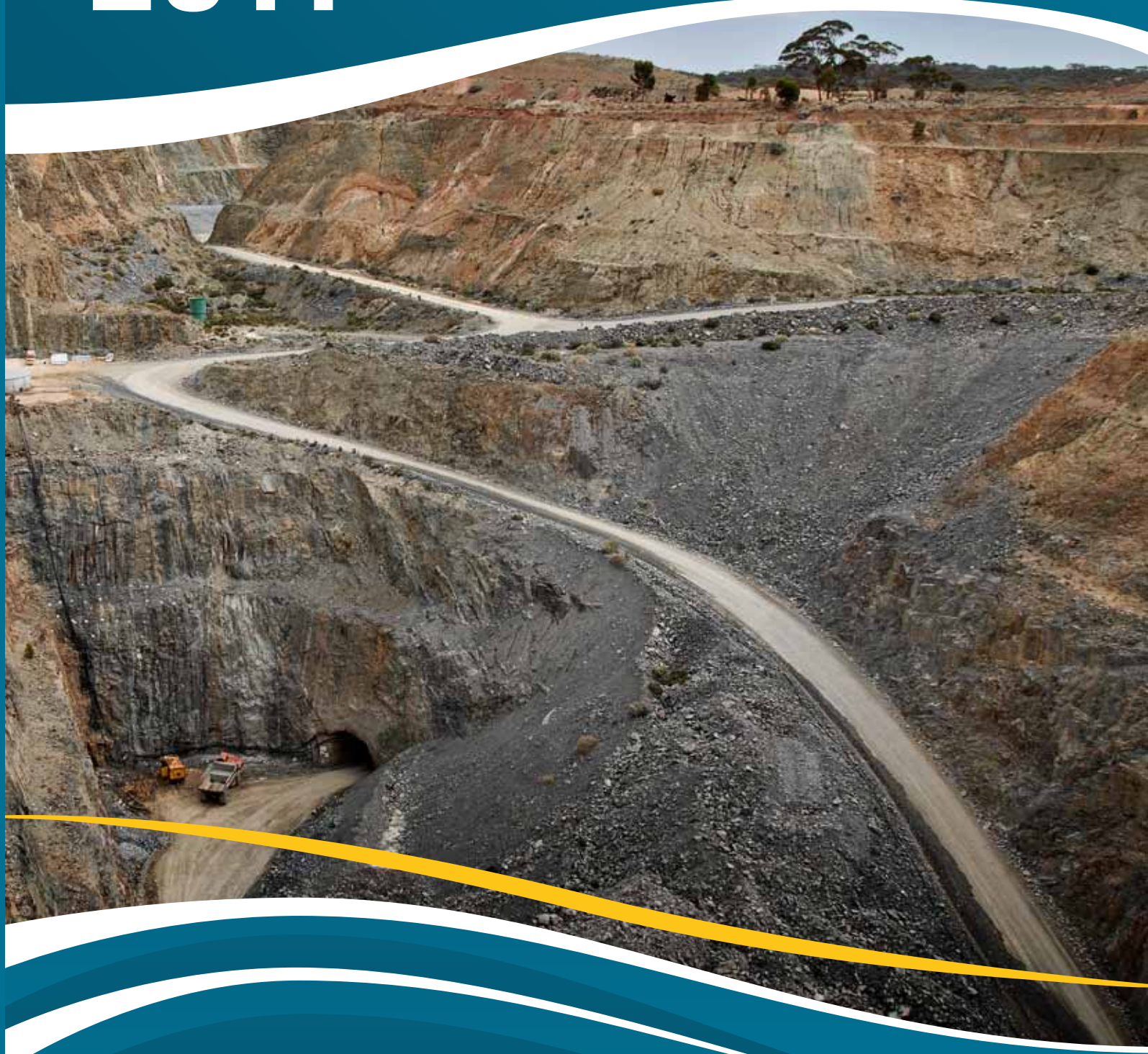
Focus Minerals Ltd.

2011 ANNUAL REPORT



Focus Minerals

Focus Minerals Ltd

Annual Financial Report - For The Year Ended 30 June 2011

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Corporate Information

ABN 56 005 470 799

Directors

Donald Taig	Chairman
Phillip Lockyer	Non-Executive Director
Gerry Fahey	Non-Executive Director
Bruce McComish	Non-Executive Director

Company Secretary

Jon Grygorcewicz

Registered and Head Office

Level 30
St Martin's Tower
44 St George's Terrace
Perth WA 6000

PO Box Z5422
Perth WA 6831

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

Share Register

Computershare Investor Services Pty Ltd

Level 2 / Reserve Bank Building
45 St George's Terrace
Perth WA 6000

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

Bankers

Investec Bank (Australia) Limited

2 Chifley Square
Sydney NSW 2000

Bank of Western Australia Limited

108 St George's Terrace
Perth WA 6000

Site Office

Three Mile Hill
Great Eastern Highway
Coolgardie WA 6429

PMB 3
Coolgardie WA 6429

Tel: +61 (0) 8 9022 0222
Fax: +61 (0) 8 9022 0230

Auditors

Grant Thornton Audit Pty Ltd

Level 1 / 10 Kings Park Road
West Perth WA 6005

Tel: +61 (0) 8 9480 2000
Fax: +61 (0) 8 9322 7787

Solicitors

Mallesons Stephen Jacques

Level 10
152 St Georges Terrace
Perth WA 6000

Chairmans Letter

For The Year Ended 30 June 2011

DEAR SHAREHOLDERS

Welcome to Focus Minerals' Annual Report for the 2010-2011 financial year.

It gives me great pleasure to report to you that we have successfully completed the most transformative year in the company's history and have set the stage for long-term profitable growth as a leading Australian gold producer.

The results achieved during this period are a credit to the company's executive team and will see gold production rise sharply in the current financial year. In calendar 2012 we are targeting production of more than 200,000 ounces of gold.

A year ago I informed you that in January 2010 we had successfully completed a $21.9 million refurbishment of our Three Mile Hill processing plant at the Company's Coolgardie operations. This significant development gave Focus control of its own destiny and set the stage for the Company to be a highly profitable, long-life gold producer in and around Western Australia's Eastern Goldfields.

Fiscal 2011 saw the completion of the first full year of ore processing at the Three Mile Hill plant, with total gold production increasing 17% to 72,830 ounces, up from 62,296 ounces a year earlier, following record production from our Tindals underground operation.

Gold sales for the period increased 16.2% to 72,721ounces at an average price of $1,391 an ounce, net cash from operating activities rose 11% to $30.3 million, and full-year revenue increased by 39% to a record $102.8 million.

This was a strong result for the first full year of processing and with ore being sourced primarily from one mine.

Importantly, for the future growth of our Coolgardie operations, the second half of financial 2011 saw the opening of two new gold mines, with ore development commencing at the Tindals Mining Centre Open Pit operations and at The Mount underground mine. Whilst the gold production impact from these new operations has been minimal for fiscal 2011, the team at Focus is now ramping up production at these operations to capitalise on high gold prices during fiscal 2012.

The third significant development last year was the launch of our off-market takeover offer for Crescent Gold. Our offer, which we successfully completed in early October 2011, was strongly supported with 82.5% shareholder acceptance.

Crescent Gold is a mining, development and exploration company that is actively mining and advancing its flagship project, the Laverton Gold Project - located 250 kilometres northeast of Kalgoorlie in Western Australia.

The takeover of Crescent has sharply increased Focus' targeted gold production for calendar 2012 to over 200,000 ounces, making Focus one of Australia's largest gold producers. The acquisition has also doubled Focus' Mineral Resources to 4.3 million ounces and tripled Ore Reserves to 690,000 ounces.

The acquisition of Crescent Gold was compelling and will no doubt deliver enhanced value for Focus Minerals shareholders.

Both the Coolgardie and Laverton regions provide the opportunity for significant resource growth on targeted exploration programmes.

