricted Cash	84	15	15,995	16,094
- Inventories	1,293	-	-	1,293
- Property, Plant & Equipment	1,704	-	8	1,712
- Exploration and Evaluation	42,939	23,891	-	66,830
TOTAL ASSETS	46,171	24,134	53,313	123,618
Current Liabilities	1,526	28	268	1,822
Other Non-Current Liabilities	10,441	15,425	104	25,970
TOTAL LIABILITIES	11,967	15,453	372	27,792
NET ASSETS	**34,204**	**8,681**	**52,941**	**95,826**
Capital Expenditures	4,752	4,271	4	9,027

Segment Financial Information for the year ended 31 December 2016 is presented below:

	2016 Coolgardie $'000	**2016 Laverton $'000**	**2016 Corporate $'000**	**2016 Consolidated $'000**
Revenue from continuing operations	3	15	2,037	2,055
Other income	334	-	39	373
Depreciation	(1,009)	-	(60)	(1,069)
Employee expenses	(86)	-	(1,281)	(1,367)
Finance cost	-	-	(167)	(167)
Care and Maintenance Costs	(534)	(579)	-	(1,113)
Loss on disposal of tenements and plant and equipment	-	(87)	-	(87)
Corporate and Other expenses	840	(1,060)	(1,589)	(1,809)
SEGMENTED LOSS BEFORE TAX	(447)	(1,711)	(1,021)	(3,184)
Income taxes	-	-	-	-
SEGMENTED LOSS	**(447)**	**(1,711)**	**(1,021)**	**(3,184)**
Current Assets	243	594	49,104	49,941
Non-Current Assets				
- Restricted Cash	94	15	15,995	16,104
- Inventories	1,293	-	-	1,293
- Property, Plant & Equipment	2,417	-	13	2,430
- Exploration and Evaluation	38,187	21,282	-	59,469
TOTAL ASSETS	**42,234**	**21,891**	**65,112**	**129,237**
Current Liabilities	1,907	53	409	2,369
Other Non-Current Liabilities	10,815	15,284	136	26,235
TOTAL LIABILITIES	**12,722**	**15,337**	**545**	**28,604**
NET ASSETS	**29,512**	**6,554**	**64,567**	**100,633**
Capital Expenditures	5,923	2,958	3	8,884

Note 4: Income Tax

	Consolidated	
	12 months to 31 December 2017	12 months to 31 December 2016
	$	$
Major components of income tax expense for the years ended 31 December 2017 and 31 December 2016 are:		
Income Statement		
Current income tax		
Current income tax charge	**-**	-
Deferred tax assets relating to tax losses	**-**	-
Deferred income tax		
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		
Deferred income tax		
Capital raising costs	**-**	-
Income tax expenses reported in equity	**-**	-

A reconciliation of income tax expense (benefit) applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Company's effective income tax rate for the years ended 31 December 2017 and 31 December 2016 is as follows:

Accounting loss before tax	(4,807)	(3,184)
Tax at the statutory income tax rate of 30% (2017: 30%)	(1,442)	(955)
Effect of expenses that are not deductible in determining taxable profit	-	-
Non-taxable income	-	-
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	3,798	4,216
Previously unrecognised deferred tax assets used to reduce deferred tax liabilities	(2,356)	(3,261)
Income tax expense/(benefit) recognised in profit or loss	**-**	**-**

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

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 pro-rata 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 Ltd.

Unrecognised deferred tax balances

	Consolidated	
	31 December 2017 $'000	31 December 2016 $'000
Deferred tax assets unrecognised:		
Tax losses (revenue in nature)	**134,947**	129,376
Deferred tax assets – other	**-**	1,382
Capital losses	**4,310**	4,310
Total	**139,257**	135,068

Net deferred tax assets have not been brought to account as it is not probable that immediate future profits will be available against which deductible temporary differences and tax losses can be utilised.

Note 5: Earnings per Share

	Consolidated	
	2017 Cents per Share	2016 Cents per Share
Basic earnings per share:		
Total Basic EPS	**(2.63)**	(1.74)
Diluted earnings per share		
Total Diluted EPS	**(2.63)**	(1.74)

Basic Earnings per share	**$000**	$000
The earnings used in the calculation of basic earnings per share	**(4,807)**	(3,184)
Weighted average number of ordinary shares for the purposes of basic earnings per share	**182,748,565**	182,748,565

Diluted Earnings per share	**'$000**	'$000
The earnings used in the calculation of diluted earnings per share	**(4,807)**	(3,184)
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**182,748,565**	182,748,565

Note 6: Cash, Cash Equivalents, Restricted Cash and Short-Term Deposits

	Consolidated	
	31 December 2017 $'000	31 December 2016 $'000
Cash and cash equivalents	**2,870**	3,332
Current – Short-term deposits	**33,511**	45,000
Current – Restricted cash	**-**	-
	36,381	48,332
Non- current – Restricted cash	**16,094**	16,104

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

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

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

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

(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	
	2017	2016
	$'000	$'000
Cash, cash equivalents, restricted cash and short-term deposits	**52,475**	64,436
Less: Short-term Deposit	**(33,511)**	(45,000)
Less: Restricted cash not available for use	**(16,094)**	(16,104)
Cash and cash equivalents as per statement of cash flow	**2,870**	3,332

