Focus Minerals Limited

ABN 56 005 470 799

Annual Report

For the year ended 31 December 2018

Corporate Directory

ABN 56 005 470 799

Directors

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

Company Secretary
Zaiqian Zhang

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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
MinterEllison
Level 4, Allendale Square
77 St Georges Terrace, Perth, WA 6000

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

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Chairman's Report

Dear Shareholders,

In early 2018 the board and executive team took the opportunity to build a new corporate culture and exploration team. The renewed highly experienced team has taken responsibility to implement best practice and cost-effective exploration programs at Laverton and Coolgardie. The results have been outstanding with significant progress made on several projects and, notably Beasley Creek.[1]

During 2018 Focus Minerals has delivered exceptional results from shallow depths at the Beasley Creek and Lancefield-Wedge Thrust Projects.[2] These targets remain open and provide Focus with quality projects for fast tracked resource development drilling. In addition, a regionally significant large-scale mineralised system is being uncovered at Karridale and Burtville South with consistently good results that are increasing the scale and quality of the projects.[3]

The numerous and excellent results delivered in 2018, have confirmed the Board's growth strategy for Laverton. In 2019, the Company will prioritise development of the Beasley Creek and Lancefield-Wedge Thrust projects to facilitate a return to production. In addition, the exploration team will continue to advance the 3.1km x 1.6km Burtville-Karridale Project (Comprises: Burtville, Burtville South and Karridale), as a potential long life of mine producing asset.

Focus has progressed the sale of its Coolgardie Project by signing the Exclusivity Deed[4] with Intermin Resources Limited (ASX:IRC) for a potential transaction for $40m. I am pleased to report this will also assist the Company to concentrate our resources and accelerate our 2019 growth strategy in the Laverton area.

On behalf of the Board of Directors of Focus Minerals, I would like to say thank for your continuous support and we look forward to bringing more good news in 2019.

Yours faithfully,

Dianfei Pei
Chairman of the Board

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[1] ASX Announcement on 30 January 2019.
[2] ASX Announcement on 30 January 2019.
[3] ASX Announcement on 30 January 2019.
[4] ASX Announcement on 11 February 2019.

Operations Review

Overview

In 2018, Focus Minerals Ltd continued to improve the quality of its Laverton and Coolgardie projects with total expenditure of $7.8 million. This investment resulted in the delivery of:

- Maiden JORC 2012 Resource estimate for Karridale totalling 12.7MT @ 1.3g/t Au for 533Koz
- JORC 2012 Mineral Resource update for Bonnie Vale totalling 939KT @ 6.8g/t Au for 205Koz
- Updated JORC 2012 Mineral Resource estimate for Lancefield totalling 3.94Mt @ 6.3g/t Au for 793Koz
- Very strong exploration results from Diamond Drilling at Beasley Creek
- Strong exploration results from shallow RC drilling at Wedge
- Extension of the Burtville South Footprint to 1.6k strike and 450m width with shallow wide spaced RC
- Resource development/extension of the Karridale Resource using step out shallow RC to the South and East
- Location of significant gold mineralisation on the NW strike extension of the 3 Mile Sill Dolerite
- In December 2018, the Directors of Focus Minerals made the decision to sell the Coolgardie area of interest including the processing plant at Three Mile Hill. There is an interested party and the sale is expected to be completed by June 2019.

Exploration

Focus drilled at both the Laverton and Coolgardie project areas in 2018. Majority of the exploration expenditure was completed on the Laverton project.

At Laverton 256 holes for 37,039.85m were completed comprising 31,803.9m RC and 5,235.95m DD. Holes were targeted within 150m of surface to deliberately search for shallow mineralisation that may be amenable to open pit extraction.

At Coolgardie 15 holes were drilled for 2,998.8m comprising 1,522m RC and 1,476.8m DD. 11 RC holes were considered to be pure exploration holes with shallow holes planned to test mineralisation up to 130m depth below surface. 4 deep RC/DD holes were drilled at Bonnie Vale to test extension potential of the main Bonnie Vale Shoot.

2018 drilling programs were highly successful with 84% of holes intersecting mineralisation exceeding 0.5g/t Au.

<u>Significant Intersections</u>

For 2018 significant intersections for RC were calculated with a 0.5g/t Au cut off and, up to 2m internal dilution.

For diamond core as a result of issues with core recovery in parts of Beasley Creek significant intersections were calculated using 0.5g/t Au cut off, up to 3m internal dilution. Furthermore, any core loss within mineralised intersections was fully diluted to 0g/t Au to provide conservative grade estimates.

Given that 224 of 271 holes intersected mineralisation exceeding 0.5g/t Au it becomes worthwhile considering a qualitative measure of the significance of each intersection rather than simply listing every intersection. Gold grade multiplied by downhole width (GxM) provides a simple qualitative means of ranking significant Au drill intersections.

A base case cut off for significant intersections within 200m of surface that may be amenable to open pit extraction is around 6 GxM e.g. 1.5g/t Au x 4m width, 2g/t Au x 3m width or 3g/t Au x 2m width etc.

For deeper and potentially UG mineralisation a base case GxM of 10 could be considered significant e.g. 2g/t Au x 5m width, 3g/t Au x 3.3m width of 4g/t Au x 2.5m width etc.

In 2018 271 holes were drilled across the Laverton and Coolgardie Projects. Of these holes only 4 are considered deep with the majority of 98.5% targeting mineralisation within 150m from surface. In 2018 69%

(186 holes) intersected individual mineralised intervals exceeding 6 GxM, 53% (144 holes) intersected individual mineralised intervals exceeding 10 GxM, and 25% (67 holes) intersected individual mineralised intervals exceeding 20 GxM.

Hole ID	Drill Type	Grid ID	Collar East (m)	Collar North (m)	Collar RL (m)	Dip	Azimuth	EOH	Intersection Depth (m)	Intersection Calculation 0.5g/t Au Cut off, Max 3m Dilution, Core Loss 0g/t Au
18BSDD006	DD	GDA94_Z51	434257.7	6838588.6	433.5	-46.9	311.4	234.2	126.8	19.00m @ 11.12g/t from 163m
18BSDD002	DD	GDA94_Z51	434371.9	6838870.3	434.5	-44.3	262.7	253.6	155.0	20.60m @ 5.37g/t from 201m
18BSRC008	RC	GDA94_Z51	434027.4	6837841.8	431.0	-59.7	269.6	151.0	98.3	15.00m @ 4.77g/t from 109m
18BSDD016	DD	GDA94_Z51	434273.6	6838695.5	434.6	-38.6	265.2	199.4	105.7	15.60m @ 4.07g/t from 160.4m
18BSDD014	DD	GDA94_Z51	434262.1	6838585.9	433.2	-60.1	330.7	214.8	158.3	9.70m @ 5.42g/t from 178m
18BSDD001	DD	GDA94_Z51	434335.9	6838874.9	434.7	-39.9	268.5	206.8	120.4	11.60m @ 3.52g/t from 174m
18BSDD013	DD	GDA94_Z51	434321.8	6838941.7	435.2	-43.4	265.2	183.5	115.8	8.20m @ 3.39g/t from 163.55m
18BSRC001	RC	GDA94_Z51	434055.2	6838522.0	434.1	-68.9	310.6	163.0	104.3	4.00m @ 6.64g/t from 111m
18BSDD002	DD	GDA94_Z51	434371.9	6838870.3	434.5	-44.3	262.7	253.6	170.8	5.00m @ 3.16g/t from 230m
18BSDD007	DD	GDA94_Z51	434333.6	6838905.9	434.9	-41.8	269.2	231.0	136.0	0.90m @ 12.77g/t from 201.7m
18BSRD004	RC/DD	GDA94_Z51	434155.3	6838482.6	433.5	-50.9	308.1	303.4	211.2	2.30m @ 4.79g/t from 288.4m
18BSDD003	DD	GDA94_Z51	434332.5	6838851.4	434.6	-44.0	264.0	232.7	123.8	1.60m @ 6.33g/t from 177.4m

Table 1 2018 Beasley Creek individual drill intersections exceeding 3 g/t Au and 10 GxM

Hole ID	Drill Type	Grid ID	Collar East (m)	Collar North (m)	Collar RL (m)	Dip	Azimuth	EOH	Intersection Depth (m)	Intersection Calculation 0.5g/t Au Cut off, Max 2m Dilution
18KARC080	RC	MGA94_Z51	465850.3	6815462.3	469.0	-60.2	144.4	210	139.0	1.00m @ 73.72g/t from 161m
18KARC081	RC	MGA94_Z51	465877.7	6815427.4	468.9	-60.0	143.7	186	59.3	8.00m @ 7.29g/t from 65m
18KARC016	RC	MGA94_Z51	465893.7	6815391.4	469.9	-59.6	149.8	180	54.3	8.00m @ 6.65g/t from 59m
18KARC105	RC	MGA94_Z51	466002.9	6815847.0	470.6	-60.1	146.7	180	150.8	10.00m @ 3.35g/t from 167m
18KARC016	RC	MGA94_Z51	465893.7	6815391.4	469.9	-59.6	149.8	180	104.0	2.00m @ 12.13g/t from 120m
18KARC080	RC	MGA94_Z51	465850.3	6815462.3	469.0	-60.2	144.4	210	69.6	8.00m @ 2.68g/t from 77m
18KARC085	RC	MGA94_Z51	465525.8	6815637.9	468.0	-56.6	149.4	210	164.4	3.00m @ 6.65g/t from 190m
18KARC080	RC	MGA94_Z51	465850.3	6815462.3	469.0	-60.2	144.4	210	39.2	7.00m @ 2.27g/t from 42m
18KARC065	RC	MGA94_Z51	465964.0	6815295.1	469.4	-60.0	150.0	63	36.2	4.00m @ 3.52g/t from 40m
18KARC083	RC	MGA94_Z51	465791.6	6815400.3	468.8	-60.8	146.3	174	74.0	5.00m @ 2.56g/t from 82m
18KARC014	RC	MGA94_Z51	465935.7	6815323.6	470.6	-60.6	143.2	120	45.7	4.00m @ 3.08g/t from 51m
18KARC077	RC	MGA94_Z51	465910.9	6815260.6	469.3	-59.3	147.1	96	73.2	4.00m @ 3g/t from 84m
18KARC105	RC	MGA94_Z51	466002.9	6815847.0	470.6	-60.1	146.7	180	63.6	5.00m @ 1.96g/t from 71m
18KARC084	RC	MGA94_Z51	465817.4	6815641.9	470.5	-59.9	148.2	228	129.8	4.00m @ 2.28g/t from 147m
18KARC008	RC	MGA94_Z51	465752.7	6815322.0	467.9	-60.0	144.2	180	100.5	4.00m @ 2.12g/t from 117m
18KARC119	RC	MGA94_Z51	465908.4	6815981.0	469.2	-59.9	145.7	222	95.5	2.00m @ 4.09g/t from 108m
18KARC018	RC	MGA94_Z51	466004.6	6815372.7	469.4	-60.1	148.0	145	30.2	4.00m @ 1.86g/t from 33m
18KARC106	RC	MGA94_Z51	465959.0	6815914.5	470.1	-60.0	145.0	222	85.3	2.00m @ 3.67g/t from 99m
18KARC084	RC	MGA94_Z51	465817.4	6815641.9	470.5	-59.9	148.2	228	193.4	4.00m @ 1.78g/t from 217m
18KARC084	RC	MGA94_Z51	465817.4	6815641.9	470.5	-59.9	148.2	228	77.6	1.00m @ 6.77g/t from 89m
18KARC118	RC	MGA94_Z51	465086.9	6816520.2	469.5	-60.3	146.2	156	40.0	1.00m @ 6.62g/t from 46m