Importantly, we have managed to grow and position the Company at the same time as remaining committed to our exploration program. In fiscal 2011 we spent $23.9 million on exploration, up from $6.3 million a year earlier.

We have an exciting and very prospective suite of exploration tenements. These include the Treasure Island Gold Project, located at Lake Cowan in Western Australia's Eastern Goldfields region, and the Greater Coolgardie region.

Initial drill results from Treasure Island have been extremely encouraging and it would appear that we are dealing with an extensive mineralised system. As well, we believe the Greater Coolgardie region is significantly underexplored, and it is also the first time this particular region has been controlled by one entity.

Chairman Letter (continued)

For The Year Ended 30 June 2011

Our aims in fiscal 2012, aside from bringing our new mines up to full production, are to maximise higher-grade throughput at our Three Mile Hill plant, grow production at Crescent's Laverton Gold Project and continue our accelerated exploration program to increase resource and reserve ounces across the Coolgardie and Laverton projects.

While this has been a successful and transformative year for the Company, the best is very much still ahead and we look forward to continuing to grow the business.

I thank our directors for their continued dedication to growing the Focus Minerals business. My thanks to Phil Lockyer who continues to work closely with our mining team and to our outgoing director, Chris Hendricks who has returned to his native South Africa. I also formally welcome our two new directors this year: Gerry Fahey and Bruce McComish. Gerry and Bruce bring significant industry experience to bolster our Board at this critical time of growth.

Finally, on behalf of the Board, I thank our hard working management team, staff and shareholders for their support in what has been a very successful and extremely busy year for the Company. I trust you will join me in wishing everyone involved with Focus all the best for the new financial year.

D.J. Taig

Executive Chairman

CEO Letter

For The Year Ended 30 June 2011

DEAR SHAREHOLDERS

I'm delighted to report to you on what has been an exciting and successful year for Focus Minerals and one that firmly establishes the company's growth credentials.

In fiscal 2011, your company delivered record full year revenue of $102.8 million, an increase of 39% from a year earlier, with total gold production growing 17% to 72,830 ounces.

Our strategy in 2011 has been to aggressively expand into a rising gold price and we have certainly delivered on that plan.

We started fiscal 2011 with just one operating gold mine. Focus is now in the enviable position of having four operating mines targeting gold production of over 200,000 ounces in calendar 2012 which firmly positions us amongst the nation's top gold producers.

This growth has come through both a sheer focus on turning exploration opportunities into producing assets, and through an exceptional acquisition that we believe will add significant value to our Company.

In March 2011, we commenced ore development at the first of our two newly constructed mines this year, The Mount underground, 85km to the south of our Three Mile Hill production plant. The Mount is a high-grade narrow vein mining operation which promises to increase milling grades for us long-term at Three Mile.

Subsequently in May, we commenced ore development at our new Tindals Mining Centre Open Pits. Impressively, the Open Pits were little more than a seed of an idea 12 months earlier and it is a great credit to both the teams at The Mount and at the Open Pits to have delivered two brand new mines in such a short period of time.

This means we now have three mines fighting for mill space at our Three Mile Hill plant in Coolgardie which is a great position to be in.

Importantly, 2011 saw us complete our first full year of ore processing at Three Mile, following its successful refurbishment and recommissioning at the beginning of 2010. Three Mile Hill has quickly expanded to its name plate capacity and is a fantastic asset for the business. Coolgardie has now transformed significantly since we first started production there in 2008.

In June 2011, we took the next major step in transforming our business by commencing a friendly takeover bid for Crescent Gold. Crescent operates a large scale 100,000 ounce per annum open pit operation in Laverton. Our offer for Crescent was unanimously supported by their Board and largest shareholder, Deutsche Bank, and we completed the transaction in early October 2011.

For approximately $59 million in equity, and the extension of $11 million in loans to Crescent, this transaction will prove an exceptional deal for Focus shareholders on many fronts.

Firstly it has radically altered the core metrics of our business. We are now targeting gold production of over 200,000 ounces for calendar 2012, we have added over 2,000,000 ounces of Mineral Resources and over 440,000 ounces of Ore Reserves to our combined inventory. To have achieved this growth organically would not only have taken a number of years, but it would also have cost the Company many millions of dollars more.

The Laverton Gold Project introduces fantastic geographical diversity into our business. We now have four mines spread over two major regional mining centres which mitigates risk and provides the comfort of multiple producing assets. In addition, as part of the transaction we have also acquired the 1.5Mtpa Barnicoat mill, which could be brought back on stream for a moderate investment. It's a path we have trodden before in Coolgardie.

The Laverton Gold Project itself comprises over 1,200 sq km of tenements, with the multimillion ounce deposits of Wallaby and Sunrise Dam nearby. Focus' management team has the operational experience to maximise the value of Crescent's assets and we are already well progressed in working with the Crescent team on mine planning and operational execution to bring new mines on stream.

CEO Letter (continued)

For The Year Ended 30 June 2011

The first of those will be the Apollo deposit which is situated on the Chatterbox Shear. This is a highly prospective region occupying 30km of strike through Crescent's tenements. Crescent very quickly established a 54,000 ounce maiden reserve at Apollo after acquiring it from Barrick Gold and Carbon Energy late in 2010, and we believe with some continued, focused exploration through this area, there will be significant growth to come.

On the exploration front, back in Coolgardie we also significantly increased our commitment to resource and reserve expansion in the second half of fiscal 2011. This saw us step out from the Tindals Mining Centre for the first time to target our drill rigs on a number of the walk-up targets we have in the Greater Coolgardie area.

Following our acquisition in June 2010 of the greenfields Treasure Island Gold Project at Lake Cowan, we also commenced the first ever systematic drilling programme at the project. We are only just beginning to understand the potential in this region but we are clearly dealing with an extensive mineralised system of a style that is very similar to that seen at the nearby St Ives gold camp.

Exploration will continue apace across all projects in 2012. Our aims in 2012 are to get our new open pit and underground operations in Coolgardie up to full production; maximise higher-grade throughput at the Three Mile Hill plant; optimise performance and grow production at Crescent's Laverton Gold Project; and continue our accelerated exploration program to increase resource and reserve ounces.

With target production of 200,000 ounces in calendar 2012, a combined JORC reportable Mineral Resource base to 4.3 million ounces of gold and Ore Reserves of 690,000 ounces, based on relative valuation analyses, there is now a compelling case for re-rating of the Focus Minerals stock.

Clearly, it is an extremely exciting time for Focus stakeholders, and I strongly believe the best is very much ahead of us. We look forward to taking you on this journey as we go about continuing to grow the Company and further establishing Focus as a leading Australian gold producer.

Campbell Baird

Chief Executive Officer

Corporate Governance Statement

For The Year Ended 30 June 2011

Introduction

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

Principle 1: Laying Solid Foundations for Management and Oversight

Role and Responsibilities of the Board

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

A summary of the key responsibilities of the Board include:

1. Strategy – Providing strategic guidance for the Group, including contributing to the development of and approving the corporate strategy.
2. Financial performance – Approving budgets, monitoring management and performance.
3. Financial reporting and audits - Monitoring financial performance including approval of the annual and half year financial reports and liaison with the external auditors.
4. Leadership selection and performance - Appointment, performance assessment and removal of Chief Executive Officer. Ratifying the appointment and/or removal of other senior management including Company Secretary and other Board members.
5. Remuneration – Management of the remuneration and reward systems and structures for senior management and staff.
6. Risk management – Ensuring appropriate risk management systems and internal controls are in place, and
7. 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:

- Strategy - Assisting in developing and implementing corporate strategies and making recommendations where necessary;
- Leadership selection and performance - Appointing management and staff and setting 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: and
- Communication - Keeping the Board and market informed of material events.