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

	Consolidated	
	2017	2016
	$'000	$'000
Net loss for the year	**(4,807)**	(3,184)
Depreciation expense	**722**	1,069
Gain from disposal of non-current assets	**(10)**	(27)
Impairment	**1,662**	-
Loss on disposal of tenements	**441**	87
Finance costs	**(233)**	220
Change in fair value of financial assets	**(15)**	(39)
(Increase)/decrease in assets:		
Restrict cash	**10**	227
Current receivables	**264**	(342)
Increase/(decrease) in liabilities		
Current payables	**(300)**	172
Other liabilities	**-**	(81)
Provisions	**(96)**	(221)
Net cash generated / (used) in operating activities	**(2,362)**	(2,120)

Note 7: Current Trade and Other Receivables

	Consolidated	
	31 December 2017 $'000	31 December 2016 $'000
Interest receivable	**274**	902
Other receivables	**1,034**	670
	1,308	1,572

Note 8: Inventories

	Consolidated	
	31 December 2017 $'000	31 December 2016 $'000
Stores and consumables	**1,293**	1,293
	1,293	1,293

Note 9: Plant and Equipment

Non-current	**Furniture & fittings $'000**	**Plant & Equipment $'000**	**Mill assets $'000**	**Construction in progress $'000**	**Motor Vehicles $'000**	**Total $'000**
At 31 December 2016						
Cost	2,018	6,888	32,796	-	554	42,256
Accumulated depreciation	(1,987)	(5,502)	(18,607)	-	(477)	(26,573)
Impairment loss	(13)	(25)	(13,165)	-	(50)	(13,253)
Net book amount	18	1,361	1,024	-	27	2,430
Year ended 31 December 2017						
Opening net book amount	18	1,361	1,024	-	27	2,430
Additions	4	-	-	-	-	4
Depreciation expense	(9)	(351)	(345)	-	(17)	(722)
Closing net book amount	13	1,010	679	-	10	1,712
At 31 December 2017						
Cost	2,022	6,888	32,796	-	554	42,260
Accumulated depreciation	(1,996)	(5,853)	(18,952)	-	(494)	(27,295)
Impairment loss	(13)	(25)	(13,165)	-	(50)	(13,253)
Net book amount	13	1,010	679	-	10	1,712

Non-current	Furniture & fittings $'000	Plant & Equipment $'000	Mill assets $'000	Construction in progress $'000	Motor Vehicles $'000	Total $'000
At 31 December 2015						
Cost	2,011	6,876	32,796	8,000	599	50,282
Accumulated depreciation	(1,907)	(4,985)	(18,171)	-	(486)	(25,549)
Impairment loss	(13)	(25)	(13,165)	(8,000)	(50)	(21,253)
Net book amount	91	1,866	1,460	-	63	3,480
Year ended 31 December 2016						
Opening net book amount	91	1,866	1,460	-	63	3,480
Additions	7	12	-	-	-	19
Depreciation expense	(80)	(517)	(436)	-	(36)	(1,069)
Closing net book amount	18	1,361	1,024	-	27	2,430
At 31 December 2016						
Cost	2,018	6,888	32,796	-	554	42,256
Accumulated depreciation	(1,987)	(5,502)	(18,607)	-	(477)	(26,573)
Impairment loss	(13)	(25)	(13,165)	-	(50)	(13,253)
Net book amount	18	1,361	1,024	-	27	2,430

The mill assets of the Group were shut down from operation in July 2013 and have been under care and maintenance since then.

Note 10: Exploration and Evaluation Assets

	Consolidated	
	31 December 2017 $'000	31 December 2016 $'000
Exploration and Evaluation Expenditure:		
At Cost	**175,670**	166,647
Less: Accumulated Impairment	**(108,840)**	(107,178)
Net Book Value	**66,830**	59,469
Movement Summary:		
Carrying amount at beginning of the year	**59,469**	50,613
add – exploration expenditure	**9,434**	8,943
less – write off of tenements allowed to lapse, dropped or sold	**(2,073)**	(87)
Carrying amount at end of the year	**66,830**	59,469

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

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

Note 11: Prepaid Income

	Consolidated	
	31 December 2017 $'000	31 December 2016 $'000
Sale of portion of land owned	**1,500**	1,500
	1,500	1,500

On 24 November 2016, Focus entered into an agreement with FMR Investments Pty Ltd to sell of a portion of land in the M15/154 tenement held by the Group for $3m. As part of the agreement, Focus received $1.5m cash payment upon signing the agreement and the remaining $1.5m will be paid once the tenement is transferred to FMR.

As at 31 December 2017, the transfer is still in process.

Note 12: Provisions

	Consolidated	
	31 December 2017 $'000	31 December 2016 $'000
Current		
Employee benefits		
Balance at the beginning of the year	**210**	325
Utilised during the year	**(60)**	(115)
Balance at the year end	**150**	210
Provision for onerous electricity contract		
Balance at the beginning of the year	**-**	26
Decrease in the year	**-**	(26)
Balance at the year end	**-**	-
	150	210

	Consolidated	
	31 December 2017 $'000	31 December 2016 $'000
Non-current		
Employee benefits		
Balance at the beginning of the year	**136**	7
Increase in provision	**-**	129
Utilised during the year	**(32)**	-
Balance at the year end	**104**	136
Asset Retirement Obligation ("ARO")		
Balance at the beginning of the year	**26,099**	26,109
Adjustment to rehabilitation provision	**(233)**	220
Expenditure incurred during the year	**-**	(230)
Balance at the year end	**25,866**	26,099
	25,970	26,235

Note 13: Issued Capital and Reserves

Authorised Capital

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

(a) Ordinary shares

	As at 31 December 2017		As at 31 December 2016	
	No. of shares	**$'000**	No. of shares	$'000
Issued capital	**182,748,565**	**427,167**	182,748,565	427,167

In May 2015, Focus Minerals Ltd consolidated 9,137,375,877 fully paid ordinary shares into 182,748,565 on a 1 for 50 basis.