Table 2 2018 Karridale individual drill intersections greater than 6 GxM and 1.7 g/t Au

Hole ID	Drill Type	Grid ID	Collar East (m)	Collar North (m)	Collar RL (m)	Dip	Azimuth	EOH	Intersection Depth (m)	Intersection Calculation 0.5g/t Au Cut off, Max 2m Dilution
18KARC061	RC	GDA94_Z51	465171.11	6817110.45	472.36	-60.18	143.84	150	123.882	3.00m @ 12.31g/t from 142m
18KARC033	RC	GDA94_Z51	465289.21	6817244.83	472.99	-59.4	141.42	156	122.574	4.00m @ 8.98g/t from 142m
18KARC044	RC	GDA94_Z51	465793.61	6817307.49	473.74	-60.87	144.8	140	57.092	12.00m @ 2.19g/t from 59m
18KARC046	RC	GDA94_Z51	465633.1	6817580.88	475.12	-61.13	146.94	145	25.357	2.00m @ 12.36g/t from 28m
18KARC112	RC	GDA94_Z51	465372.07	6817429.07	474.5	-60	145	106	14.722	2.00m @ 12.11g/t from 16m
18KARC129	RC	GDA94_Z51	465019.56	6816308.66	468.02	-59.78	145.5	139	113.968	1.00m @ 23.3g/t from 130m
18KARC028	RC	GDA94_Z51	465116.73	6816973.33	474.65	-58.95	146.86	187	123.971	5.00m @ 3.81g/t from 149m
18KARC114	RC	GDA94_Z51	465828.68	6817588.12	474.71	-50	145	85	29.493	3.00m @ 3.82g/t from 37m
18KARC096	RC	GDA94_Z51	465440.66	6817123.83	471.55	-60	145	167	25.548	1.00m @ 10.04g/t from 29m
18KARC139	RC	GDA94_Z51	465132.68	6816729.99	477.33	-59.64	143.62	192	119.772	1.00m @ 9.12g/t from 133m
18KARC042	RC	GDA94_Z51	466003.53	6817051	473.71	-59.27	144.55	156	129.749	1.00m @ 8.33g/t from 149m
18KARC040	RC	GDA94_Z51	465401.32	6817365.31	474.28	-60.85	146.25	138	31.848	2.00m @ 3.88g/t from 35m
18KARC032	RC	GDA94_Z51	465336.21	6817102.88	472.26	-60.68	147.75	140	26.066	1.00m @ 7.29g/t from 29m
18KARC057	RC	GDA94_Z51	463806.35	6818628.07	477.52	-60.94	93.95	160	70.901	2.00m @ 3.34g/t from 79m
18KARC044	RC	GDA94_Z51	465793.61	6817307.49	473.74	-60.87	144.8	140	32.906	1.00m @ 6.03g/t from 37m

Table 3 2018 Burtville South individual drill intersections greater than 6 GxM and 1.7 g/t Au

At Karridale/Burtville South the mineralisation is hosted by sub-parallel shallow NW dipping stacked shear zones. As such looking at individual higher grade intersections in any hole does not adequately reveal the nature of the mineralisation. As such it makes sense to look at the sum of the significant intersections.

Hole ID	Grid ID	Collar East (m)	Collar North (m)	Collar RL (m)	Dip	Azimuth	EOH	Min Hole From Depth (m)	Max Hole To Depth (m)	Intersection Average Depth (m)	Sum Width (m)	Avg Au g/t	Sum of GxM
18KARC080	GDA94_Z51	465850.3	6815462.3	469.0	-60.2	144.4	210	42	174	85.7	30	4.1	122.5
18KARC016	GDA94_Z51	465893.7	6815391.4	469.9	-59.6	149.8	180	29	122	57.4	21	4.4	91.9
18KARC081	GDA94_Z51	465877.7	6815427.4	468.9	-60.0	143.7	186	30	156	69.2	19	4.0	75.2
18KARC105	GDA94_Z51	466002.9	6815847.0	470.6	-60.1	146.7	180	33	177	69.9	20	2.6	51.7
18KARC084	GDA94_Z51	465817.4	6815641.9	470.5	-59.9	148.2	228	28	221	119.7	18	1.8	32.0
18KARC082	GDA94_Z51	465830.5	6815401.5	468.9	-60.6	145.2	192	28	137	67.4	23	1.2	27.2
18KARC083	GDA94_Z51	465791.6	6815400.3	468.8	-60.8	146.3	174	19	155	65.4	14	1.9	27.1
18KARC085	GDA94_Z51	465525.8	6815637.9	468.0	-56.6	149.4	210	25	193	71.5	5	4.7	23.3
18KARC077	GDA94_Z51	465910.9	6815260.6	469.3	-59.3	147.1	96	28	88	50.5	10	2.2	22.0

Table 4 2018 Karridale Cumulative Significant Intersections exceeding 20 GxM

Hole ID	Grid ID	Collar East (m)	Collar North (m)	Collar RL (m)	Dip	Azimuth	EOH	Min Hole From Depth (m)	Max Hole To Depth (m)	Intersection Average Depth (m)	Sum Width (m)	Avg Au g/t	Sum of GxM
18KARC061	GDA94_Z51	465171.1	6817110.5	472.4	-60.2	143.8	150	15	145	57.3	11	4.0	43.9
18KARC044	GDA94_Z51	465793.6	6817307.5	473.7	-60.9	144.8	140	28	112	54.3	27	1.5	40.1
18KARC033	GDA94_Z51	465289.2	6817244.8	473.0	-59.4	141.4	156	136	146	119.7	6	6.2	37.3
18KARC028	GDA94_Z51	465116.7	6816973.3	474.7	-59.0	146.9	187	116	158	116.2	23	1.3	29.6
18KARC112	GDA94_Z51	465372.1	6817429.1	474.5	-60.0	145.0	106	16	52	28.0	4	6.6	26.4
18KARC046	GDA94_Z51	465633.1	6817580.9	475.1	-61.1	146.9	145	28	74	44.6	3	8.6	25.9
18KARC129	GDA94_Z51	465019.6	6816308.7	468.0	-59.8	145.5	139	43	131	76.0	2	12.1	24.2
18KARC096	GDA94_Z51	465440.7	6817123.8	471.6	-60.0	145.0	167	29	165	76.9	9	2.5	22.3

Table 5 2018 Burtville South Cumulative Significant with average grade exceeding 20 GxM

Hole ID	Drill Type	Grid ID	Collar East (m)	Collar North (m)	Collar RL (m)	Dip	Azimuth	EOH	Intersection Depth (m)	Intersection Calculation 0.5g/t Au Cut off, Max 2m Dilution
18WDRC003	RC	MGA94_Z51	440075.2	6842971.4	453.8	-80.3	142.9	139	98.2	7.00m @ 7.35g/t from 96m
18WDRC010	RC	MGA94_Z51	440254.4	6843076.2	454.8	-63.7	320.1	145	65.1	32.00m @ 1.55g/t from 58m
18LNRC001	RC	MGA94_Z51	441136.8	6844512.6	456.7	-70.0	292.5	61	48.0	7.00m @ 6.71g/t from 48m
18WDRC042	RC	MGA94_Z51	440125.2	6843004.3	454.4	-90.0	140.0	119	95.0	4.00m @ 11.05g/t from 93m
18WDRC031	RC	MGA94_Z51	440109.0	6842993.3	454.4	-58.6	294.3	108	76.4	5.00m @ 4.94g/t from 89m
18LNRC003	RC	MGA94_Z51	441178.4	6844512.3	456.7	-70.7	292.1	97	81.1	6.00m @ 3.92g/t from 84m
18WDRC006	RC	MGA94_Z51	440111.0	6843053.1	454.2	-58.1	329.4	79	52.1	3.00m @ 4.96g/t from 61m
18WDRC011	RC	MGA94_Z51	440255.0	6843118.6	454.9	-65.3	323.9	103	49.5	5.00m @ 2.92g/t from 53m
18WDRC030	RC	MGA94_Z51	440076.2	6842977.2	454.8	-80.5	93.0	138	101.5	4.00m @ 3.47g/t from 101m
18WDRC028	RC	MGA94_Z51	440760.5	6843677.9	457.3	-69.9	300.6	121	89.8	5.00m @ 2.71g/t from 94m
18WDRC019	RC	MGA94_Z51	440491.1	6843333.1	456.2	-65.4	302.6	79	57.0	5.00m @ 2.69g/t from 61m
18WDRC025	RC	MGA94_Z51	440703.8	6843660.7	456.5	-70.3	304.2	91	65.7	6.00m @ 2.15g/t from 67m
18WDRC039	RC	MGA94_Z51	440194.9	6843029.9	454.3	-51.6	316.3	117	77.3	4.00m @ 2.75g/t from 102m

Table 6 2018 Lancefield – Wedge Thrust drill intersections exceeding 11 GxM

Hole ID	Drill Type	Grid ID	Collar East (m)	Collar North (m)	Collar RL (m)	Dip	Azimuth	EOH	Intersection Calculation 0.5g/t Au Cut off, Max 2m Dilution
BONCD080	RC/DD	GDA94_Z51	324661	6584486.5	381.5	-56.7	225.2	561.8	1.78m @ 7.03g/t from 519.92m
18ADRC002	RC	GDA94_Z51	323746	6580801	432	-50	235	95	4.00m @ 3.16g/t from 52m
18EMRC001	RC	GDA94_Z51	322453	6582451	450	-53.2	316.6	170	7.00m @ 1.83g/t from 48m

Table 7 2018 Coolgardie top 3 significant drilling intersections

Operating Result

The full-year loss for 2018 was $4.2 million (2017: $6.2 million), which is 32% lower than last year's loss. The reduction in loss was caused by the fact that in 2017 there was a divestment of Jasper Hills tenements, which led to a loss on disposal of $1.7 million and write off of $1.4 million due to tenements being surrendered prior to 31 December 2017.