Principle 2: Structuring the Board to Add Value

Composition of the Board

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

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

Corporate Governance Statement (continued)

For The Year Ended 30 June 2011

Principle 2: Structuring the Board to Add Value (continued)

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

- Persons nominated as Non-executive Directors shall be expected to have qualifications, experience and expertise of benefit to the Company and to bring an independent view to the Board's deliberations.
- All Non-executive Directors are expected to voluntarily review their membership of the Board from time-to time taking into account length of service, age, qualifications and expertise relevant to the Company's then current policy together with the other criteria considered desirable for composition of a balanced board and the overall interest of the Company.
- The number of Directors is maintained at a level which will enable effective spreading of workload and efficient decision making.
- The Company considers that the Board should have at least three Directors (minimum required under the Company's Constitution) and strives to have a majority of independent Directors. Since April 2011 the Board consists of four Directors and has a majority of Directors who are independent.
- The Chairman is elected by the Board based on candidate's suitability for the position.
- The roles of Chairperson and Managing Director/Chief Executive Officer are not to be held by the same individual.
- The Chairman should be a Non Executive Director.

Departure from recommendation 2.2

Mr Taig's diverse business experience, in the view of the remaining Non-executive Directors, suitably qualifies Mr Taig for the role and appointment as Chairman.

Mr Taig is presently engaged in a defined capacity as Executive Chairman and while Mr Taig is considered Independent he has, with the agreement of the Board, undertaken limited executive duties, hence he is not considered to be an Independent Chairman under the guidelines.

Mr Taig's executive role is strictly limited to assisting Executive Management with corporate development and investor relations. Mr Taig's executive duties are re-evaluated annually by the Board.

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

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

Principle 2: Structuring the Board to Add Value (continued)

- has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

Of the current board members, Mr Phillip Lockyer, Mr Gerry Fahey and Mr Bruce McComish are considered to meet the criteria as Independent Non Executive Directors.

Independent Professional Advice and Access to Company Information

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

Appointments Committee / Appointment of new Directors

During April 2011, the Board expanded the role of the Remuneration Committee to also include the role of an Appointments Committee.

From that date, the Remuneration and Appointments Committee comprises all Board members with Mr Phillip Lockyer as Committee Chairman.

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

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

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

Performance of Directors and Chief Executive Officer

The performance of all Directors is reviewed annually.

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

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

Such a review was undertaken during the year ended 30 June 2011. Directors being reviewed were asked to leave the meeting during the review process.

Corporate Governance Statement (continued)

For The Year Ended 30 June 2011

Principle 2: Structuring the Board to Add Value (continued)

Performance of Senior Executives

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

- 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: and
- Any particular concerns regarding the senior executive.

This review was undertaken during the year ended 30 June 2011.

Term of office

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

Principle 3: Promotion of Ethical and Responsible Decision –Making

Code of Conduct

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

The Code of Conduct embraces the values of:

- Integrity
- Excellence
- Commercial Discipline

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

Trading in Focus Minerals Securities by Directors, Officers and Employees

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

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

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

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

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

Principle 3: Promotion of Ethical and Responsible Decision –Making (continued)

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

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

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

Conflict of Interest

In accordance with the Corporations Act 2001 and the Company's Constitution, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the company. Where the Board believes a significant conflict exists, the Director concerned does not receive the relevant Board papers and is not present at the Board meeting whilst the item is considered. Details of Director related entity transactions with the Company and Group are set out in the related parties note in the financial statements.

Principle 4: Safeguarding Integrity in Financial Reporting

Audit and Business Risks Committee - Membership and Conduct

From the beginning of the financial year until 18 April 2011 the Board established an Audit Committee comprising the following members:

- Mr Christopher Hendricks as Committee Chairman, and
- Mr Donald Taig, the company's Executive Chairman.

From 18 April 2011 until the date of this Report the composition of the Audit and Business Risk Committee was:

- Mr Bruce McComish as Committee Chairman, and
- Mr Donald Taig, the company's Executive Chairman.

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

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

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

Departure from recommendation 4.2 and 4.3.

The Audit Committee should be structured so that it:

- Audit Committee should have a formal charter;
- consists only of Non-executive Directors
- consist of a majority of independent Directors;
- is chaired by an independent Chair, who is not Chair of the Board; and
- has at least three members.

Corporate Governance Statement (continued)

For The Year Ended 30 June 2011

Principle 4: Safeguarding Integrity in Financial Reporting (continued)

The Audit Committee includes the Executive Chairman, Mr Taig. Mr Taig as Executive Chairman has no active role in the daily affairs of the Company other than corporate development and is considered to be suitably independant of the operations to be a qualified member of the Audit and Business Risk Committee.

The Audit and Business Risk Committee currently consists of two members and does not have a formal charter. Given the current size of the Company and the size of the Board, the Board believes the current Committee structure and composition is appropriate. In addition, the Committee, together with the external auditor, fulfill the functions and review of the Committee's role without a formal charter.

Principle 5: Making Timely and Balanced Disclosure

Market Disclosure Policies

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

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

Principle 6: Respecting the Rights of Shareholders

The Board places significant importance on effective communication with shareholders.

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

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

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

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

Principle 7: Recognising and Managing Risk

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

The members of the Audit and Business Risk Committee are detailed in Principle 4 above.

The Audit and Business Risk Committee monitors the performance of risk management and internal control systems and reports to the Board on the extent to which it believes the risks are being managed and the adequacy and comprehensiveness of risk reporting from management.

Principle 7: Recognising and Managing Risk (continued)

The Board delegates day-to-day management of risk to the Chief Executive Officer, who is responsible for identifying, assessing, monitoring and managing risks. The Chief Executive Officer is also responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board.

In accordance with section 295A of the Corporations Act the Chief Executive Officer and the Chief Financial Officer also provide a declaration to the Board and have assured the Board that such a declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial risk.

Technical and Operations Committee

On 18 April 2011 the Board established the Technical and Operations Committee to review and monitor the tehcnical reporting, compliance and operational requirments of the Company's exploration, mining and processing operations.

The composition of the Technical and Operations Committee is:

- Mr Gerry Fahey as Committee Chairman, and
- Mr Phillip Lockyer, Non Executive Director.

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

Additionally, the Committee reports to the Board on the extent to which it believes the risks are being managed and management reporting on operational risks arising from the Company's mining, processing and exploration activities.

Principle 8: Remunerate Fairly and Responsibly

Remuneration Committee

A Remuneration and Appointments Committee has been established to determine and review the remuneration of executives and Directors.

The Remuneration and Appointments Committee comprises all Board members with Mr Phillip Lockyer as Committee Chairman.

The maximum amount of remuneration available for all directors is fixed by shareholders in General Meeting and can only be varied by shareholders in 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.

It is the Policy of the Board not to issue Directors Incentive shares or options. However, during the year the Board introduced The Board Retirement Plan to recognise long term service by retiring Board members.

Payments to retiring Directors under the Plan are determined as follows:
0-3 years Board service – No retirement payment
3 – 5 years Board service – 25% of annual director fee.
5 – 8 years Board service – 50% of annual director fee.
More than 8 years Board service – 100% of annual director fee.

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

Directors' Report

For The Year Ended 30 June 2011

Your directors submit the annual financial report of the consolidated entity for the financial year ended 30th June 2011.

Directors

The names of directors who held office during or since the end of the year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Donald Taig – Executive Chairman

Qualifications: B. Com., FAICD, FCPA

Appointed: 21 March 2003

Mr Taig is a Fellow of both the Australian Institute of Company Directors and the Australian Society of Certified Practicing Accountants.

Mr Taig gained 11 years experience within CRA Ltd's mining businesses and was a director of Metals Exploration Ltd. Mr. Taig also has significant senior management experience particularly within the food industry where he was Managing Director of Goodman Fielder's Australian Baking Division; Chief Executive Officer of Bunge Cereal Foods; Managing Director of Chiquita Brands South Pacific and has been a director of a number of other public and private companies in diverse industries.