Share Issue Details

There were no shares issued during the past two years.

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) 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 ensure 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.

(c) Reserves

	Consolidated	
	31 December 2017 $'000	31 December 2016 $'000
Acquisition reserve	**(7,178)**	(7,178)
Share option reserve	**-**	-
	(7,178)	(7,178)

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

The share option reserve arises on the grant of share options.

(d) Dividends

No dividends have been paid or provided for during the year ended 31 December 2017 (the year ended 31 December 2016: Nil).

(e) Options

Options Issued

No options were issued in the year ended 31 December 2017 (year ended 31 December 2016: Nil).

Options Exercised

There were no options exercised during the year (the year ended 31 December 2016: Nil).

Options Lapsed

During the year ended 31 December 2017, there were no options expired (the year ended 31 December 2016: Nil).

Options Outstanding

There were no options outstanding at the year ended 31 December 2017. (the year ended 31 December 2016: Nil).

Note 14: 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, 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 statement of financial position and notes to the financial statements.

Credit risk is managed on a group basis and reviewed regularly by the finance department. 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 $36.4 million (December 2016: $48.3 million) 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 non-derivative financial liabilities.

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 2017							
Non-derivatives							
Trade payables	172	-	-	-	-	172	172
Prepaid income	-	1,500	-	-	-	1,500	1,500
At 31 December 2016							
Non-derivatives							
Trade payables	659	-	-	-	-	659	659
Prepaid income	-	1,500	-	-	-	1,500	1,500

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:

(a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1),
(b) 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
(c) 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 2017 and 31 December 2016:

At 31 December 2017	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Assets				
Equity securities	-	-	-	-
Total Assets	-	-	-	-
Liabilities	-	-	-	-

At 31 December 2016	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Assets				
Equity securities	37	-	-	37
Total Assets	37	-	-	37
Liabilities	-	-	-	-

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

Consolidated	**31 December 2017**		31 December 2016	
	Carrying Amount $'000	**Net Fair Value $'000**	Carrying Amount $'000	Net Fair Value $'000
Financial assets				
Cash and cash equivalents	**2,870**	**2,870**	3,332	3,332
Short-term deposit	**33,511**	**33,511**	45,000	45,000
Restricted cash	**16,094**	**16,094**	16,104	16,104
Other financial assets	**-**	**-**	37	37
Trade and other receivables	**1,308**	**1,308**	1,572	1,572
Total	**53,783**	**53,783**	66,045	66,045
Financial liabilities				
Trade and other payables	**172**	**172**	659	659
Total	**172**	**172**	659	659

Sensitivity Analysis

Interest Rate Analysis
At 31 December 2017, the Group had $16.094 million invested in security deposits and performance bonds and $33.5million in cash and cash equivalents and short-term deposit. A 1% increase / (decrease) in the interest rate would impact the interest earned by $496,050/ ($496,050) respectively.

Note 15: 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 has 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 2017 are as follows:

	Consolidated	
Office Accommodation	**31 December 2017 $'000**	31 December 2016 $'000
Within one year	**115**	309
After one year but not more than five years	**237**	104
Total	**352**	413

Mining tenement expenditure commitments
As at 31 December 2017, the Group has committed, under tenement landholding conditions, to spend a minimum of $3.698 million per annum (31 December 2016: $3.718 million) of which $1.515 million (31 December 2016: $1.511 million) relates to Coolgardie and $2.183 million (31 December 2016: $2.207 million) relates to Laverton on mining and exploration tenements held by the Group.

Contingent Liability
There are no contingent liabilities as at 31 December 2017 (31 December 2016: Nil).

Note 16: Controlled Entities

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

Name	*Country of Incorporation*	*% Equity Interest*	
		31 December 2017	**31 December 2016**
Focus Operation Pty Ltd	Australia	100%	100%
Focus Minerals (Laverton) Pty Ltd	Australia	100%	100%

Note 17: Parent Entity

The parent company throughout the year ended 31 December 2017 was Focus Minerals Limited.

	Parent Entity	
Results of the parent entity	**2017 $'000**	2016 $'000
Loss for the year	**(926)**	(1,021)
Other comprehensive income	**-**	-
Total comprehensive loss for the year	**(926)**	(1,021)
Financial position of parent entity at year end		
Current assets	**37,310**	49,104
Total assets	**53,313**	65,112
Current Liabilities	**268**	409
Total liabilities	**372**	545
Total equity of parent entity comprising of:		
Share capital	**427,167**	427,167
Option reserve	**-**	-
Accumulative losses	**(356,096)**	(355,170)
Total equity	**71,071**	71,997

Contingent Liability
There are no contingent liabilities as at 31 December 2017 (31 December 2016: Nil).

Operating Lease Commitments – Company as lessee
Operating Lease Commitments in the parent entity are same as group.

Ultimate Controlling Entity
The ultimate controlling entity at 31 December 2017 and 2016 was Shandong Gold Group Co., Ltd which owned 49.53% (31 December 2016: 49.53%) of the company's shares.

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.