As at 31 December 2018, the Company has a cash balance (consisting of cash and cash equivalent and short-term deposits) of $26.8 million (2017: $36.4 million).

Subsequent Event

On 11 February 2019, Focus Minerals announced[5] that it has signed the Exclusivity Deed with Intermin Resources Ltd (ASX:IRC) for a potential sale of the Coolgardie Project for $40m. For accounting purposes, the Coolgardie Project has been treated under *AASB5 – Non-current Assets Held for Sale and Discounted Operations* in this Annual Report.

[5] ASX Announcement on 11 February 2019.

Ore Reserves and Mineral Resources Tables

Ore Reserves Table

31 December 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
Three Mile Hill Project - Greenfields	-	-	-	1,016	1.4	47,000	1,016	1.4	47,000
Total Coolgardie	***-***	***-***	***-***	***1,641***	***3.2***	***171,000***	***1,641***	***3.2***	***171,000***
TOTAL COMBINED RESERVES	**-**	**-**	**-**	**1,641**	**3.2**	**171,000**	**1,641**	**3.2**	**171,000**

Ore Reserves Table – Comparison to Previous Year

	2017 Probable Reserves			2018 Probable Reserves			Change		
	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	0	0	0
Three Mile Hill Project - Greenfields	1,016	1.4	47,000	1,016	1.4	47,000	0	0	0
Total Coolgardie	***1,641***	***3.2***	***171,000***	***1,641***	***3.2***	***171,000***	***0***	***0***	***0***
TOTAL COMBINED RESERVES	**1,641**	**3.2**	**171,000**	**1,641**	**3.2**	**171,000**	**0**	**0**	**0**

Mineral Resources Table

31 December 2018	JORC Code Edition Year	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	*2004*	*268*	*4.5*	*39,000*	*1,717*	*3.9*	*216,000*	*309*	*3.8*	*37,500*	*2,294*	*4.0*	*292,500*
	2012				*155*	*3.7*	*18,500*	*633*	*4.1*	*82,500*	*788*	*4.0*	*101,000*
Tindals Project – Surface	*2004*				*4,184*	*2.1*	*286,500*	*1,615*	*2.1*	*110,000*	*5,799*	*2.1*	*396,500*
	2012				*4,523*	*2.3*	*330,000*	*576*	*2.4*	*44,500*	*5,099*	*2.3*	*374,500*
Bonnie Vale Project	2012				519	9.1	152,500	420	3.9	52,500	939	*6.8*	205,000
Lindsays-Bayleys Project	2004				4,350	1.7	238,000	3,327	2.1	229,000	7,677	*1.9*	467,000
Three Mile Hill Project	2004				794	1.6	41,000	90	1.4	4,000	884	*1.6*	45,000
	2012				1,328	1.7	72,500	66	2.0	4,500	1,394	*1.7*	77,000
Norris Project	2004							2,440	2.2	169,000	2,440	*2.2*	169,000
Total Coolgardie		***268***	***4.5***	***39,000***	***17,570***	***2.4***	***1,355,000***	***9,476***	***2.4***	***733,500***	***27,314***	***2.4***	***2,127,500***
LAVERTON GOLD PROJECT													
Barnicoat Project	2004	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	2004				1,207	1.4	54,000	708	1.8	41,500	1,915	1.5	95,500
Karridale Project	2012				2,727	1.5	135,000	10,033	1.3	403,000	12,760	1.3	538,000
Central Laverton Project	2004				2,749	2.0	176,500	642	1.9	39,500	3,391	2.0	216,000
Chatterbox Project	2004	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	*2004*				*84*	*4.6*	*12,000*	*101*	*4.0*	*13,000*	*185*	*4.3*	*25,000*
Jasper Hills Project - Surface	*2004*	*370*	*1.9*	*22,000*	*1,326*	*1.5*	*64,000*	*743*	*1.9*	*45,000*	*2,439*	*1.7*	*131,000*
Lancefield Project - UG	*2012*							*3,944*	*6.3*	*793,000*	*3,944*	*6.3*	*793,000*
Lancefield Project - Surface	*2004*				*72*	*3.9*	*9,000*	*94*	*6.3*	*19,000*	*166*	*5.2*	*28,000*
Total Laverton		***1,291***	***2.0***	***81,000***	***14,574***	***1.8***	***855,500***	***21,303***	***2.5***	***1,660,000***	***37,168***	***2.2***	***2,596,500***
TOTAL COMBINED RESOURCES		**1,559**	**2.4**	**120,000**	**32,144**	**2.1**	**2,210,500**	**30,779**	**2.4**	**2,393,500**	**64,482**	**2.3**	**4,724,000**

Mineral Resources Table – Comparison to Previous Year

	JORC Code Edition Year	2017 Mineral Resources			2018 Mineral Resources			Change		
		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	*2004*	*2,294*	*4.0*	*292,500*	*2,294*	*4.0*	*292,500*	*0*	*0*	*0*
	2012	*788*	*4.0*	*101,000*	*788*	*4.0*	*101,000*	*0*	*0*	*0*
Tindals Project - Surface	*2004*	*5,799*	*2.1*	*396,500*	*5,799*	*2.1*	*396,500*	*0*	*0*	*0*
	2012	*5,099*	*2.3*	*374,500*	*5,099*	*2.3*	*374,500*	*0*	*0*	*0*
Bonnie Vale Project	2012	821	*7.4*	195,000	939	*6.8*	205,000	118	*-0.6*	10,000
Lindsays-Bayleys Project	2004	7,677	*1.9*	467,000	7,677	*1.9*	467,000	0	*0*	0
Three Mile Hill Project	2004	884	*1.6*	45,000	884	*1.6*	45,000	0	*0*	0
	2012	1,394	*1.7*	77,000	1,394	*1.7*	77,000	0	*0*	0
Norris Project		2,440	*2.2*	169,000	2,440	*2.2*	169,000	0	*0*	0
Total Coolgardie		***27,196***	***2.4***	***2,117,500***	***27,314***	***2.4***	***2,127,500***	***118***	***-0.6***	***10,000***
LAVERTON GOLD PROJECT										
Barnicoat Project	2004	4,679	1.5	230,000	4,679	1.5	230,000	0	0	0
Burtville Project	2004	1,915	1.5	95,500	1,915	1.5	95,500	0	0	0
Karridale Project	2012				12,760	1.3	538,000	12,760	1.3	538,000
Central Laverton Project	2004	3,391	2.0	216,000	3,391	2.0	216,000	0	0	0
Chatterbox Project	2004	7,689	2.2	540,000	7,689	2.2	540,000	0	0	0
Jasper Hills Project - UG	*2004*	*185*	*4.3*	*25,000*	*185*	*4.3*	*25,000*	*0*	*0*	*0*
Jasper Hills Project - Surface	*2004*	*2,439*	*1.7*	*131,000*	*2,439*	*1.7*	*131,000*	*0*	*0*	*0*
Lancefield Project - UG	*2012*	*2,656*	*6.7*	*568,000*	*3,944*	*6.3*	*793,000*	*1,288*	*-0.4*	*225,000*
Lancefield Project - Surface	*2004*	*166*	*5.2*	*28,000*	*166*	*5.2*	*28,000*	*0*	*0*	*0*
Total Laverton		***23,120***	***2.5***	***1,833,500***	***37,168***	***2.2***	***2,596,500***	***14,048***	***-0.3***	***763,000***
TOTAL COMBINED RESOURCES		**50,316**	**2.4**	**3,951,000**	**64,482**	**2.3**	**4,724,000**	**14,166**	**-0.2**	**773,000**

Competent Persons' Statement

The Ore 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*. Dr Trembath consents to the inclusion in this Annual Report of the matters based on the information complied by himself in the form and context in which it appears.

The information in this Annual Report that relates to Minerals Resources is based on, and fairly represents, information compiled 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 (part of the Tindals Project), Greenfields (part of the Three Mile Hill Project), Karridale and Lancefield – UG 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 (part of the Tindals Project), Greenfields Karridale and Lancefield – UG are reported under the JORC Code 2012.

Focus Minerals confirms that to the best of its knowledge, Focus is not aware of any new information or data that materially affects the information included in the relevant market announcements and, in the case of estimates of mineral resources or ore reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed.

Summary of Governance Arrangements and Internal Controls

Focus Minerals ensures that the Mineral Resources and Ore Reserve estimates are subject to governance arrangements and internal controls up to a corporate level within the company. Internal and external reviews of the Mineral Resource estimation procedures and results are carried out. An external consultancy firm has been used to generate the ore reserves and was subject to internal reviews within Mining One Consultants.

The General Manager – Exploration, is responsible for monitoring the planning, prioritisation and progress of exploratory and resource definition drilling programs across the company and the estimation and reporting of resources. These definition activities are conducted within a framework of quality assurance and quality control protocols covering aspects including drill hole location, sample collection, sample preparation and analysis as well as sample and data security.

Focus Minerals reports its Mineral Resources and Ore Reserves on an annual basis, in accordance with the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves (the JORC code) 2004 and 2012 Edition. Mineral Resources are quoted inclusive of Ore Reserves. Competent Persons named by Focus Minerals are members of the Australasian Institute of Mining and Metallurgy and/or the Australian Institute of Geoscientists and qualify as Competent Persons as defined in the JORC Code.

Corporate Governance Statement

This statement outlines the main corporate governance practices that were in place for the year ended 31 December 2018. 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.