Other directorships: Nil

Mr Taig is a member of the Audit and Business Risk Committee and Remuneration Committee.

Phillip Lockyer – Non-Executive Director

Qualifications: AWASM, DipMetal, MSC

Appointed: 7 December 2005

Mr Lockyer is a mining engineer and metallurgist with more than 40 years technical and management experience in nickel and gold operations. His career includes 20 years with WMC Limited in Kambalda in various roles including General Manager of Western Australian operations. In addition he has held a number of other senior roles including Director and General Manager of Operations for Resolute Ltd, and Director of Operations & Projects for Dominion Mining Ltd. He is currently chairman of the Minerals and Energy Research.

During the last three years, Mr Lockyer has also served as a director of the following listed companies:

- Western Dessert Areas Limited *(-non executive director: appointed June 2010)
- Swick Mining Services Limited * (non-executive director: appointed February 2008)
- CGA Mining Limited * (non-executive director: appointed January 2009)
- St Barbara Limited * (non-executive director: appointed December 2006)
- Perilya Limited (non-executive director: resigned 2009)
- Jubilee Mines NL (non-executive director: resigned 2008)

* denotes current directorships

Mr Lockyer is Chairman of the Remuneration Committee and a member of the Technical and Operations Committee.

Gerry Fahey – Non-Executive Director

Qualifications:. M.AIG, M.AusIMN

Appointed: 18 April 2011

Mr Fahey is a geologist with 35 years experience. He was chief geologist for Delta Gold between 1992-2002 where he gained extensive resource, mine development and feasibility study experience on projects including Kanowna Belle and Sunrise in Australia and Ngezi Platinum in Zimbabwe. Mr Fahey began his career as a mine geologist in the Irish base-metals industry on projects such as Tynagh, Avoca, and Tara Mines (Navan) owned by Noranda and later Outokumpu. On migrating to Australia in 1988, he gained further operational experience in Western Australia and the Northern Territory (Whim Creek and Dominion Mining), prior to joining Delta Gold. He formed FinOre Mining Consultants in 2005, which merged with CSA in 2006. Mr Fahey is a member of the Joint Ore Reserve Committee (JORC) and a Board Member (Federal Councillor) for the Australian Institute of Geoscientists (AIG).

Other directorships: Nil

Mr Fahey is Chairman of the Technical and Operations Committee.

Bruce McComish – Non-Executive Director

Qualifications:. BCA(Hons), FCA, FCPA

Appointed: 18 April 2011

Mr McComish is the former chairman of stockbroking firm BBY. He has held senior management positions for a number of Australian and international companies including the National Australia Bank, where he served as Chief Financial Officer from 1994 to 1998, and North Limited, where he was the executive general manager of corporate affairs from 1992-1994. Mr McComish began his career with Unilever Plc, where he worked for 18 years in senior financial positions around the world. He holds a Bachelor of Commerce and Administration from Victoria University of Wellington and is a Qualified Accountant.

Other directorships: He is currently deputy chairman of Living and Leisure Group and a non-executive director of Signature Capital Investments Ltd.

Mr McComish is Chairman of the Audit and Business Risk Committee.

Christopher Hendricks – Non-Executive Director

Qualifications: CA, DipAcc, MAcc.

Appointed: 11 January 2008

Resigned: 18 April 2011

Company Secretary

Jon Grygorcewicz

Qualifications: CA. B.Bus

Appointed: 1 August 2006

Mr Grygorcewicz is a Chartered Accountant with over 25 years experience with a number of listed companies in Australia, Singapore and Malaysia. Mr Grygorcewicz has experience across exploration and production for a range of commodities including gold, diamonds and oil. He has further gained experience with engineering and resource service companies with operations in Australia and South East Asia.

Senior Management

Campbell Baird - Chief Executive Officer

Qualifications: B.Eng (Mining), Masters in International Finance

Appointed: 14 January 2009

Mr Baird is Chief Executive Officer of Focus Minerals. He has been a part of the team who, over the past three years, have transformed Focus from explorer to become a major gold producer. Prior to joining Focus, he was General Manager of Operations for four years at Altona Mining where he assisted in the development of the Kylyahti Copper Mine in Finland. He started his career at Western Mining Corporation at St Ives, then joined Plutonic at Mount Morgans (Laverton), he worked for North Limited at both North Parkes and at the Iron Ore Company of Canada, before joining SRK Consulting in 2000 where he spent 5 years working on some major global mining projects that are now under construction. These include the giant Oyu Tolgoi block cave copper mine in Mongolia, the argyle diamond mine block cave in Australia and the Goro Laterite nickel project in new Calendonia. Campbell has a Bachelor of Engineering (Mining) from the University of New South Wales and a Masters of International Finance from Curtin University.

Bradley Valiukas - Chief Operating Officer

Qualifications: B.Eng, Graduate Certificate in Economics

Appointed: 1 August 2009

Mr Valiukas has 15 years operational, technical and management experience with companies including Barrick, WMC, Mincor Resources and RSG Global in commodities including gold, nickel, copper and lead/zinc. Brad holds a Bachelor of Engineering from the University of New South Wales as well as a Graduate Certificate in Economics from Murdoch University, Western Australia. In addition, he holds a First Class Mine Managers Ticket and is also a Member of AusIMM

The details of the relevant interest in the Company of each director and officer are outlined in Note 24 to the financial statements.

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

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

	Ordinary Shares	Options (Unlisted)
Donald Taig	11,963,259	-
Phillip Lockyer	594,523	-
Gerry Fahey	-	-
Bruce McComish	-	-

Capital Structure

Ordinary shares

As at the date of this report, the Company had on issue 4,294,074,804 fully paid ordinary shares and 75,580,000 options over ordinary shares.

Share Options

Options Issued
During the year and to the date of this report 33,500,000 share options were granted to senior management of the company in accordance with the Group's Long term Incentive Scheme. Vesting criteria of the Scheme is subject to the Company achieving a Total Shareholder Return for the 12 month period prior to the applicable Vesting Date of at least within the 2nd quartile of Total Shareholder Returns for the Comparable Entities. Comparable Entities have been determined to be 12 gold producing companies listed on established stock exchanges and with operations predominately located within the Western Australian Eastern Goldfields region.

Total Shareholder Return is defined as the change in capital value per share of an entity over a 12 month period, plus dividends per share, expressed as a plus or minus percentage of their opening value. The opening value date for the above options is 1 January 2011.

Subject to achieving the vesting criteria, the above options will vest on 31 December 2012.

Options Exercised
On 4 March 2011, 10,000,000 options to acquire fully paid shares were exercised at an exercise price of 7.0 cents per share.
On 22 March 2011, 14,000,000 options to acquire fully paid shares were exercised at an exercise price of 6.875 cents per share.
On 27 April 2011, 26,000,000 options to acquire fully paid shares were exercised at an exercise price of 6.875 cents per share.

Options Lapsed
At 30 November 2010 a total of 4,925,000 options to acquire shares at an exercise price of 5 cents and 4,925,000 options to acquire shares at an exercise price of 6 cents lapsed unexercised.

During the year a total of 4,384,232 options to acquire shares at an exercise price of 7.5 cents and 4,384,232 options to acquire shares at an exercise price of 7.8 cents lapsed on resignation or termination of employment.

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

Issuing Entity	Number of Options	Exercise Price Cents per Share	Expiry Date
Focus Minerals Ltd	21,040,000	7.50	31/12/2012
	21,040,000	7.80	31/12/2012
	33,500,000	12.30	30/6/2014
Total Options on issue	75,580,000		

Principal Activities

The principal activities of the entities within the consolidated entity during the year were gold, nickel and other base metal mining and exploration in Australia.

There were no significant changes in the nature of those activities during the year.