Mining tenement expenditure commitment
There is no mining tenement expenditure commitment of the parent entity as at 31 December 2017 (31 December 2016: Nil).

Note 18: Related Party Disclosure

Subsidiaries

Interests in subsidiaries are set out in Note 16.

Key Management Personnel

	2017 **$**	**2016** $
Short-term employee benefits	951,795	896,456
Post-employment benefits	238,056	72,814
	1,189,851	969,270

Detailed 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.

Transactions and Balances with Related Parties

Mr Fahey is a Principal Mining Geologist of CSA Global. During the year, CSA Global provided technical consulting services to the Group and the consulting fee is $5,844 (2016: Nil).

Shandong Gold International Mining is the parent entity of Focus Minerals Limited. During the year, Focus covered their expenses incurred in Australia. Focus has been and is expected to be paid back within the next 12 months. As at 31 December 2017, the account receivable balance of such expenses was $107,548.

Note 19: Auditors' Remuneration

The auditors of Focus Minerals Limited are PricewaterhouseCoopers.

	2017 **$**	2016 $
Amounts received or due and receivable by PricewaterhouseCoopers		
An audit or review of the financial report of the entity and any other entity in the consolidated group	55,000	55,000
Other services in relation to the entity and any other entity in the consolidated group:		
Tax Services	9,761	-
Total	**64,761**	**55,000**

Note 20: Significant Events after Balance Date

There has not been any matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future periods.

Directors' Declaration

In the directors' opinion:

1. The financial statements and notes, as set out on pages 32 to 63 are in accordance with the *Corporations Act 2001*, including:
    a. Companying with the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
    b. Giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the financial year ended on that date, and

2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the person who serves the Chief Executive function and the Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

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

Dianfei Pei
Chairman of the Board
23 February 2018
Jinan, Shandong, China

Independent Auditor's Report

Independent auditor's report

To the members of Focus Minerals Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Focus Minerals Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 31 December 2017
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the notes to the consolidated financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

The Group is a gold explorer with its assets in Western Australia, including a number of exploration and mining licences and the Three Mile Hill gold processing plant.

Materiality	*Audit scope*	*Key audit matters*
• For the purpose of our audit we used overall Group materiality of \$1.2 million, which represents approximately 1% of the Group's total assets. • We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole. • We chose total assets as the benchmark because the Group is an exploration company that has no production or sales and therefore profit related measures were not the most appropriate basis for determining materiality for the year. We utilised a 1% threshold based on our professional judgement.	• Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.	• Amongst other relevant topics, we communicated the following key audit matters to the Audit and Risk Committee: – Carrying value of exploration and evaluation assets – Provision for rehabilitation obligations • These are further described in the *Key audit matters* section of our report.

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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

Key audit matter	How our audit addressed the key audit matter
Carrying value of exploration and evaluation assets As at 31 December 2017, the Group has recognised exploration and evaluation assets of \$66.8 million, of which \$42.9 million relate to the Coolgardie area of interest and \$23.9 million relates to Laverton (refer to Note 10 to the financial report). Exploration and evaluation assets are accounted for in accordance with the policy in Note 1(o) to the financial report. Judgement was required by the Group to assess whether there were indicators of impairment of the exploration and evaluation assets, due to the need to make estimates about future events and circumstances, such as whether the mineral resources may be economically viable to mine in the future. This was a key audit matter due to the size of the asset, the risk of impairment and the subjectivity in the judgements made by the Group.	We performed the following procedures, amongst others, to evaluate the Group's assessment that there had been no indicators of impairment: • Enquired of management as to whether there were any licenses that had been relinquished and verified whether the Group retained the right of tenure for a sample of its exploration licence areas by obtaining licence status records maintained by the Western Australian Department of Mines, Industry Regulation and Safety, focussing on licences that expired during the year. Where right of tenure was no longer current or had been allowed to lapse, we tested that the costs associated with the licence had been written off. • Obtained internal and external reports prepared in relation to the exploration licence areas, which included the results of exploration drilling and other activities and the Group's assessment of the likely prospectivity of material licence areas. • Considered other available information, such as press releases made by the Group with the results of exploration campaigns. • Tested a sample of current year expenditure on the exploration licence areas to relevant source documents and assessed plans for future expenditure to meet minimum licence requirements.
Provision for rehabilitation obligations The Group had provisions for rehabilitation obligations of \$25.97 million as at 31 December 2017 (refer to note 12 of the financial report). The Group had obligations to restore the land on which its Coolgardie and Laverton areas of interest and the Three Mile Hill processing plant have been built. The provision is for the expected future costs associated with the required rehabilitation activities.	We performed the following procedures to test the provision for rehabilitation: • Assessed the competence, experience and objectivity of management's experts used to prepare the model for determination of the rehabilitation provision. • Evaluated whether the provision movements during the year were consistent with our understanding of the Group's exploration activities at each location.