Compliant

The Board is responsible for ensuring that the Company is managed in a manner which protects and enhances the interests of its shareholders and takes into account the interests of all stakeholders. This includes setting the strategic direction for the Company, establishing goals for management and monitoring the achievement of these goals. A summary of the key responsibilities of the Board include:

- Strategy – Providing strategic guidance for the group, including contributing to the development of and approving the corporate strategy;
- Financial performance – Approving budgets, monitoring management and performance;
- Financial reporting and audits – Monitoring financial performance including approval of the annual and half year financial reports and liaising with the external auditors through the Audit and Risk Committee;
- Leadership selection and performance – Appointment, performance assessment and removal of 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 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 Compliant

The Company did not fully comply with this recommendation in the year ended 31 December 2018. The Remuneration and Nominations Committee comprised three directors, all of which were non-executive. However, as one of three 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 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 is 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

Not Compliant

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 2018, the Board consisted of two executive directors (Mr Zhaoya Wang, CEO and, Mr Zaiqian Zhang, CFO and Company Secretary), one independent director (Mr Gerry Fahey) and one non-executive non-independent director (Mr Dianfei Pei).

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.

Not Compliant

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. The CEO is Mr Zhaoya Wang.

Recommendation 2.6: Director induction and professional development

Compliant

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

Principle 3: Act ethically and responsibly

Recommendation 3.1: 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.

Compliant

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

Compliant

The Board places significant importance on effective communication with shareholders.

Information is communicated to shareholders through the distribution of the annual and half yearly financial reports, quarterly reports on activities and cash flows, announcements through the ASX and the media, on the Company's 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

Compliant

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

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

Compliant

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

Principle 7: Recognise and manage risk

Recommendation 7.1: Risk committee

Not Compliant

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

The Audit and 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.

Not Compliant

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 2018 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 2018.

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 (passed away 3 September 2018)
Zhaoya Wang	Director – Non-Executive, Non-Independent (until 18 July 2018) Executive (commenced 19 July 2018)
Zaiqian Zhang	Director - Executive (appointed as Director 24 November 2017)

Details of the Directors' qualifications, experience, special responsibilities and details of directorships of other listed companies can be found on pages 21 to 22 and in the remuneration report on pages 27 to 31.

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 over 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 Deputy General Manager of Shandong Gold Group. Mr Pei has a Master's degree in Mining Engineering at University of Science and Technology Beijing. Directorships of other ASX listed companies: None
Zhaoya Wang *Appointed as Director on 17 November 2017*	**Director** *Non-Executive Non-Independent* *Executive since 19 July 2018*	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. Directorships of other ASX listed companies: None
Zaiqian Zhang *Appointed as Director on 24 November 2017* *Appointed as Company Secretary on 16 March 2018*	**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: None

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). 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 and is currently Principal Mining Geologist with CSA Global specialising in mining geology, mine development and training. 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)
Peter Hepburn-Brown *Appointed on 10 April 2015* *Passed away 3 September 2018*	**Director** *Independent*	Mr Hepburn-Brown had over 35 years mining experience including senior management and Board positions in Australia and Overseas. He had 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) He was also a Non-Executive Director of an AIM listed mining company, Keras PLC (appointed November 2015) Mr Hepburn-Brown sadly passed away on 03 September 2018.

Note: For director's special responsibilities during the year ended 31 December 2018, please refer to the Remuneration Report

Senior Management

Zhaoya Wang - Chief Executive Officer (Appointed 19 July 2018)

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

Zaiqian Zhang - Chief Financial Officer (Appointed 24 November 2017), Company Secretary (Appointed 16 March 2018)

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

Alex Aaltonen – General Manager Exploration

Qualifications: *B.Sc Geology (Hons), MAUSIMM*
Appointed: 19 February 2018

Mr Alex Aaltonen has more than 20 years of mining, resource development and exploration experience. He has worked in geology management and leadership roles in Australia, Eastern Europe, Middle East, Asia and South America.

Mr Aaltonen has developed in depth experience in a broad range of deposit styles including gold, gold-copper-polymetallic, IOCGU, uranium, vanadium-polymetallic, tin-tungsten and graphite. Mr Aaltonen has extensive experience in managing and rejuvenating existing projects and or building teams and facilities for new projects.

Dane Etheridge – Company Secretary and General Manager of Business Development

Qualifications: *BCom (Hons), MAppFin, PhD, CFA, AGIA, CPA, F Fin*
Appointed: 25 March 2014
Resigned: 16 March 2018

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 Risk Committee**		**Remuneration and Nominations Committee**		**Technical Committee**	
	A	**B**	**A**	**B**	**A**	**B**	**A**	**B**
Directors								
Dianfei Pei	4	4	2	2	1	1	-	-
Gerry Fahey	4	4	2	2	1	1	-	-
Zhaoya Wang	4	4	-	-	-	-	-	-
Zaiqian Zhang	4	4	-	-	-	-	-	-
Peter Hepburn-Brown	3	3	1	1	1	1	-	-

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

Capital Structure

Ordinary shares
As at the date of this report, the Company had on issue 182,748,565 fully paid ordinary shares.

Share Options

Options Issued
There were no options issued during the year ended 31 December 2018.

Options Exercised
There were no options exercised during the year ended 31 December 2018.

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.

Review of Operations

Overview

In 2018, Focus continued its positive momentum towards resuming production. During the year, the Company invested $7.8 million (2017: $9.6 million) into its exploration programmes in Laverton and Coolgardie.

Exploration

During the year, Focus built a new exploration team that has undertaken to implement best practice, cost effective and highly successful exploration programs at Laverton and Coolgardie. Whilst drilling occurred at both Coolgardie and Laverton, the majority of expenditure was completed on the Laverton project group.

2018 drilling programs were highly successful with 83% of holes intersecting mineralisation exceeding 0.5g/t Au.

Laverton

At Laverton 256 holes for 37,039.85m were completed comprising 31,803.9m RC and 5,235.95m DD. Holes were targeted within 150m of surface to deliberately search for shallow mineralisation that may be amenable to open pit extraction.

There have been exceptional results from shallow depths at the Beasley Creek and Lancefield-Wedge Thrust Projects.[6] In addition, a regionally significant large-scale mineralised system is being uncovered at Karridale and Burtville South with consistently good results that are increasing the scale and quality of the projects.[7]

Coolgardie

At Coolgardie 15 holes were drilled for 2,998.8m comprising 1,522m RC and 1,476.8m DD. 11 RC holes were pure exploration with shallow holes planned to test mineralisation up to 130m depth below surface. 4 deep RC/DD holes were drilled at Bonnie Vale to test extension potential of the main Bonnie Vale Shoot.

Focus has progressed the sale of its Coolgardie Project Group with the recently signed Exclusivity Deed with Intermin Resources for $40m.[8]

Operating Result

The full-year loss for 2018 was $4.2 million (2017: $6.2 million), which is 32% lower than last year's loss.

As at 31 December 2018, the Company has a cash balance (consisting of cash and cash equivalent and short-term deposits) of $26.8 million (2017: $36.4 million).

Dividends

No dividends have been paid or provided in the year (2017: nil).

Earnings per Share

	31 December 2018	***Restated 31 December 2017**
Basic loss per share (cents per share)	**(2.30)**	(3.39)
Diluted loss per share (cents per share)	**(2.30)**	(3.39)

* See note 1 (ab) for details regarding the restatement as a result of an error.

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[6] ASX Announcement on 30 January 2019.
[7] ASX Announcement on 30 January 2019.
[8] ASX Announcement on 11 February 2019.

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

On 11 February 2019, Focus Minerals announced that it has signed the Exclusivity Deed with Intermin Resources Ltd (ASX:IRC) for a potential sale of the Coolgardie Project for $40m.[9] For accounting purposes, the Coolgardie Project has been treated under *AASB5 – Non-current Assets Held for Sale and Discounted Operations* in this Annual Report.

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 $24,000 (2017: $19,000) 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.

[9] ASX Announcement on 11 February 2019.

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 three most senior people in the organisation, being the Chief Executive Officer (CEO) , Chief Financial Officer, General Manager – Exploration and, General Manager – Business Development and Improvement and 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 KMPs.

The KMP for the year ended 31 December 2018 are listed in the table below:

Director	Capacity	Change during the Year
Dianfei Pei	Non-Executive, Non-Independent	None
Gerry Fahey	Independent	None
Peter Hepburn-Brown	Independent	Passed away on 3 September 2018
Zhaoya Wang	Director, Executive	Appointed CEO 19 July 2018
Zaiqian Zhang	Director, Executive	Appointed Company Secretary 16 March 2018

Current Executive	Capacity	Change during the Year
Alex Aaltonen	General Manager – Exploration	Appointed 19 February 2019

Non-Current Executive	Capacity	Change during the Year
Dane Etheridge	General Manager – Business Development and Improvement and Company Secretary	Resigned 16 March 2018

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 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
- Dianfei Pei
- Peter Hepburn-Brown (passed away on 3 September 2018) and,

The Remuneration and Nominations Committee met once during the year.

Compensation of Key Management Personnel

Remuneration Structure

In accordance with best practice of *the Corporate Governance Principles and Recommendations 3rd Edition*, the 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, no one was paid under this benefit. (2017: Mr Yuhuan Ge was paid $12,500).

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

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

C=Chairman, M=Member

The following fees have applied:
- Chairman of the Board $80,000 per annum
- Other non-executive 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 $192,500 (2017: $232,083) has been paid to the directors as fees during the year.

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 2018, the Company did not set any KPIs.

During the year ended 31 December 2018, the Company awarded its employees a discretionary bonus, this included Alex Aaltonen and is included as other short-term remuneration.