Review of Operations

Highlights of operations during the period ended 30 June 2011 are as follows:

Mining

Tindals Mining Centre - Underground

- Mining continued from the Tindals Underground with production largely driven from the Perseverance, Countess, Empress and Tindals lodes.
- Mine production from the Tindals Mining Centre totalled 564,419 tonnes at 3.38 g/t for a total of 61,248 ozs contained gold. (2010: 314,706 tonnes at 4.7 g/t - 47,516 ozs)
- Preparation commenced for the rehabilitation of the Cyanide decline with de-watering of the lower levels of the Cyanide lodes.

Tindals Mining Centre - Open Pits.

- Focus opened a new mining operation at the Tindals Mining Centre Open Pits in the June Quarter.
- Open pit development commenced during April 2011 with pre-stripping and construction of waste dumps at the Empress pit. Ore development commenced at Empress in late May 2011.
- Ore production from the Empress pit totalled 17,000 tonnes an average grade of 1.67 g/t for 910 ozs contained gold.
- Pre-stripping commenced on the Dreadnought pit during May 2011. A grade control drilling programme was also commenced at the proposed Big Blow pit.
- All open pit operations are located within five kms of the Three Mile Hill treatment plant.

The Mount

- Focus moved The Mount project into commercial production in the March 2001 Quarter following the continuation of trial mining activities in the September 2010 Quarter.
- This saw the appointment of contractors, development of the decline to three levels, and construction of a 300 metre exploration drive in the March Quarter. The exploration drive principally provided access to the Mains and Fuchs' lodes but also intersected numerous structures along the drive length enabling a number of drill positions to be established. Drilling at depth continues.

Review of Operations (continued)

- Ore development commenced in May 2011 with the operations transitioning to an owner operator basis. An underground equipment fleet has been acquired and manned by a direct employed mining workforce.
- Ore production at The Mount, totalled 46,202 tonnes at an average grade of 4.77 g/t for 7,081 ozs contained gold (2010: 13,240 tonnes at an average grade of 8.0 g/t for 3,389 ozs). Mining to date has been conducted by a mixture of air leg mining and a single boom jumbo.

Processing - Three Mile Hill Plant

- Milling continued at the Three Mile Hill plant for total of 1,148,711 tonnes processed in the period to June 2011 for 72,830 ozs gold extracted (plant commissioned January 2010: processed to June 2010 - 396,587 tonnes for 29,097 ozs).
- The Company concluded toll milling third party ore with the processing of 55,000 tonnes during the September 2010 Quarter.
- Milling capacity has been maintained at nameplate capacity of 1.2 million tonnes per annum.
- Total gold sold in the period was 72,720 ozs (2010: 60,117ozs) at an average achieved gold price of A$1,391 per oz (2010: $1,197/oz).
- At balance date, a total of 816 ozs gold was held by the Group in metal account and a further 2,459 ozs was contained as gold in circuit.

Exploration & Resource Development

- During the period the Group spent a total of $23.9 million (2010: $6.3 million) on exploration activities. The major exploration activity undertaken was the construction of an exploration drive across The Mount resource footprint to investigate the numerous lodes with the Mount resource.
- During March 2011 the Company exercised its option to fully acquire the Lake Cowan project. Consideration for the purchase was the issue of 5,000,000 fully paid shares, an instalment payment plan totalling $2 million (payable in monthly instalments of $80,000) and a 2.5% net smelter royalty over minerals processed from the tenement.
- Exploration on the Lake Cowan project concentrated on the Treasure Island prospect with detailed surface mapping being undertaken together with the commencement of an initial 20 hole diamond drilling programme to be followed by a widely spaced air core drilling programme over the lake area.
- Initial exploration activities commenced on the Lake Cowan tenement with an aeromagnetic survey being flown together with ground mapping activities being undertaken. Rock chip sampling identified substantial quartz veining at surface on the Treasure Island section which yielded exceptionally high grade gold with visible gold pinheads. Results from the initial sampling programme and subsequent surface sampling returned significant gold assays grading 58.9 g/t, 48.4 g/t, 41.3 g/t and 17.9 g/t recovered from a number of surface quartz outcrops.
- During March 2011 the Company entered into an exclusive option to acquire an exploration lease adjoining the Lake Cowan project. The Company issued 1,000,000 fully paid shares as option consideration. Should the option to acquire the tenement be exercised the Company will issue 15 million options to be issued in three equal tranches with the options exercisable within two, three and four years of issue at exercise prices of ten cents, fifteen cents and twenty cents per share respectively.
- Exploration continued over the Greater Coolgardie area.

Corporate

- During November 2010 the Company completed negotiations granting an option to swap certain mining and exploration tenements to McPhersons Reward Gold Limited (MRGL). The option was exercised by MRGL on 22 December 2010 and resulted in MRGL being admitted and listed on the Australian Stock Exchange. As part consideration for the swap of tenements, Focus received a total of 3,333,334 fully paid ordinary shares in MRGL. These shares are subject to escrow until December 2011.

Review of Operations (continued)

- During April 2011 the Company completed a placement to institutional and sophisticated investors totalling $32.3 million through the issue of 425 million shares at an issue price of 7.6 cents per share. The cash raising would underpin the achievement of a 3 year strategic growth plan through expansion of production at the Mount and the open pit operations. Additionally the funds would accelerate exploration at the Treasure Island Gold Project and bring deposits within the Greater Coolgardie area into production.
- The placement was supplemented by a Share Purchase Plan which raised $7 million through the issue of 92.1 million shares at an issue price of 7.6 cents per share.
- During the year the Company increased mining activity at The Mount and in March 2011 changed the mining methodology to being an owner miner rather than contract mining. The increase in the mining fleet now comprises one single boom jumbo, 3 underground boggers, one underground haul truck and integrated work vehicle. Acquisition of the mining fleet was undertaken through equipment lease finance over periods of 2- 4 years.
- At period end the Group remains bank debt free.
- At period end the Group has not hedged any gold production for future delivery.
- Net cashflow generated from operations totalled $30.3 million (2010: $27.8 million).

Operating result for the year

Consolidated Net Profit for the year was **$7,644,341** (2010:$10,882,189).

Significant changes in the state of affairs

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

	No of Shares	$
Issued shares at 30 June 2010	**2,862,543,210**	**102,769,507**
Issued during the period		
Option fee to acquire 75% of Lake Cowan Project	3,000,000	150,000
Consideration to acquire 75% of Lake Cowan Project	5,000,000	325,000
Option fee to acquire E15/1224 – Lake Cowan	1,000,000	65,000
Exercise of options at 7 cents per share	10,000,000	750,000
Exercise of options at 6.875 cents per share	40,000,000	2,750,000
Employee share issue	1,867,310	93,366
Placement at 7.6 cents per	425,000,000	32,000,000
Share Purchase Plan at 7.6 cents per share	92,104,911	7,000,000
Share issue expenses	-	(2,580,645)
Option Reserve transferred on exercise of options	-	1,437,680
Issued shares at 30 June 2011	3,440,515,431	145,009,908

Review of Operations (continued)

Significant events after balance date

Off Market Offer for Crescent Gold Limited
On 20th June 2011the Company jointly announced, with Crescent Gold Limited, an off-market bid by the Company to acquire the issued ordinary shares of Crescent Gold Limited (Crescent). The Bidder's Statement was lodged with the Australian Investments and Securities Commission on 29 June 2011.

The Offer opened on 30 June 2011 and consisted of one Focus share for every 1.18 Crescent shares and was conditional, among other conditions, on achieving ownership of 90% of the issued shares of Crescent.

On 18 August 2011 the Company declared the Offer unconditional.

The Offer is scheduled to close on 5 October 2011.

As at the date of this report the Company has received acceptances totalling 80.51% of Crescent issued ordinary shares.

As at the date of this report, the Company has issued 844,315,422 Focus shares to acquire 996,291,122 Crescent shares.

Acquisition of Crescent Gold Limited options
On 31 August 2011, the Company acquired 56,131,430 options to acquire shares in Crescent at an exercise price of 5 cents per share. The options expire on 31 December 2012.