Key audit matter	How our audit addressed the key audit matter
The rehabilitation provision is required to be reassessed each reporting period to reflect the best estimate of future costs necessary to restore the land and the estimated timing of when those costs will be incurred, discounted to a present value. As a result of previous mining asset impairment charges, any change in the rehabilitation provision is recorded in the consolidated statement of profit or loss and other comprehensive income. The provision for rehabilitation obligations was a key audit matter due to the significant judgement involved in estimating costs which are planned to be incurred in future years and the related timing of incurring those costs.	• Tested the mathematical accuracy of the calculation of the discounted cashflows in the rehabilitation model. • Critically challenged the key estimates and assumptions used in the rehabilitation model by comparing key inputs to comparable data sourced from external parties and management's experts. • Performed a sensitivity analysis on the key estimates and assumptions used in the rehabilitation model by using other assumptions that we considered reasonably possible to assess the impact on the rehabilitation provision determined.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Group's financial report for the year ended 31 December 2017, the Chairman's Report, the Director's Report, Operations Review, Mineral Resources, Corporate Governance Statement and Corporate Information (but does not include the financial report and our auditor's report thereon). Prior to the date of this auditor's report, the other information we obtained included the Director's Report and Corporate Information. We expect the remaining information to be made available to us after the date of this auditor's report, including the Chairman's Report, Operations Review, Mineral Resources and Corporate Governance Statement.

Our opinion on the financial report does not cover the other information and we do not and will not express an opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information not yet received as identified above, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action to take.

Responsibilities of the directors 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 *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 25 to 29 of the directors' report for the year ended 31 December 2017.

In our opinion, the remuneration report of Focus Minerals Limited for the year ended 31 December 2017 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

PricewaterhouseCoopers

PricewaterhouseCoopers

Helen Bathurst

Helen Bathurst
Partner

Perth
23 February 2018

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 16th of April 2018.

Spread of Holders

Spread of Holdings				Shareholders
	1	-	1,000	1,467
	1,001	-	5,000	2,322
	5,001	-	10,000	575
	10,001	-	100,000	581
	100,001	-	and over	59
Total Number of Holders				**5,004**

Number of shareholders holding less than a marketable parcel: 2,197 shareholders each hold less than 1,725 shares.

Substantial Shareholders
As at 16 April 2018 the following had notified the Company as being substantial shareholders:

Shandong Gold International Mining Corporation Limited	90,519,953 ordinary shares
Neil S. Subin (following the passing of Lloyd Miller)	25,563,982 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 182,748,565 ordinary shares.

Twenty Largest Shareholders of Each Class of Quoted Securities
Ordinary Fully Paid Shares at 16 April 2018

No.	Shareholder Name	Number of Shares	Percentage of Capital
1.	SHANDONG GOLD INTERNATIONAL MINING CORPORATION LIMITED	90,039,954	49.27
2.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	26,954,696	14.75
3.	J P MORGAN NOMINEES AUSTRALIA LIMITED	16,617,543	9.09
4.	STONE MINING LIMITED	4,920,958	2.69
5.	CITICORP NOMINEES PTY LIMITED	2,209,840	1.21
6.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <EUROCLEAR BANK SA NV A/C>	1,625,855	0.89
7.	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	1,412,757	0.77
8.	MR GRAHAM PAUL ELLIS	1,000,000	0.55
9.	EAU ROUGE PTY LIMITED <BECCAIO A/C>	650,000	0.36
10.	KAHUNA CLOTHING AND TRADING CO PTY LTD <UTTLEYMOORE S/F A/C>	603,000	0.33
11.	PETER ERMAN PTY LIMITED <SUPERANNUATION FUND A/C>	550,544	0.30
12.	MR CHRISTOPHER MICHAEL DAHL	494,330	0.27
13.	MR DAVID DOSTAL	363,765	0.20
14.	MR DIRK JAMES BARRETT	363,728	0.20
15.	BROADARROW GOLDMINES PTY LTD	362,325	0.20
16.	SOARES FAMILY SUPERANNUATION PTY LTD <SOARES FAMILY SUPER FUND A/C>	349,881	0.19
17.	MRS RITA MAY GODFREY	333,320	0.18

No.	Shareholder Name	Number of Shares	Percentage of Capital
18.	VALLUGA PTY LTD <G E UNDERWOOD S/F A/C>	317,000	0.17
19.	MR GEOFFRY EDWARD UNDERWOOD	303,000	0.17
20.	MR ALAN WALLACE KERNAHAN	300,000	0.16
	Totals: Top 20 holders of ORDINARY SHARES (TOTAL)	**149,772,496**	**81.96**
	Total Remaining Holders Balance	**32,976,069**	**18.04**