No options were issued during the year (2017: 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:

Zhaoya Wang – Chief Executive Officer

Base Salary:	$420,000 per annum plus superannuation guarantee
Other Benefits:	Apartment rent is covered by the Company
Term:	Permanent starting from 19 July 2018
Termination:	Four weeks' notice

Zaiqian Zhang – Chief Financial Officer and Company Secretary

Base Salary:	$294,000 per annum plus superannuation guarantee
Term:	Permanent starting from 24 November 2017
Termination:	Four weeks' notice

Alex Aaltonen – General Manager – Exploration

Base Salary:	$230,000 per annum plus superannuation guarantee
Term:	Permanent starting from 19 February 2018
Termination:	Four weeks' notice

Dane Etheridge – Company Secretary and GM Business Development and Improvement (resigned 16 March 2018)

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

Remuneration Tables

Directors' remuneration for the year ended 31 December 2018

	Short-Term Benefits			Post-Employment Benefits			%
	Salary $	Fees $	Other $	Super-annuation $	Other $	Total $	Performance Related $
Directors							
Dianfei Pei	-	80,000	-	-	-	80,000	-
Gerry Fahey	-	50,000	-	4,750	-	54,750	-
Zhaoya Wang	189,538	29,167	26,693	18,006	-	263,404	-
Zaiqian Zhang	285,833	-	-	28,104	-	313,937	-
Former Directors							
Wanghong Yang	-	-	20,000	1,900	-	21,900[10]	-
Peter Hepburn-Brown	-	33,333	-	3,167	-	36,500	-
Total	**475,371**	**192,500**	**46,693**	**55,927**	**-**	**770,491**	**-**

Directors' remuneration for the year ended 31 December 2017

	Short-Term Benefits			Post-Employment Benefits			%
	Salary $	Fees $	Other $	Super-annuation $	Other $	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	14,698	-	169,410	-
Former Directors							
Wanghong Yang	280,000	-	20,000	26,600	151,484	478,084	-
Yuhuan Ge	-	45,833	-	-	12,500	58,333	-
Total	**424,712**	**232,083**	**30,000**	**50,798**	**163,984**	**901,577**	**-**

[10] The payment was related to the year ended 31 December 2017 but it was paid in May 2018. At the time of publishing the Financial Accounts for the year ended 31 December 2017, the bonus had yet been approved.

Remuneration of the key management personnel for the year ended 31 December 2018

	Short-Term Benefits			Post-Employment Benefits			%
	Salary $	Fees $	Other $	Super-annuation $	Other $	Total $	Performance Related $
Current Executive							
Alex Aaltonen	198,744	-	20,000	20,099	-	238,843	-
Former Executive							
Dane Etheridge	69,923	-	20,000[11]	6,853	-	96,776	-

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

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

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	12 months to 31 December
		2018	2017 Restated	2016	2015	2014
(Loss) / profit attributable to the owners of Focus Minerals Ltd ('$000's)		(4,207)	(6,194)	(3,184)	(2,830)	(23,370)
Basic earnings per share	(CPS)	(2.30)	(3.39)	(1.74)	(1.55)	(12.79)
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	$	0.175	0.32	0.41	0.31	0.35
Increase/(Decrease) in share price		(55%)	(22%)	32%	(11%)	(41%)
Total KMP incentive as percentage of profit/loss for the year/period	%	-	-	-	-	-

This is the end of remuneration report.

[11]The payment was related to the year ended 31 December 2017 but it was paid in May 2018. At the time of publishing the Financial Accounts for the year ended 31 December 2017, the bonus had yet been approved.

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 2018 no non-audit services were provided to the Company. During the year ended 31 December 2017 PwC provided Country by Country Reporting tax services to the Company for the amount of $9,761.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 31 December 2018 has been received and can be found on page 32 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
28 March 2019
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 2018, 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
28 March 2019

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Consolidated Financial Statements

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Consolidated 2018 $'000	2017 Restated * $'000
Revenue from continuing operations	2(a)	**1,250**	1,592
Other Income	2(b)	**151**	363
Employee expenses		**(1,418)**	(1,428)
Depreciation Expenses	2(c)	**(601)**	(722)
Finance Costs	2(c)	**(549)**	(167)
Loss on disposal of tenements	2(c)	**(243)**	(3,460)
Care and Maintenance Costs		**(1,045)**	(1,129)
Corporate and Other Expenses	2(c)	**(1,752)**	(1,243)
Loss Before Income Tax		**(4,207)**	(6,194)
Income Tax Expense	4	**-**	-
Loss After Income Tax		**(4,207)**	(6,194)
Other Comprehensive Income for the year, Net of Tax		**-**	-
Total Comprehensive Loss		**(4,207)**	(6,194)
Total Comprehensive Loss Attributable to:			
Owners of the Parent		**(4,207)**	(6,194)
Total Comprehensive Loss		**(4,207)**	(6,194)
Earnings per Share			
Basic Loss per Share (Cents Per Share)	5	**(2.30)**	(3.39)
Diluted Loss per Share (Cents Per Share)	5	**(2.30)**	(3.39)

* See note 1(ab) for details regarding the restatement as a result of an error.

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Notes	Consolidated 31 December 2018 $'000	31 December 2017 Restated * $'000
Assets			
Current Assets			
Cash and Cash Equivalents	6	**3,890**	2,870
Short-term deposits	6	**22,927**	33,511
Trade and Other Receivables	7	**840**	1,308
Assets Held for Sale	11	**46,192**	-
Total Current Assets		**73,849**	37,689
Non-Current Assets			
Restricted Cash	6	**15,996**	16,094
Inventories	8	**-**	1,293
Plant and Equipment	9	**87**	1,712
Exploration and Evaluation Assets	10	**29,155**	65,443
Total Non-Current Assets		**45,238**	84,542
Total Assets		**119,087**	122,231
Liabilities			
Current Liabilities			
Trade and Other Payables		**555**	172
Prepaid Income	12	**1,667**	1,500
Provisions	13	**187**	150
Assets Held for Sale (Liability)	11	**10,715**	-
Total Current Liabilities		**13,124**	1,822
Non-Current Liabilities			
Provisions	13	**15,731**	25,970
Total Non-Current Liabilities		**15,731**	25,970
Total Liabilities		**28,855**	27,792
Net Assets		**90,232**	94,439
Equity			
Issued Capital	14 (a)	**427,167**	427,167
Reserves	14(c)	**(7,178)**	(7,178)
Accumulated Losses		**(329,757)**	(325,550)
Total Equity		**90,232**	94,439

* See note 1(ab) for details regarding the restatement as a result of an error.

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Issued Capital	Accumulated Losses	Reserves	Total
	$'000	$'000	$'000	$'000
Balance as at 31 December 2016	**427,167**	**(319,356)**	**(7,178)**	**100,633**
Total Comprehensive loss for the year (restated*)	-	(6,194)	-	(6,194)
Balance as at 31 December 2017	**427,167**	**(325,550)**	**(7,178)**	**94,439**
Total Comprehensive loss for the year	-	(4,207)	-	(4,207)
Balance as at 31 December 2018	**427,167**	**(329,757)**	**(7,178)**	**90,232**

* See note 1(ab) for details regarding the restatement as a result of an error.

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Consolidated **2018** **'$000**	 2017 '$000
Cash Flows from Operating Activities			
Receipts from Customers		**-**	-
Payments to Suppliers and Employees (Including GST)		**(3,825)**	(4,080)
Royalties Paid		**(12)**	(10)
Collection/(Payment) of Performance & Other Bonds		**(6)**	10
Other Income		**184**	395
Interest Received		**1,932**	1,460
Finance Costs		**(167)**	(167)
Net Cash Outflow from Operating Activities	6(ii)	**(1,894)**	(2,392)
Cash Flows from Investing Activities			
Proceeds from Sale of Non-Current Assets		**-**	10
Prepaid Income		**167**	-
Acquisition of Plant and Equipment		**(90)**	(4)
Proceeds from sale of financial assets		**-**	52
Decrease in short-term deposits		**10,609**	11,489
Payments for Exploration Expenditure		**(7,772)**	(9,617)
Net Cash Inflow/(Outflow) from Investing Activities		**2,914**	1,930
Net (Decrease)/Increase in Cash and Cash Equivalents		**1,020**	(462)
Cash and Cash Equivalents at the Beginning of the Year		**2,870**	3,332
Cash and Cash Equivalents at the End of the Year	6(i)	**3,890**	2,870

The accompanying notes form part of these financial statements.

Notes to Consolidated 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 18 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 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 17 to the financial statements.

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

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.

(d) Revenue Recognition

Revenue is recognised for the major business activities as follows:

Revenue from contracts with customers: the accounting policy for the Group's revenue from contracts with customers is explained in note 1(ad).

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) Leases

Leases of property, plant and equipment where the group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Lease income from operating leases where the group is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the balance sheet based on their nature.

(f) 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.

(g) 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. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. The accounting policy for impairment of trade receivables is explained in note 1(ad).

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

(h) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

(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 accounting policy for impairment of financial assets is explained in note 1(ad)

(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

The accounting policy for financial instruments is explained in note 1(ad).

(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.

Depreciation

Depreciation on mobile plant is calculated on a straight-line basis over the estimated useful life of the assets being 2 - 15 years.

Depreciation of underground assets is calculated on a unit of production basis over the period of the life of mine plan.

Depreciation of the mill treatment assets is calculated on a straight-line basis over the estimated useful life of the assets, being 10 years.

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

Impairment

The carrying values of plant and equipment are reviewed for impairment 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.

De-Recognition and Disposal

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

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

(o) Exploration and Evaluation Expenditure

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

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

- The exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or

- Exploration and evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of 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, leave-in-liu (“Toil”) 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) Correction of error in accounting for exploration costs

In early 2019, the Group undertook a full review of the exploration and evaluation assets and noted that a number of tenements that had been surrendered prior to 31 December 2017 still contained capitalised exploration costs. This resulted in an overstatement of capitalised exploration and evaluation assets and an understatement of loss due to the surrender of these tenements.

The error has been corrected by restating the affected financial statement line items for the prior periods as follows:

	Consolidated		
			(Restated)
	31 December 2017 $'000	Increase/ (Decrease) $'000	31 December 2017 $'000
Balance Sheet (Extract)			
Exploration and Evaluation Asset	66,830	(1,388)	65,442
Net Assets	95,826	(1,388)	94,438
Retained Earnings	(324,163)	(1,388)	(325,551)
Equity	95,8260	(1,388)	94,438

Statement of profit or loss (extract			
Loss on disposal of tenements	(2,073)	(1,388)	(3,460)
Profit for the period	(4,807)	(1,388)	(6,194)

(ac) New and amended standards adopted by the group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2018:

- AASB 9 Financial Instruments
- AASB 15 Revenue from Contracts with Customers

(ad) Impact on adoption of new standards and changes in accounting standards

This note explains the impact of the adoption of AASB 9 Financial Instruments and AASB 15 Revenue from Contracts with Customers on the Group's consolidated financial statements and also discloses the new accounting policies that have been applied from 1 January 2018, where they are different to those applied in prior periods.