Loan to Crescent Gold Limited
In accordance with a Working Capital Facility Agreement signed on 17 June 2011, the Company has to the date of this report advanced $8 million in loan funding to Crescent under a total facility limit of $11 million. The undrawn balance of the Facility is available to be drawn down by Crescent in amounts to a maximum of $1 million each during September, October and November 2011.

At a General Meeting of Crescent held on 18 August 2011, Crescent shareholders' approved the conversion of the loan, at the election of the Company, into convertible notes in Crescent. The convertible notes can then, at the election of the Company, be converted into shares in Crescent at a face value of 5 cents per convertible note. On conversion into Crescent shares, the Company will be issued one option for every two Crescent shares to subscribe for Crescent shares at an exercise price of 5 cents per share. The option will expire on 31 December 2012.

Other than as detailed above, there has not been any matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial periods.

Likely developments and expected results

The directors intend to continue mining operations at the Tindals Mining Centre, the Mount Mine and from a number of open pit operations within the Tindals Mining Centre.

Active exploration programs will continue on the Group's mining tenements, in particular, on a number of high priority targets within the Tindals Mining Centre and the Greater Coolgardie Area to increase existing gold reserves and expand near term production targets. Exploration activities will continue at the greenfields Lake Cowan and Treasure Island Gold Project.

The Company will progressively assist Crescent Gold Limited to meet its production targets and financial budgets and expand exploration activities within the Laverton Gold Project. The Company will pursue opportunities to acquire 100% of the issued capital of Crescent.

Review of Operations (continued)

The Board will continue to monitor the world nickel market to determine the opportunity to re-commence exploration activities at the Nepean Nickel Project.

Environmental Regulations

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

Indemnification and Insurance of Directors and Officers

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

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for directors and executives of Focus Minerals Ltd ("Company") and the consolidated entity.

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

The expected outcomes of the remuneration structure are:

- retention and motivation of key executives;
- attraction of high quality management to the Company; and
- performance incentives that allow executives to share the success of Focus Minerals Ltd.

There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive directors.

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

Members of the Remuneration Committee during the year were:

- Phillip Lockyer – Committee Chairman
- Donald Taig

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

REMUNERATION REPORT (continued)

Compensation of Key Management Personnel

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

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

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

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.

At present the maximum aggregate remuneration of directors' fees for non-executive directors is $150,000 per annum.

The remuneration of non-executive directors for the period ended 30 June 20011 is detailed in Table 1 of this report.

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

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

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

The fixed remuneration component of specified company executives is detailed in Tables 1 and 2 below.

Performance Based Remuneration
The key performance indicators (KPIs) are set annually, with a certain level of consultation with key management personnel to ensure a common understanding. The KPI's are specifically tailored to the areas each individual is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for group expansion and profit, covering financial and non-financial as well as short and long-term goals or achievement of specific projects or tasks. The level set for each KPI is based on budgeted figures for the Group and completion of defined projects or tasks within defined timeframes.

REMUNERATION REPORT (continued)

Performance in relation to the KPI's is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed by the Remuneration Committee in light of the desired and actual outcomes, and their efficiency is assessed in relation to the Group's goals and shareholder wealth, before the KPI's are set for the following year.

In determining whether or not a KPI has been achieved, the Remuneration Committee bases the assessment on audited figures or on verifiable achievement of the relevant KPI. During the year, KPI's for the award of short term bonuses were measured on achievement of the Group's profitability and gold production targets.

The performance based remuneration component of specified company executives is detailed in Tables 1 and 2 below.

Details of Key Management Personnel
(i) Directors

Donald Taig	Chairman (executive)
Phillip Lockyer	Director (non-executive)
Gerry Fahey	Director (non-executive) – appointed 18 April 2011
Bruce McComish	Director (non-executive) – appointed 18 April 2011
Christopher Hendricks	Director (non-executive) - resigned 18 April 2011

(ii) Executives

Campbell Baird	Chief Executive Officer
Brad Valiukas	Chief Operating Officer – appointed March 2011
Peter Williams	Chief Operating Officer – resigned March 2011
Jon Grygorcewicz	Company Secretary and Chief Financial Officer
Dr. Garry Adams	Geology Manager
Charles McCormick	Business Development Manager
Barend Knoetze	Operations General Manager – appointed March 2011

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

REMUNERATION REPORT (continued)

Table 1: Directors' remuneration for the years ended 30 June 2011 and 2010.

Directors		Short-term Benefits		Post Employment Benefits		Total	%
		Salary & Fees	Other	Super-annuation	Bonus		Performance related
Donald Taig	2011	154,500	-	8,505	-	163,500	-
	2010	191.900	-	13.972	-	205,872	-
Phillip Lockyer	2011	50,000	-	4,500	-	54,500	-
	2010	40,000	-	4,275	-	44,275	-
Christopher Hendricks	2011	41,667	-	-	-	41,667	-
	2010	40,000	-	-	-	40,000	-
Gerry Fahey #	2011	-	-	-	-	-	-
	2010	-	-	-	-	-	-
Bruce McComish #	2011	-	-	-	-	-	-
	2010	-	-	-	-	-	-

- # Mr Fahey and Mr McComish were appointed non-executive directors on 18 April 2011.
- Mr Hendricks resigned on 18 April 2011.

REMUNERATION REPORT (continued)

Table 2: Remuneration of the named executives who received the highest remuneration for the year ended 30 June 2010 and 2011

		Short-term Benefits		Post Employment Benefits				%
		Salary & Fees	Other	Super-annuation	Equity Options	Bonus	Total	Performance based
Campbell Baird	2011	320,527	-	28,848	34,597	19,500	403,472	13,41%
Chief Executive Officer	2010	290,642	-	24,358	7,980	60,000	382,980	17.8%
Peter Williams ##	2011	227,946	28,955	19,467	3,363	-	279,731	1.20%
Chief Operating Officer	2010	245,190	18,515	22,067	1,213	40,000	326,985	12.6%
Charles McCormick	2011	191,754	1,350	19,057	8,294	16,800	237,255	10.58%
Business Development Manager	2010	181,914	11,114	16,372	1,895	-	211,295	1.0%
Jon Grygorcewicz	2011	185,199	15,015	16,668	12,182	13,500	242,564	10.59%
Company Secretary/ Chief Financial Officer	2010	178,737	11,926	17,426	3,438	40,000	251,527	17.3%
Brad Valiukas **	2011	258,715	-	23,284	20,240	19,200	321,439	12.27%
Chief Mining Officer	2010	187,720	-	16,895	3,929	-	208,544	2.0%
Garry Adams	2011	222,793	-	20,101	6,941	12,000	261,835	7.23%
Geological Manager	2010	177,800	14,552	19,326	1,964	-	213,642	1.0%
Barend Knoetze @	2011	226,831	-	18,585	-	16,296	261,712	6.23%
Operations General Manager	2010	-	-	-	-	-	-	-

- ## Mr Williams resigned on 31 March 2011.
- ** Mr Valiukas was appointed as Chief Operating Officer during March 2011. Previously Mr Valiukas was Chief Mining Officer and commenced employment on 3 August 2009.
- @ Mr Knoetze was appointed Operations General Manager during March 2011. Mr Knoetze was previously Metallurgical Mill Manager.

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.

		Meeting of Committees	
Number of Meetings Held	Directors' Meetings 10	Audit 2	Remuneration 2
Donald Taig	10	2	2
Phillip Lockyer	10	-	2
Gerry Fahey #	3	-	-
Bruce McComish #	3	1	-
Christopher Hendricks *	7	1	-

The Directors also approved Group activities pursuant to 7 directors' resolutions throughout the year.

* - Mr Hendricks resigned as a Director on 18 April 2011 and was entitled to attend 7 Directors' meetings.

- Mr Fahey and Mr McComish were appointed directors on 18 April 2011 and were entitled to attend 3 Directors' meetings.

Proceedings on Behalf of Company

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.