Interest in Mining Tenements

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

State	Project	Tenement	Status	Interest
WA	BAYLEYS	M15/0630	Live	100%
WA	BAYLEYS	M15/1433	Live	100%
WA	BAYLEYS	M15/1788	Live	100%
WA	BAYLEYS	P15/5717	Live	100%
WA	BAYLEYS	P15/5995	Live	100%
WA	BONNIE VALE	M15/0277	Live	100%
WA	BONNIE VALE	M15/0365	Live	100%
WA	BONNIE VALE	M15/0595	Live	100%
WA	BONNIE VALE	M15/0662	Live	100%
WA	BONNIE VALE	M15/0711	Live	100%
WA	BONNIE VALE	M15/0770	Live	100%
WA	BONNIE VALE	M15/0852	Live	100%
WA	BONNIE VALE	M15/0857	Live	100%
WA	BONNIE VALE	M15/0877	Live	100%
WA	BONNIE VALE	M15/0981	Live	100%
WA	BONNIE VALE	M15/1384	Live	100%
WA	BONNIE VALE	M15/1444	Live	100%
WA	BONNIE VALE	M15/1760	Live	100%
WA	BONNIE VALE	P15/5159	Live	100%
WA	BONNIE VALE	P15/5702	Pending	0%
WA	BONNIE VALE	P15/5703	Pending	0%
WA	BONNIE VALE	P15/5704	Pending	0%
WA	BONNIE VALE	P15/5713	Live	100%
WA	BONNIE VALE	P15/5714	Live	100%
WA	INFRASTRUCTURE	G15/0007	Live	100%
WA	INFRASTRUCTURE	L15/0027	Live	100%
WA	INFRASTRUCTURE	L15/0028	Live	100%
WA	INFRASTRUCTURE	L15/0034	Live	100%
WA	INFRASTRUCTURE	L15/0042	Live	100%
WA	INFRASTRUCTURE	L15/0051	Live	100%
WA	INFRASTRUCTURE	L15/0059	Live	100%
WA	INFRASTRUCTURE	L15/0063	Live	100%
WA	INFRASTRUCTURE	L15/0071	Live	100%
WA	INFRASTRUCTURE	L15/0077	Live	100%
WA	INFRASTRUCTURE	L15/0078	Live	100%
WA	INFRASTRUCTURE	L15/0088	Live	100%
WA	INFRASTRUCTURE	L15/0090	Live	100%
WA	INFRASTRUCTURE	L15/0095	Live	100%
WA	INFRASTRUCTURE	L15/0096	Live	100%
WA	INFRASTRUCTURE	L15/0114	Live	100%
WA	INFRASTRUCTURE	L15/0116	Live	100%
WA	INFRASTRUCTURE	L15/0119	Live	100%
WA	INFRASTRUCTURE	L15/0122	Live	100%
WA	INFRASTRUCTURE	L15/0123	Live	100%
WA	INFRASTRUCTURE	L15/0126	Live	100%
WA	INFRASTRUCTURE	L15/0127	Live	100%
WA	INFRASTRUCTURE	L15/0130	Live	100%
WA	INFRASTRUCTURE	L15/0161	Live	100%

State	Project	Tenement	Status	Interest
WA	INFRASTRUCTURE	L15/0164	Live	100%
WA	INFRASTRUCTURE	L15/0168	Live	100%
WA	INFRASTRUCTURE	L15/0169	Live	100%
WA	INFRASTRUCTURE	L15/0170	Live	100%
WA	INFRASTRUCTURE	L15/0171	Live	100%
WA	INFRASTRUCTURE	L15/0172	Live	100%
WA	INFRASTRUCTURE	L15/0173	Live	100%
WA	INFRASTRUCTURE	L15/0174	Live	100%
WA	INFRASTRUCTURE	L15/0175	Live	100%
WA	INFRASTRUCTURE	L15/0177	Live	100%
WA	INFRASTRUCTURE	L15/0179	Live	100%
WA	INFRASTRUCTURE	L15/0186	Live	100%
WA	INFRASTRUCTURE	L15/0193	Live	100%
WA	INFRASTRUCTURE	L15/0194	Live	100%
WA	INFRASTRUCTURE	L15/0200	Live	100%
WA	INFRASTRUCTURE	L15/0211	Live	100%
WA	INFRASTRUCTURE	L15/0283	Live	100%
WA	INFRASTRUCTURE	L15/0294	Live	100%
WA	INFRASTRUCTURE	L15/0371	Pending	0%
WA	LAKE COWAN	E15/0986	Live	100%
WA	LONDONDERRY	P15/5963	Live	100%
WA	LONDONDERRY	P15/5964	Live	100%
WA	LONDONDERRY	P15/5965	Live	100%
WA	LONDONDERRY	P15/5966	Live	100%
WA	LONDONDERRY	P15/5967	Live	100%
WA	LONDONDERRY	P15/5968	Live	100%
WA	LONDONDERRY	P15/5969	Live	100%
WA	LONDONDERRY	P15/5970	Live	100%
WA	LONDONDERRY	P15/5971	Live	100%
WA	LONDONDERRY	P15/5972	Live	100%
WA	LONDONDERRY	P15/6118	Pending	0%
WA	LONDONDERRY	P15/6119	Pending	0%
WA	LONDONDERRY	P15/6120	Pending	0%
WA	LONDONDERRY	P15/6121	Pending	0%
WA	LONDONDERRY	P15/6122	Pending	0%
WA	LONDONDERRY	P15/6123	Pending	0%
WA	LONDONDERRY	P15/6176	Pending	0%
WA	LONDONDERRY	P15/6177	Pending	0%
WA	LONDONDERRY	P15/6178	Pending	0%
WA	LORD BOB	M15/0385	Live	100%
WA	LORD BOB	M15/1789	Live	100%
WA	LORD BOB	P15/5550	Live	100%
WA	LORD BOB	P15/5712	Live	100%
WA	LORD BOB	P15/5731	Live	100%
WA	LORD BOB	P15/5733	Live	100%
WA	LORD BOB	P15/5735	Live	100%
WA	LORD BOB	P15/5939	Pending	0%
WA	LORD BOB	P15/6102	Pending	0%