AASB 9 Financial Instruments – Impacts on adoption

AASB 9 replaces the provisions of AASB 139 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The retrospective adoption of AASB 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies. The new accounting policies are set out below. Given that the Group does not have any complex financial instruments and it does not follow hedge accounting, the adoption of this standard and its retrospective application did not result in any adjustments to the comparative amounts recognised in the consolidated financial statements.

AASB 9 Financial Instruments – Accounting policies applied from 1 January 2018

Financial assets

Classification:
From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value, and
- those to be measured at amortised cost.

The classification depends on whether the financial asset is an equity instrument or a debt instrument, the Group's business model for managing the financial assets and the contractual terms of the cash flows.

Measurement:
At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments which are not held for trading, in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in profit or loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Impairment:

From 1 January 2018, the Group assesses, on a forward looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Financial liabilities

Financial liabilities held for trading are measured at FVPL, and all other financial liabilities are measured at amortised cost.

AASB 15 Revenue from Contracts with Customers – Impact on adoption

The Group has adopted AASB 15 Revenue from Contracts with Customers from 1 January 2018 which resulted in changes in accounting policies. The new accounting policies are set out below. Given that the Group is still in the exploration phase, the adoption of this standard and its retrospective application did not result in any adjustments to the comparative amounts recognised in the consolidated financial statements.

AASB 15 Revenue from Contracts with Customers – Accounting policies applied from 1 January 2018

Revenue from contracts with customers

Revenue from contracts with customers is recognised when a customer obtains control of the promised asset and the Group satisfies its performance obligations under the contract. Revenue is allocated to each performance obligation. The Group considers the terms of the contract in determining the transaction price. The transaction price is based upon the amount the entity expects to be entitled to in exchange for the transferring of promised goods.

(ae) New Accounting Standards and Interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2018 reporting period. The Group's assessment of the impact of these new standards and interpretations is set out below.

(i) 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 $414,000, see note 16. Therefore, the Group does not expect the impact of AASB 16 to be material.

The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to adoption.

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.

(af) 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.

Note 2: Revenues and Expenses

	Consolidated	
	2018 $'000	2017 Restated* $'000
(a) Revenue from continuing operations		
Interest income	**1,250**	1,592
Total revenue from continuing operations	**1,250**	1,592
(b) Other income		
Sundry income	**151**	349
Investment income	**-**	15
Total other income	**151**	363
(c) Expenses		
Depreciation Expenses		
Depreciation	**601**	722
Total depreciation expenses	**601**	722
Finance Expenses		
Interest provision – Asset Retirement Obligation	**382**	-
Other Finance Costs	**167**	167
Total finance expenses	**549**	167
Corporate and other expenses		
Professional services and consulting fees	**532**	180
Corporate expense	**1,021**	662
Office lease costs	**199**	401
Total corporate and other expenses	**1,752**	1,243
Loss on disposal of tenements		
Exploration assets	**243**	3,460
Total loss on disposal of tenements	**243**	3,460

* See note 1(ab) for details regarding the restatement as a result of an error.

Note 3: Segment Reporting

All Focus Minerals Limited's subsidiaries are wholly owned. The Group has three reportable segments, as described below, which are the Group's strategic business units. The business units are managed separately as they require differing processes and skills. The Chief Executive Officer reviews internal management reports on each of these business units on a monthly basis. Segment Financial Information for the year ended 31 December 2018 is presented below:

	2018 Coolgardie $'000	2018 Laverton $'000	2018 Corporate $'000	2018 Consolidated $'000
Revenue from continuing operations	-	-	1,250	1,250
Other income	151	-	-	151
Depreciation	(590)	(7)	(4)	(601)
Employee expenses	-	-	(1,418)	(1,418)
Finance cost	(273)	(109)	(167)	(549)
Care and Maintenance Costs	(612)	(433)	-	(1,045)
Loss on disposal of tenements and plant and equipment	(87)	(156)	-	(243)
Corporate and Other expenses	(180)	(61)	(1,511)	(1,752)
SEGMENTED LOSS BEFORE TAX	(1,591)	(766)	(1,850)	(4,207)
Income taxes	-	-	-	-
SEGMENTED LOSS	**(1,591)**	**(766)**	**(1,850)**	**(4,207)**
Current Assets	45,706	869	27,274	73,849
Non-Current Assets				
- Restricted Cash	3,177	12,474	345	15,996
- Property, Plant & Equipment	-	83	4	87
- Exploration and Evaluation	-	29,155	-	29,155
TOTAL ASSETS	**48,883**	**42,581**	**27,623**	**119,087**
Current Liabilities	12,440	251	433	13,124
Other Non-Current Liabilities	-	15,534	197	15,731
TOTAL LIABILITIES	**12,440**	**15,785**	**630**	**28,855**
NET ASSETS	**36,443**	**26,796**	**26,993**	**90,232**

Segment Financial Information for the year ended 31 December 2017 is presented below:

	Restated* 2017 Coolgardie $'000	Restated* 2017 Laverton $'000	2017 Corporate $'000	Restated* 2017 Consolidated $'000
Revenue from continuing operations	2	1	1,589	1,592
Other income	115	-	248	363
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	(1,617)	(1,843)	-	(3,460)
Corporate and Other expenses	-	-	(1,243)	(1,243)
SEGMENTED LOSS BEFORE TAX	(2,807)	(2,461)	(926)	(6,194)
Income taxes	-	-	-	-
SEGMENTED LOSS	**(2,807)**	**(2,461)**	**(926)**	**(6,194)**
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	41,696	23,747	-	65,443
TOTAL ASSETS	44,928	23,990	53,313	122,231
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	**32,961**	**8,537**	**52,941**	**94,439**

* See note 1(ab) for details regarding the restatement as a result of an error.

Note 4: Income Tax

	Consolidated		
	31 December 2018 $'000	Restated 31 December 2017 $'000	31 December 2017 $'000
The prima facie income tax expense on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:			
Accounting loss before tax	(4,207)	(6,194)	(4,807)
Tax at the statutory income tax rate of 30% (2017: 30%)	(1,262)	(1,858)	(1,442)
Tax effect of amount which we are not deductible/(taxable) in calculating taxable income:			
Other deductible expense	(38)	-	-
Fixed assets	-	-	-
Rehab provision	507	-	-
Immediate deduction for exploration costs	(1,928)	-	-
Unrecognised tax losses	2,721	4,214	3,798
Unrecognised capital losses	-	(2,356)	(2,356)
Income tax expense/(benefit) recognised in profit or loss	**-**	**-**	**-**

* See note 1(ab) for details regarding the restatement as a result of an error.

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 Ltd.

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

A net deferred tax balance has not been recognised in respect to the following items.

	Consolidated		
		Restated *	
	31 December 2018 $'000	31 December 2017 $'000	31 December 2017 $'000
Deferred tax assets unrecognised:			
Other deductible expenses	**58**	-	-
Rehab provision	**7,896**	-	-
Inventory	**445**	-	-
Tax losses (revenue in nature)	**138,419**	135,698	134,947
Capital losses	**4,338**	4,310	4,310
Exploration & evaluation expenditure	**(21,732)**	-	-
Total	**129,424**	140,008	139,257

* See note 1(ab) for details regarding the restatement as a result of an error.

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

Note 5: Earnings per Share

	Consolidated	
	2018 Cents per Share	2017 Restated* Cents per Share
Basic earnings per share:		
Total Basic EPS	**(2.30)**	(3.39)
Diluted earnings per share		
Total Diluted EPS	**(2.30)**	(3.39)

Basic Earnings per share	**$000**	$000
The earnings used in the calculation of basic earnings per share	**(4,207)**	(6,194)
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	**(4,207)**	(6,194)
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**182,748,565**	182,748,565

* See note 1(ab) for details regarding the restatement as a result of an error.

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

	Consolidated	
	31 December 2018 $'000	31 December 2017 $'000
Cash and cash equivalents	**3,890**	2,870
Current – Short-term deposits	**22,927**	33,511
Current – Restricted cash	**-**	-
	26,817	36,381
Non- current – Restricted cash	**15,996**	16,094

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

Restricted cash
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	
	2018 $'000	2017 $'000
Cash, cash equivalents, restricted cash and short-term deposits	**42,813**	52,475
Less: Short-term Deposit	**(22,927)**	(33,511)
Less: Restricted cash not available for use	**(15,996)**	(16,094)
Cash and cash equivalents as per statement of cash flow	**3,890**	2,870

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

	Consolidated	
	2018 $'000	2017 Restated* $'000
Net loss for the year	**(4,207)**	(6,194)
Depreciation expense	**601**	722
Gain from disposal of non-current assets	**-**	(10)
Loss on disposal of tenements	**243**	3,460
Finance costs	**382**	(233)
Change in fair value of financial assets	**-**	(15)
(Increase)/decrease in assets:		
Restrict cash	**104**	10
Current receivables	**468**	264
Other Assets	**-**	-
Increase/(decrease) in liabilities		
Current payables	**384**	(300)
Other liabilities	**-**	-
Provisions	**131**	(96)
Net cash (used) in operating activities	**(1,894)**	(2,392)

* See note 1(ab) for details regarding the restatement as a result of an error.

Note 7: Current Trade and Other Receivables

	Consolidated	
	31 December 2017 $'000	31 December 2017 $'000
Interest receivable	**352**	274
Other receivables	**488**	1,034
	840	1,308

Note 8: Inventories

	Consolidated	
	31 December 2018 $'000	31 December 2017 $'000
Stores and consumables	**-**	1,293
	-	1,293

Note 9: Plant and Equipment

Non-current	Furniture & fittings $'000	Plant & Equipment $'000	Mill assets $'000	Motor Vehicles $'000	Total $'000
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
Year ended 31 December 2018					
Opening net book amount	13	1,010	679	10	1,712
Additions	25	9	-	56	90
Depreciation expense	(8)	(279)	(299)	(15)	(601)
Assets held for sale	(3)	(731)	(380)	-	(1,114)
Closing net book amount	27	9	-	51	87
At 31 December 2018					
Cost	868	727	1,363	143	3,100
Accumulated depreciation	(827)	(693)	(650)	(42)	(2,212)
Impairment loss	(13)	(25)	(713)	(50)	(801)
Net book amount	27	9	-	51	87

Non-current	Furniture & fittings $'000	Plant & Equipment $'000	Mill assets $'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

Note 10: Exploration and Evaluation Assets

	Consolidated	
	31 December 2018 $'000	31 December 2017 Restated* $'000
Exploration and Evaluation Expenditure:		
At Cost	**137,995**	174,283
Less: Accumulated Impairment	**(108,840)**	(108,840)
Net Book Value	**29,155**	65,443
Movement Summary:		
Carrying amount at beginning of the year	**65,442**	59,469
add – exploration expenditure	**7,741**	9,434
less – available for sale	**(43,785)**	-
less – write-off of tenements allowed to lapse, dropped or sold	**(243)**	(3,460)
Carrying amount at end of the year	**29,155**	65,443

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.