State	Project	Tenement	Status	Interest	State	Project	Tenement	Status	Interest
WA	NEPEAN	M15/0709	Live	100%	WA	NORRIS	P15/5807	Live	100%
WA	NEPEAN	M15/1809	Live	100%	WA	NORRIS	P15/6002	Live	100%
WA	NEPEAN	P15/5519	Live	100%	WA	NORRIS	P15/6033	Live	100%
WA	NEPEAN	P15/5574	Live	100%	WA	THREE MILE HILL	M15/0150	Live	100%
WA	NEPEAN	P15/5575	Live	100%	WA	THREE MILE HILL	M15/0154	Live	100%
WA	NEPEAN	P15/5576	Live	100%	WA	THREE MILE HILL	M15/0636	Live	100%
WA	NEPEAN	P15/5625	Live	100%	WA	THREE MILE HILL	M15/0645	Live	100%
WA	NEPEAN	P15/5626	Live	100%	WA	THREE MILE HILL	M15/0781	Live	100%
WA	NEPEAN	P15/5629	Live	100%	WA	THREE MILE HILL	M15/0827	Live	100%
WA	NEPEAN	P15/5738	Live	100%	WA	THREE MILE HILL	M15/1341	Live	100%
WA	NEPEAN	P15/5739	Live	100%	WA	THREE MILE HILL	M15/1357	Live	100%
WA	NEPEAN	P15/5740	Live	100%	WA	THREE MILE HILL	M15/1358	Live	100%
WA	NEPEAN	P15/5741	Live	100%	WA	THREE MILE HILL	M15/1359	Live	100%
WA	NEPEAN	P15/5742	Live	100%	WA	THREE MILE HILL	M15/1432	Live	100%
WA	NEPEAN	P15/5743	Live	100%	WA	THREE MILE HILL	M15/1434	Live	100%
WA	NEPEAN	P15/5749	Live	100%	WA	THREE MILE HILL	M15/1836	Pending	0%
WA	NEPEAN	P15/5750	Live	100%	WA	TINDALS	M15/0023	Live	100%
WA	NORRIS	M15/0384	Live	100%	WA	TINDALS	M15/0237	Live	100%
WA	NORRIS	M15/0391	Live	100%	WA	TINDALS	M15/0410	Live	100%
WA	NORRIS	M15/0515	Live	100%	WA	TINDALS	M15/0411	Live	100%
WA	NORRIS	M15/0761	Live	100%	WA	TINDALS	M15/0412	Live	100%
WA	NORRIS	M15/0791	Live	100%	WA	TINDALS	M15/0646	Live	100%
WA	NORRIS	M15/0871	Live	100%	WA	TINDALS	M15/0660	Live	100%
WA	NORRIS	M15/1153	Live	100%	WA	TINDALS	M15/0675	Live	100%
WA	NORRIS	M15/1422	Live	100%	WA	TINDALS	M15/0958	Live	100%
WA	NORRIS	M15/1793	Live	100%	WA	TINDALS	M15/0966	Live	100%
WA	NORRIS	P15/5522	Live	100%	WA	TINDALS	M15/1114	Live	100%
WA	NORRIS	P15/5527	Live	100%	WA	TINDALS	M15/1262	Live	100%
WA	NORRIS	P15/5528	Live	100%	WA	TINDALS	M15/1293	Live	100%
WA	NORRIS	P15/5729	Live	100%	WA	TINDALS	M15/1294	Live	100%
WA	NORRIS	P15/5730	Live	100%	WA	TINDALS	M15/1461	Live	100%
WA	NORRIS	P15/5732	Live	100%	WA	TINDALS	P15/5946	Live	100%
WA	NORRIS	P15/5734	Live	100%	WA	TINDALS	P15/5949	Live	100%
WA	NORRIS	P15/5736	Live	100%	WA	TINDALS	P15/5987	Live	100%
WA	NORRIS	P15/5756	Live	100%	WA	TINDALS	P15/6006	Live	100%