* See note 1(ab) for details regarding the restatement as a result of an error.

Note 11: Assets Held for Sale

In December 2018 the Directors' of Focus Minerals made the decision to sell the Coolgardie area of interest including the processing plant at Three Mile Hill. There is an interested party and the sale is expected to be completed by June 2019. The assets and liabilities are presented as current assets and liabilities of the Coolgardie segment in Note 3.

In October 2017 the Director's made the decision to sell the Jasper Hills tenements in the Laverton area of interest and have signed a sales contract. The sale is expected to be completed by June 2019. The assets are presented in the Laverton segment in Note 3.

	Consolidated	
	31 December 2018 $'000	31 December 2017 $'000
Assets Classified as held for sale:		
Property, Plant and Equipment	**1,114**	-
Inventory	**1,293**	-
Exploration	**43,785**	-
Total assets of disposal group held for sale	**46,192**	-
Liabilities directly associated with assets classified as held for sale:		
Rehabilitation Provision	**10,715**	-
Total liabilities directly associated with assets classified as held for sale	**10,715**	-

Note 12: Prepaid Income

	Consolidated	
	31 December 2018 $'000	31 December 2017 $'000
Sale of portion of tenement	**1,500**	1,500
Sale of tenements	**167**	-
	1,667	1,500

On 24 November 2016, Focus entered into an agreement with FMR Investments Pty Ltd to sell of a portion of a 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 transaction is completed.

Note 13: Provisions

	Consolidated	
	31 December 2018 $'000	31 December 2017 $'000
Current		
Employee benefits		
Balance at the beginning of the year	**150**	210
Increase in provision/ (utilised) during the year	**37**	(60)
Balance at the year end	**187**	150

	Consolidated	
	31 December 2018 $'000	31 December 2017 $'000
Non-current		
Employee benefits		
Balance at the beginning of the year	**104**	136
Increase in provision/ (utilised) during the year	**94**	(32)
Balance at the year end	**198**	104
Asset Retirement Obligation ("ARO")		
Balance at the beginning of the year	**25,866**	26,099
Adjustment to rehabilitation provision	**382**	(233)
Liabilities directly associated with assets held for sale	**(10,715)**	-
Balance at the year end	**15,533**	25,866
	15,731	25,970

Note 14: Issued Capital and Reserves

Authorised Capital

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

(a) Ordinary shares

	As at 31 December 2018		As at 31 December 2017	
	No. of shares	**$'000**	No. of shares	$'000
Issued capital	**182,748,565**	**427,167**	182,748,565	427,167

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 2018 $'000	31 December 2017 $'000
Acquisition reserve	**(7,178)**	(7,178)
	(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 2018 (2017: Nil).

(e) Options

Options Issued
No options were issued in the year ended 31 December 2018 (2017: Nil).

Options Exercised
There were no options exercised during the year (2017: Nil).

Options Lapsed
During the year ended 31 December 2018, there were no options expired (2017: Nil).

Options Outstanding
There were no options outstanding as at 31 December 2018. (2017: Nil).

Note 15: Financial Instruments

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, and short-term investments, accounts receivable and payable, 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 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 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 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 $26.9 million (December 2017: $36.4 million) that are expected to readily generate cash inflows for managing liquidity risk.

Sensitivity Analysis

Interest Rate Analysis
At 31 December 2018, the Group had $16 million invested in security deposits and performance bonds and $26.8 million in cash and cash equivalents and short-term deposits. A 1% increase / (decrease) in the interest rate would impact the interest earned by $428,128/ ($428,128) respectively.

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 2018							
Non-derivatives							
Trade payables	555	-	-	-	-	555	555
Prepaid income	167	1,500	-	-	-	1,667	1,667
At 31 December 2017							
Non-derivatives							
Trade payables	172	-	-	-	-	172	172
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)

As at 31 December 2018 the Group held no financial assets and liabilities measured and recognised at fair value (2017: Nil).

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

Consolidated	**31 December 2018** Carrying Amount	**31 December 2018** Net Fair Value	31 December 2017 Carrying Amount	31 December 2017 Net Fair Value
	$'000	**$'000**	$'000	$'000
Financial assets				
Cash and cash equivalents	**3,890**	**3,890**	2,870	2,870
Short-term deposit	**22,927**	**22,927**	33,511	33,511
Restricted cash	**15,996**	**15,996**	16,094	16,094
Other financial assets	**-**	**-**	-	-
Trade and other receivables	**840**	**840**	1,308	1,308
Total	**43,653**	**43,653**	53,783	53,783
Financial liabilities				
Trade and other payables	**555**	**555**	172	172
Total	**555**	**555**	172	172

Note 16: Commitments and Contingencies

Operating Lease Commitments – Group as Lessee

The Group has entered into commercial leases on certain office and regional residential accommodation. These leases have a life of one to five years with renewal options included in some lease contracts. Future minimum rentals payable under non-cancellable operating leases as at 31 December 2018 are as follows:

Office Accommodation	**Consolidated** 31 December 2018	Consolidated 31 December 2017
	$'000	$'000
Within one year	**172**	115
After one year but not more than five years	**242**	237
Total	**414**	352

Mining tenement expenditure commitments

As at 31 December 2018, the Group has committed, under tenement landholding conditions, to spend a minimum of $3.4 million per annum (2017: $3.7 million).

For the Laverton tenements, the commitment for 2019 is $1.9 million (2017: $2.2 million).

For the Coolgardie tenements, the commitment for 2019 is $1.5 million (2017: $1.5 million).

Contingent Liability
There are no contingent liabilities as at 31 December 2018 (2017: Nil).

Note 17: 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 2018	**31 December 2017**
Focus Operation Pty Ltd	Australia	100%	100%
Focus Minerals (Laverton) Pty Ltd	Australia	100%	100%

Note 18: Parent Entity

The parent company throughout the year ended 31 December 2018 was Focus Minerals Ltd.

	Parent Entity	
	2018	2017 *Restated
Results of the parent entity	**$'000**	$'000
Loss for the year	**(2,174)**	(926)
Other comprehensive income	**-**	-
Total comprehensive loss for the year	**(2,174)**	(926)
Financial position of parent entity at year end		
Current assets	**27,228**	37,310
Total assets	**296,073**	298,008
Current Liabilities	**413**	268
Total liabilities	**610**	**372**
Total net asset	**295,463**	**297,636**
Total equity of parent entity comprising of:		
Share capital	**427,167**	427,167
Option reserve	**-**	-
Accumulative losses	**(131,704)**	(129,531)
Total equity	**295,463**	297,636

Contingent Liability
There are no contingent liabilities as at 31 December 2018 (31 December 2017: 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 2018 and 2017 was Shandong Gold Group Co., Ltd which owned 49.53% (31 December 2017: 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 2018 (31 December 2017: Nil).

Note 19: Related Party Disclosure

Subsidiaries

Interests in subsidiaries are set out in Note 17.

Key Management Personnel	**2018** **$**	**2017** **$**
Short-term employee benefits	**1,023,231**	951,795
Post-employment benefits	**82,879**	238,056
	1,106,110	1,189,851

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 $nil (2017: $5,844).

Shandong Gold International Mining is the parent entity of Focus Minerals Limited. During the 2018, Focus covered their expenses incurred in Australia and has been fully reimbursed. As at 31 December 2018, the account receivable balance of such expenses was $nil (2017: $107,548)

Note 20: Auditors' Remuneration

The auditors of Focus Minerals Limited are PricewaterhouseCoopers.

	2018 **$**	**2017** **$**
Amounts received or due and receivable by PricewaterhouseCoopers		
Audit and review of the financial report of the entity and any other entity in the consolidated group	60,900	55,000
Other services in relation to the entity and any other entity in the consolidated group:		
Tax Services	-	9,761
Total	**60,900**	**64,761**

Note 21: Significant Events after Balance Date

On 11 February 2019, Focus Minerals announced that it has signed the Exclusivity Deed with Intermin Resources Ltd (ASX:IRC) for a potential sale of the Coolgardie Project for $40m. For accounting purposes, the Coolgardie Project has been treated under *AASB5 – Non-current Assets Held for Sale and Discounted Operations* in this Annual Report.

There has not been any other 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 34 to 65 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 2018 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 Officer 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
28 March 2019
Jinan, Shandong, China

Independent Auditor's Report

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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 2018 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 2018
- 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.

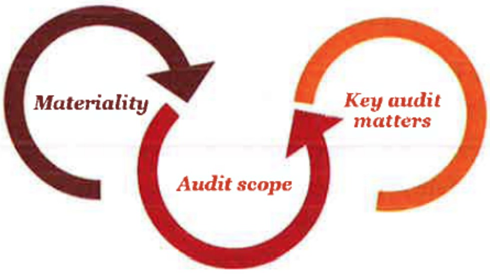
PricewaterhouseCoopers, ABN 52 780 433 757
Brookfield Place, 125 St Georges Terrace, PERTH WA 6000, GPO Box D198, PERTH WA 6840
T: +61 8 9238 3000, F: +61 8 9238 3999, www.pwc.com.au

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

- For the purpose of our audit we used overall Group materiality of $1.08 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

Audit scope

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.

Key audit matters

- 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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determining materiality for the year. We utilised a 1% threshold based on our professional judgement.

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 2018, the Group had recognised exploration and evaluation assets of $72.9 million of which $43.3 million related to the Coolgardie area of interest (classified as held for sale) and $29.6 million related to the Laverton area of interest ($0.5 million classified as held for sale) (refer to notes 10 and 11 of 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, the sensitivity of the assessment to the judgements made by the Group and the magnitude of the restatement applied by the Group in respect of capitalised exploration costs as described in note 1(ab) to the financial report.	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 the Group had relinquished any licences during the year. • Verified whether the Group retained the right of tenure for all of its exploration licence areas by obtaining licence status records maintained by the Western Australian Department of Mines, Industry Regulation and Safety. Where the right of tenure was no longer current or had lapsed, we tested that the costs associated with the licence had been written off as an expense in the consolidated statement of profit or loss and other comprehensive income. • Obtained the Group's published 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. • For a sample of current year expenditure on the exploration licence areas, obtained the relevant source documents, such as invoices and compared the amounts to the accounting records and verified the correct allocation to individual tenements. • Assessed the Group's plans for future expenditure against the minimum licence requirements.