Laverton Gold Project - Focus Minerals (Laverton) Ltd

State	Project	Tenement	Status	Interest
WA	ADMIRAL HILL/ BARNICOAT	E38/1864	Live	100%
WA	ADMIRAL HILL/ BARNICOAT	E38/2143	Live	100%
WA	ADMIRAL HILL/ BARNICOAT	E38/3232	Live	100%
WA	ADMIRAL HILL/ BARNICOAT	E38/3238	Live	100%
WA	ADMIRAL HILL/ BARNICOAT	M38/0264	Live	100%
WA	ADMIRAL HILL/ BARNICOAT	M38/0318	Live	100%
WA	ADMIRAL HILL/ BARNICOAT	M38/0376	Live	100%
WA	ADMIRAL HILL/ BARNICOAT	M38/0377	Live	100%
WA	ADMIRAL HILL/ BARNICOAT	M38/0387	Live	100%
WA	ADMIRAL HILL/ BARNICOAT	M38/0401	Live	100%
WA	ADMIRAL HILL/ BARNICOAT	M38/0507	Live	100%
WA	ADMIRAL HILL/ BARNICOAT	M38/1032	Live	100%
WA	ADMIRAL HILL/ BARNICOAT	M38/1042	Live	100%
WA	BURTVILLE	E38/1642	Live	100%
WA	BURTVILLE	E38/2032	Live	100%
WA	BURTVILLE	E38/3050	Live	100%
WA	BURTVILLE	E38/3051	Live	100%
WA	BURTVILLE	E38/3088	Live	100%
WA	BURTVILLE	E38/3217	Live	100%
WA	BURTVILLE	M38/0008	Live	100%
WA	BURTVILLE	M38/0073	Live	91%
WA	BURTVILLE	M38/0089	Live	91%
WA	BURTVILLE	M38/0261	Live	100%
WA	CENTRAL LAVERTON	M38/0143	Live	100%
WA	CENTRAL LAVERTON	M38/0236	Live	100%
WA	CENTRAL LAVERTON	M38/0270	Live	100%
WA	CENTRAL LAVERTON	M38/0342	Live	100%
WA	CENTRAL LAVERTON	M38/0345	Live	100%
WA	CENTRAL LAVERTON	M38/0363	Live	100%
WA	CENTRAL LAVERTON	M38/0364	Live	100%
WA	CENTRAL LAVERTON	M38/1187	Live	100%
WA	CENTRAL LAVERTON	P38/4163	Live	100%
WA	CHATTERBOX	M38/0049	Live	100%
WA	CHATTERBOX	M38/0101	Live	100%
WA	CHATTERBOX	M38/0535	Live	100%
WA	CHATTERBOX	M38/0693	Live	100%
WA	INFRASTRUCTURE	G38/0020	Live	100%
WA	INFRASTRUCTURE	G38/0024	Live	100%
WA	INFRASTRUCTURE	G38/0025	Live	100%
WA	INFRASTRUCTURE	G38/0033	Live	100%
WA	INFRASTRUCTURE	L38/0034	Live	100%
WA	INFRASTRUCTURE	L38/0052	Live	100%
WA	INFRASTRUCTURE	L38/0053	Live	100%
WA	INFRASTRUCTURE	L38/0054	Live	100%
WA	INFRASTRUCTURE	L38/0055	Live	100%
WA	INFRASTRUCTURE	L38/0056	Live	100%
WA	INFRASTRUCTURE	L38/0057	Live	100%
WA	INFRASTRUCTURE	L38/0063	Live	100%
WA	INFRASTRUCTURE	L38/0075	Live	100%
WA	INFRASTRUCTURE	L38/0076	Live	100%
WA	INFRASTRUCTURE	L38/0078	Live	100%
WA	INFRASTRUCTURE	L38/0092	Live	100%
WA	INFRASTRUCTURE	L38/0101	Live	100%
WA	INFRASTRUCTURE	L38/0108	Live	100%
WA	INFRASTRUCTURE	L38/0120	Live	100%
WA	INFRASTRUCTURE	L38/0152	Live	100%
WA	INFRASTRUCTURE	L38/0153	Live	100%
WA	INFRASTRUCTURE	L38/0160	Live	100%
WA	INFRASTRUCTURE	L38/0163	Live	100%
WA	INFRASTRUCTURE	L38/0164	Live	100%
WA	INFRASTRUCTURE	L38/0165	Live	100%
WA	INFRASTRUCTURE	L38/0166	Live	100%
WA	INFRASTRUCTURE	L38/0173	Live	100%
WA	INFRASTRUCTURE	L38/0177	Live	100%
WA	INFRASTRUCTURE	L38/0179	Live	100%
WA	INFRASTRUCTURE	L38/0183	Live	100%
WA	INFRASTRUCTURE	L38/0231	Live	100%
WA	INFRASTRUCTURE	L39/0124	Live	100%
WA	INFRASTRUCTURE	L39/0214	Live	100%
WA	JASPER HILLS	M39/0138	Live	100%
WA	JASPER HILLS	M39/0139	Live	100%
WA	JASPER HILLS	M39/0185	Live	100%
WA	JASPER HILLS	M39/0262	Live	100%
WA	LANCEFIELD	E38/1861	Live	100%
WA	LANCEFIELD	E38/3186	Live	100%
WA	LANCEFIELD	M38/0037	Live	100%
WA	LANCEFIELD	M38/0038	Live	100%
WA	LANCEFIELD	M38/0159	Live	100%
WA	LANCEFIELD	M38/0547	Live	100%
WA	LANCEFIELD	M38/1272	Live	100%
WA	LANCEFIELD	P38/4347	Live	100%
WA	LANCEFIELD	P38/4348	Live	100%

State	Project	Tenement	Status	Interest
WA	LANCEFIELD	P38/4349	Live	100%
WA	MURRIN/ GLENMURRIN	M38/0425	Live	Au Fe
WA	MURRIN/ GLENMURRIN	M38/0505	Live	Au Fe
WA	PRENDERGAST	E38/1725	Live	100%
WA	PRENDERGAST	E38/1869	Live	100%
WA	PRENDERGAST	E38/2862	Live	100%

State	Project	Tenement	Status	Interest
WA	PRENDERGAST	P38/4091	Live	100%
WA	SUNRISE	E38/2872	Live	100%
WA	SUNRISE	E38/2873	Live	100%
WA	SUNRISE	P38/4099	Live	100%
WA	SUNRISE	P38/4100	Live	100%
WA	SUNRISE	P38/4102	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 (*all tenements are listed in the "Interest in Mining Tenements" section above except those with an *)*	2% NSR
M38/37, M38/38, M38/39, M38/40, M38/46, M38/48, M38/49, M38/52, E38/1966 (portion of), M38/101, M38/358, M38/535, P38/3488, P38/3489, P38/3490, P38/3491, P38/3492	3% of the Gross Revenue for the relevant quarter, provided that Focus has incurred, after the date hereof and prior to the first production date, at least \$2,000,000 but not more than \$4,000,000 in Exploration Expenditure; 2.5% of the Gross Revenue for the relevant quarter, provided that Focus has incurred, after the date hereof and prior to the first production date, at least \$4,000,000 but not more than \$6,000,000 in Exploration Expenditure; or 2% of the Gross Revenue for the relevant quarter, provided that Focus has incurred, after the date hereof and prior to the first production date, \$6,000,000 or more in Exploration Expenditure.
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: • 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.