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Key audit matter	*How our audit addressed the key audit matter*
	• Obtained the listing of assets classified as held-for-sale and reconciled them to the tenement costs listing to check the accuracy of the classification of held-for-sale assets. • Obtained the key supporting documentation and calculations prepared by the Group to determine the appropriateness and quantum of the restatement. • Assessed the disclosures related to the restatement in light of the requirements of Australian Accounting Standards.
Provision for rehabilitation obligations The Group recognised a provision for rehabilitation obligations of $26.2 million as at 31 December 2018. The Group had obligations to restore the land on which its Coolgardie area of interest and Three Mile Hill processing plant ($10.7 million classified as held for sale) and Laverton area of interest were sited. Refer to notes 11 and 13 of the financial report. The Group is required to reassess the rehabilitation provision 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 the costs to be incurred in future years and their timing.	We performed the following procedures to test the provision for rehabilitation: • Evaluated whether the provision movements during the year were consistent with our understanding of the Group's activities. • Tested the mathematical accuracy of the discounted cash flow calculations in the rehabilitation model. • Assessed the key estimates and assumptions used in the rehabilitation model by comparing key inputs, such as the discount rates and unit costs to comparable data sourced from external parties. • 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. • Identified the liabilities classified as held-for-sale and reconciled them to the rehabilitation model to check the accuracy of the classification of held-for-sale liabilities.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 31 December 2018, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information 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.

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 the *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.

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Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 27 to 31 of the directors' report for the year ended 31 December 2018.

In our opinion, the remuneration report of Focus Minerals Limited for the year ended 31 December 2018 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
28 March 2019

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 15 March 2019.

Range of Units

Range	Total holders	Units	% Units
1 - 1,000	1,430	689,147	0.38
1,001 - 5,000	2,157	5,147,416	2.82
5,001 - 10,000	522	3,867,555	2.12
10,001 - 100,000	532	14,742,966	8.07
100,001 Over	60	158,301,481	86.62
Rounding			**-0.01**
Total	**4,701**	**182,748,565**	**100.00**

Unmarketable Parcels

	Minimum Parcel Size	Holders	Units
Minimum $ 500.00 parcel at $ 0.2650 per unit	1,887	2,186	1,739,198

Substantial Shareholders
As at 15 March 2019, 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 (ungrouped) as at 15 March 2019

Rank	Name	Units	% Units
1	SHANDONG GOLD INTERNATIONAL MINING CORPORATION LIMITED	90,039,954	49.27
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	22,115,617	12.10
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	21,311,161	11.66
4	STONE MINING LIMITED	4,920,958	2.69
5	CITICORP NOMINEES PTY LIMITED	2,127,805	1.16
6	KAHUNA CLOTHING AND TRADING CO PTY LTD <UTTLEYMOORE S/F A/C>	2,000,493	1.09
7	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	1,493,525	0.82
8	MR GRAHAM PAUL ELLIS	1,000,000	0.55
9	SWISS TRADING OVERSEAS CORP	883,740	0.48
10	EAU ROUGE PTY LIMITED <BECCAIO A/C>	650,000	0.36
11	MR GEORGE SCOTT MILLING + MRS STEPHANIE MAY MILLING <MILLING SUPER FUND A/C>	554,064	0.30
12	PETER ERMAN PTY LIMITED <SUPERANNUATION FUND A/C>	550,544	0.30

Rank	Name	Units	% Units
13	MR CHRISTOPHER MICHAEL DAHL	494,330	0.27
14	SOARES FAMILY SUPERANNUATION PTY LTD <SOARES FAMILY SUPER FUND A/C>	465,509	0.25
15	MR DAVID DOSTAL	450,000	0.25
16	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	423,904	0.23
17	SOARES FAMILY INVESTMENT PTY LTD	374,201	0.20
18	MR DIRK JAMES BARRETT	374,071	0.20
19	VALLUGA PTY LTD <G E UNDERWOOD S/F A/C>	332,500	0.18
20	MRS SUSAN HOLT	328,475	0.18
Totals: Top 20 holders of ORDINARY SHARES (Total)		**150,890,851**	**82.57**
Total Remaining Holders Balance		**31,857,714**	**17.43**

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	BAYLEYS	P15/6254	Pending	0%
WA	BAYLEYS	P15/6256	Pending	0%
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	M15/1853	Pending	0%
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%

State	Project	Tenement	Status	Interest
WA	INFRASTRUCTURE	L15/0127	Live	100%
WA	INFRASTRUCTURE	L15/0130	Live	100%
WA	INFRASTRUCTURE	L15/0161	Live	100%
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	Live	100%
WA	LONDONDERRY	P15/6119	Live	100%
WA	LONDONDERRY	P15/6120	Live	100%
WA	LONDONDERRY	P15/6121	Live	100%
WA	LONDONDERRY	P15/6122	Live	100%
WA	LONDONDERRY	P15/6123	Live	100%
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%

State	Project	Tenement	Status	Interest
WA	LORD BOB	P15/5735	Live	100%
WA	LORD BOB	P15/5939	Pending	0%
WA	LORD BOB	P15/6102	Pending	0%
WA	NEPEAN	M15/0709	Live	100%
WA	NEPEAN	M15/1809	Live	100%
WA	NEPEAN	P15/5519	Live	100%
WA	NEPEAN	P15/5574	Live	100%
WA	NEPEAN	P15/5575	Live	100%
WA	NEPEAN	P15/5576	Live	100%
WA	NEPEAN	P15/5625	Live	100%
WA	NEPEAN	P15/5626	Live	100%
WA	NEPEAN	P15/5629	Live	100%
WA	NEPEAN	P15/5738	Live	100%
WA	NEPEAN	P15/5739	Live	100%
WA	NEPEAN	P15/5740	Live	100%
WA	NEPEAN	P15/5741	Live	100%
WA	NEPEAN	P15/5742	Live	100%
WA	NEPEAN	P15/5743	Live	100%
WA	NEPEAN	P15/5749	Live	100%
WA	NEPEAN	P15/5750	Live	100%
WA	NORRIS	M15/0384	Live	100%
WA	NORRIS	M15/0391	Live	100%
WA	NORRIS	M15/0515	Live	100%
WA	NORRIS	M15/0761	Live	100%
WA	NORRIS	M15/0791	Live	100%
WA	NORRIS	M15/0871	Live	100%
WA	NORRIS	M15/1153	Live	100%
WA	NORRIS	M15/1422	Live	100%
WA	NORRIS	M15/1793	Live	100%
WA	NORRIS	P15/5522	Live	100%
WA	NORRIS	P15/5527	Live	100%
WA	NORRIS	P15/5528	Live	100%
WA	NORRIS	P15/5729	Live	100%
WA	NORRIS	P15/5730	Live	100%
WA	NORRIS	P15/5732	Live	100%
WA	NORRIS	P15/5734	Live	100%
WA	NORRIS	P15/5736	Live	100%
WA	NORRIS	P15/5756	Live	100%
WA	NORRIS	P15/5807	Live	100%
WA	NORRIS	P15/6002	Live	100%
WA	NORRIS	P15/6033	Live	100%

State	Project	Tenement	Status	Interest
WA	THREE MILE HILL	M15/0150	Live	100%
WA	THREE MILE HILL	M15/0154	Live	100%
WA	THREE MILE HILL	M15/0636	Live	100%
WA	THREE MILE HILL	M15/0645	Live	100%
WA	THREE MILE HILL	M15/0781	Live	100%
WA	THREE MILE HILL	M15/0827	Live	100%
WA	THREE MILE HILL	M15/1341	Live	100%
WA	THREE MILE HILL	M15/1357	Live	100%
WA	THREE MILE HILL	M15/1358	Live	100%
WA	THREE MILE HILL	M15/1359	Live	100%
WA	THREE MILE HILL	M15/1432	Live	100%
WA	THREE MILE HILL	M15/1434	Live	100%
WA	THREE MILE HILL	M15/1836	Live	100%
WA	TINDALS	M15/0023	Live	100%
WA	TINDALS	M15/0237	Live	100%
WA	TINDALS	M15/0410	Live	100%
WA	TINDALS	M15/0411	Live	100%
WA	TINDALS	M15/0412	Live	100%
WA	TINDALS	M15/0646	Live	100%
WA	TINDALS	M15/0660	Live	100%
WA	TINDALS	M15/0675	Live	100%
WA	TINDALS	M15/0958	Live	100%
WA	TINDALS	M15/0966	Live	100%
WA	TINDALS	M15/1114	Live	100%
WA	TINDALS	M15/1262	Live	100%
WA	TINDALS	M15/1293	Live	100%
WA	TINDALS	M15/1294	Live	100%
WA	TINDALS	M15/1461	Live	100%
WA	TINDALS	P15/5946	Live	100%
WA	TINDALS	P15/5949	Live	100%
WA	TINDALS	P15/5987	Live	100%
WA	TINDALS	P15/6006	Live	100%
WA	TINDALS	P15/6250 [12]	Pending	0%
WA	TINDALS	P15/6251	Pending	0%
WA	TINDALS	P15/6252	Pending	0%
WA	TINDALS	P15/6253	Pending	0%
WA	TINDALS	P15/6255 [12]	Pending	0%
WA	TINDALS	P15/6257	Pending	0%
WA	TINDALS	P15/6332	Pending	0%
WA	TINDALS	P15/6333	Pending	0%

[12] Withdrawn on 27 March 2019.

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	BURTVILLE	M38/1281	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%

State	Project	Tenement	Status	Interest
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%
WA	LANCEFIELD	P38/4349	Live	100%

State	Project	Tenement	Status	Interest
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%
WA	PRENDERGAST	P38/4091	Live	100%

State	Project	Tenement	Status	Interest
WA	LAKE CAREY	E38/2872	Live	100%
WA	LAKE CAREY	E38/2873	Live	100%
WA	LAKE CAREY	P38/4099	Live	100%
WA	LAKE CAREY	P38/4100	Live	100%
WA	LAKE CAREY	P38/4102	Live	100%

Tenement Abbreviations:

E = 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.