The Company was not a party to any such proceedings during the year.

Auditor Independence and Non-Audit Services

Non-Audit Services

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

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

Fees totalling $51,864 (2010: $15,403) were paid to Grant Thornton for non-audit services, principally financial modelling and taxation services, provided during the year ended 30 June 2011.

Directors' Report (continued)

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2011 has been received and can be found on page 10 of this Financial Report.

This Report of the Directors is signed in accordance with a resolution of the Board of Directors.

Don Taig

Chairman

30 September 2011
Perth, Western Australia

Auditors Independence Declaration

To the Directors of Focus Minerals Limited

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Auditor's Independence Declaration
To the Directors of Focus Minerals Ltd

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Focus Minerals Ltd for the year ended 30 June 2011, 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.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

P W Warr
Director - Audit & Assurance

Perth, 30 September 2011

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Statement Of Comprehensive Income

For The Year Ended 30 June 2011

	Notes	Consolidated	
		2011 $	2010 $
Revenue	2(a)	102,751,761	73,678,130
Cost of sales		(75,064,227)	(45,452,090)
Gross Profit		27,687,534	28,226,040
Other income	2(b)	2,863,695	2,274,453
Depreciation and amortisation expense	2(c)	(15,033,987)	(12,191,479)
Finance costs	2(c)	(19,481)	(1,203,405)
Rental expenses	2(c)	(150,464)	(154,470)
Other expenses	2(c)	(7,702,956)	(6,068,950)
Profit before income tax expense		7,644,341	10,882,189
Income tax expense	3	-	-
Profit for the period		7,644,341	10,882,189
Other Comprehensive Income net of tax		-	-
Total Comprehensive Income for the Period		7,644,341	10,882,189
Total Comprehensive Income attributable to : Owners of the Company		7,644,341	10,882,189
Earnings Per Share			
Basic profit (loss) per share (cents per share)	5	0.26	0.39
Diluted profit (loss) per share (cents per share)	5	0.25	0.38

The accompanying notes form part of these financial statements.

Statement Of Financial Position

As at 30 June 2011

	Notes	Consolidated 2011 $	Consolidated 2010 $
Assets			
Current Assets			
Cash and cash equivalents	6	30,709,050	6,383,806
Trade and other receivables	7	1,378,447	4,611,159
Inventories	8	7,716,933	4,902,579
Other	9	560,295	558,248
Other financial assets	10	4,194,753	22,963
Total Current Assets		44,559,478	16,478,755
Non-Current Assets			
Cash and cash equivalents	6	811,958	802,266
Plant and equipment	11	52,348,779	39,783,493
Development expenditure	12	2,700,020	2,385,042
Exploration and evaluation expenditure	12	77,667,223	55,803,215
Total Non-Current Assets		133,527,980	98,774,016
Total Assets		178,087,458	115,252,771
Liabilities			
Current Liabilities			
Trade and other payables	14	22,205,895	13,715,083
Financial liabilities	16	1,444,698	81,081
Total current liabilities		23,650,593	13,796,164
Non-current liabilities			
Provisions	15	1,749,608	1,749,608
Financial liabilities	16	4,454,242	20,330
Total Non-Current Liabilities		6,203,850	1,769,938
Total Liabilities		29,854,443	15,566,102
Net Assets		148,233,015	99,686,669
Equity			
Issued capital	17	145,009,908	102,769,507
Reserves	17	122,884	2,025,738
Retained earnings/(Accumulated losses)		3,100,223	(5,108,576)
Total Equity		148,233,015	99,686,669

The accompanying notes form part of these financial statements.

Statement Of Changes In Equity

For The Year Ended 30 June 2011

Consolidated	Notes	Ordinary Shares	Retained Earnings / (Accumulated Losses)	Option Reserve	Total
		$	$	$	$
Balance as at 1 July 2009		94,440,236	(15,990,765)	2,018,449	80,467,920
Total comprehensive income for the period		-	10,882,189	-	10,882,189
Other Comprehensive Income		-	-	-	-
Transactions with owners, recorded directly in equity					
Shares issued in the period		8,706,000	-	-	8,706,000
Option reserve on recognition of equity based payments		-	-	27,052	27,052
Transfer on exercise of options		19,763		(19,763)	-
Share issue expense		(396,492)	-	-	(396,492)
Balance as at 30 June 2010		102,769,507	(5,108,576)	2,025,738	99,686,669
Total comprehensive income for the period		-	7,644,341	-	7,644,341
Other Comprehensive Income		-	-	-	-
Transactions with owners, recorded directly in equity					
Shares issued in the period		43,383,366	-	-	43,383,366
Option reserve on recognition of equity based payments		-	-	99,284	99,284
Option reserve transferred to Retained Earnings on lapsed and cancelled options		-	564,458	(564,458)	-
Transfer on exercise of options		1,437,680	-	(1,437,680)	-
Share issue expense		(2,580,645)	-	-	(2,580,645)
Balance as at 30 June 2011		145,009,908	3,100,223	122,884	148,233,015

The accompanying notes form part of these financial statements.

Statement Of Cashflows

For The Year Ended 30 June 2011

	Notes	Consolidated 2011 $	Consolidated 2010 $
Cash flows from operating activities			
Receipts from customers		102,017,384	74,782,180
Payments to suppliers and employees		(69,478,192)	(45,551,974)
Royalties paid		(2,210,729)	(1,708,655)
Other income		2,138	330,064
Interest received		442,358	269,934
Finance costs		(19,481)	(314,111)
Net cash from operating activities	6(iii)	30,753,478	27,807,438
Cash flows from investing activities			
Proceeds from sale of non-current assets		47,011	444,753
Purchase of investments		(194,753)	(200,000)
Acquisition of plant and equipment		(2,747,301)	(20,831,227)
Mine development expenditure		(16,842,907)	(14,819,262)
Secured loan to third party		(3,000,000)	-
Secured short term deposits		(9,692)	(40,308)
Exploration expenditure		(24,483,313)	(6,302,938)
Net cash used in investing activities		(47,230,955)	(41,748,982)
Cash flows from financing activities			
Proceeds from issue of shares		42,303,366	8,706,000
Share issue expenses		(1,500,645)	(396,492)
Proceeds from borrowings		-	-
Repayment of borrowings		-	(8,500,000)
Net cash provided by/(used in) financing activities		39,722,721	(190,492)
Net increase (decrease) in cash and cash equivalents		24,325,244	(14,132,036)
Cash and cash equivalents at 1 July		6,383,806	20,515,842
Cash and cash equivalents at 30 June 2011	6(i)	30,709,050	6,383,806

The accompanying notes form part of these financial statements.

Notes To The Financial Statements

For The Year Ended 30 June 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(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 financial report covers the consolidated financial statements of Focus Minerals Ltd and controlled entities and Focus Minerals Ltd as an individual entity. Focus Minerals Ltd is a listed public company, incorporated and domiciled in Australia.

The financial report of Focus Minerals Ltd and controlled entities and Focus Minerals Ltd as an individual entity parent entity comply with Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

(b) Reporting Basis and Conventions

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 non-current assets, financial assets and financial liabilities

(c) Principles of Consolidation

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

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 20 to the financial statements.

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

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Gold and silver sales

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

Rendering of services

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

Interest income

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

Dividends

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

Rental income

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

(e) Leases

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

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

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

Finance leased assets are depreciated on a straight line basis over the estimated useful life of the asset.

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

(f) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

For the purposes of the Statement of Cash Flow, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

(h) 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,

(i) Impairment of financial assets

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

Financial assets carried at amortised cost

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

The amount of the loss is recognised in profit or loss.

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment of financial assets

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

Financial assets carried at cost

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

Available-for-sale investments

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the income statement. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in the income statement. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

(k) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use i.e. discounted cash flows, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(l) 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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Income tax (continued)

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.

(m) Financial Instruments

Recognition and Initial Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties.

Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Financial Instruments (continued)

Amortised cost is calculated as:

(a) the amount at which the financial asset or financial liability is measured at initial recognition;

(b) less principal repayments;

(c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and

(d) less any reduction for impairment.

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

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

i. Financial assets at fair value through profit or loss

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

ii. Loans and receivables

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

iii. Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Fair Value

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

Impairment

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Financial Instruments (continued)

Derecognition

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

(n) Goods and services tax

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

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

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

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

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

(o) Plant and equipment

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

Depreciation

Depreciation on mobile plant is calculated on a straight-line basis over the estimated useful life of the assets being 5 -15 years.

Depreciation of underground assets is calculated on a units of production basis.

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 each financial year end.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Plant and equipment (continued)

Impairment

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

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

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

An 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 income statement.

Derecognition 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 derecognition 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.

(p) 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; and
- 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 are continuing.

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

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Exploration and Evaluation Expenditure (continued)

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 development expenditure.

(q) Development Expenditure

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.

Amortisation of costs is provided on the unit-of-production method with separate calculations being made for each mineral resource. The unit-of-production basis results in an amortisation charge proportional to the depletion of the estimated recoverable reserves. In some circumstances, where conversion of resources into reserves is expected, some elements of 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.

(r) Trade and other payables

Trade and other payables are carried at the fair value of the consideration to be paid in the future. Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of goods and services.

(s) Interest bearing loans and borrowings

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

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in the income statement when the liabilities are derecognised and as well as through the amortisation process.

(t) 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Provisions (continued)

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.

(u) Employee leave benefits

Wages, salaries and annual leave

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

Long service leave

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

(v) Share-based payment transactions

Equity settled transactions

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

The cost of these equity-settled transactions with third parties and employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black Scholes model, further details of which are given in Note 13.

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 (the vesting period).

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Share-based payment transactions (continued)

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).

(w) Share capital

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

(x) Restoration, rehabilitation and environmental Costs

Restoration, rehabilitation and environmental costs necessitated by exploration and evaluation activities are accrued at the time of those activities and treated as exploration and evaluation expenditure.

Restoration, rehabilitation and environmental obligations recognised include the costs of reclamation and subsequent monitoring of the environment.

Costs are estimated on the basis of current assessed costs, current legal requirements and current technology, which are discounted to their present value. Estimates are reassessed at least annually. Changes in estimates are dealt with prospectively, with any amounts that would have been written off or provided against under accounting policy for exploration and evaluation immediately written off.

(y) Earnings per share

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

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

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

(z) Comparative figures

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

Key Estimates

Determining ore reserves and remaining mine life

The consolidated entity estimates its ore reserves and mineral resources based on information compiled by Competent Persons (as defined in accordance with the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves as revised in December 2004 (the JORC code). Reserves determined in this way are taken into account in the calculation of depreciation, amortisation, impairment, deferred mining costs, rehabilitation and environmental expenditure.

In estimating the remaining life of the mine for the purpose of amortisation and depreciation calculations, due regard is given, not only to the amount of remaining recoverable gold ounces contained in proved and probable reserves, but also to limitations which could arise from the potential changes in technology, demand and other issues which are inherently difficult to estimate over a lengthy time frame.

Where a change in estimated recoverable gold ounces contained in proved and probable ore reserves are made, depreciation and amortisation is accounted for prospectively.

The determination of ore reserves and remaining mine life affects the carrying value of a number of the Consolidated Entity's assets and liabilities including deferred mining costs and the provision for rehabilitation.

Share based payments

The consolidated entity measures the cost of equity settled transactions with directors, employees and third parties with reference to the fair value of equity instruments at the date at which they are granted. The fair value is determined by using the Black Scholes Model with the assumptions in Note 13. The accounting estimates and assumptions relating to equity settled based payments may impact on the income, expenses and liabilities within the next annual reporting period.

Impairment of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the consolidated entity decides to exploit the related lease itself, or if not, whether it successfully recovers the related exploration and evaluation asset through sale.

To the extent that capitalised exploration expenditure is determined not to be made recoverable in future, profits and net assets will be reduced in the period in which the determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent it is determined in the future that this capitalised expenditure should be written off, profits and net assets will be reduced in the period in which this determination is made.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ab) Adoption of New and Revised Accounting Standards

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 July 2010:

- AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project;
- AASB 2009-8 Amendments to Australian Accounting Standards – Group cash-settled Share-based Payment Transactions;
- AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues;
- AASB Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments;
- AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19; and
- AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project.

The adoption of these standards did not have any impact on the amounts for the current period or prior periods

(ac) New Accounting Standards for Application in Future Periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the Group has decided not to early adopt. A discussion of those future requirements and their impact on the Group is as follows:

AASB 9: *Financial Instruments* (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2013).

This Standard is applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments. The Group has not yet determined any potential impact on the financial statements.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ac) New Accounting Standards for Application in Future Periods (continued)

- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

AASB 1053: *Application of Tiers of Australian Accounting Standards* and AASB 2010–2: *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements* [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2013).

AASB 1053: *Application of Tiers of Australian Accounting Standards* establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

- Tier 1: Australian Accounting Standards; and
- Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.

The following entities are required to apply Tier 1 reporting requirements (ie: full IFRS):

for-profit private sector entities that have public accountability; and the Australian Government and state, territory and local governments.

Since the Group is a for-profit private sector entity that has public accountability, it does not qualify for the reduced disclosure requirements for Tier 2 entities.

AASB 2010–2 makes amendments to Australian Accounting Standards and Interpretations to give effect to the reduced disclosure requirements for Tier 2 entities. It achieves this by specifying the disclosure paragraphs that a Tier 2 entity need not comply with as well as adding specific "RDR" disclosures.

AASB 2009–12: *Amendments to Australian Accounting Standards* [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. The Standard also amends AASB 8: *Operating Segments* to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. The amendments are not expected to impact the Group.

AASB 2009–14: *Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement* [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011).

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ac) New Accounting Standards for Application in Future Periods (continued)

This Standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.

This Standard is not expected to impact the Group.

AASB 2010–4: *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard details numerous non-urgent but necessary changes to Accounting Standards arising from the IASB's annual improvements project. Key changes include:

- clarifying the application of AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* prior to an entity's first Australian-Accounting-Standards financial statements;
- adding an explicit statement to AASB 7: *Financial Instruments: Disclosures* that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments;
- amending AASB 101: *Presentation of Financial Statements* to the effect that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity or in the notes;
- adding a number of examples to the list of events or transactions that require disclosure under AASB 134: *Interim Financial Reporting*; and
- making sundry editorial amendments to various Standards and Interpretations.

This Standard is not expected to impact the Group.

AASB 2010–5: *Amendments to Australian Accounting Standards* [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (applicable for annual reporting periods beginning on or after 1 January 2011).

This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. However, these editorial amendments have no major impact on the requirements of the respective amended pronouncements.

AASB 2010–6: *Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets* [AASB 1 & AASB 7] (applicable for annual reporting periods beginning on or after 1 July 2011).

This Standard adds and amends disclosure requirements about transfers of financial assets, especially those in respect of the nature of the financial assets involved and the risks associated with them. Accordingly, this Standard makes amendments to AASB 1: *First-time Adoption of Australian Accounting Standards*, and AASB 7: *Financial Instruments: Disclosures*, establishing additional disclosure requirements in relation to transfers of financial assets.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ac) New Accounting Standards for Application in Future Periods continued

This Standard is not expected to impact the Group.

AASB 2010–7: *Amendments to Australian Accounting Standards arising from AASB 9* (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applies to periods beginning on or after 1 January 2013).

– This Standard makes amendments to a range of Australian Accounting Standards and Interpretations as a consequence of the issuance of AASB 9: *Financial Instruments* in December 2010. Accordingly, these amendments will only apply when the entity adopts AASB 9: *Financial Instruments.*

As noted above, the Group has not yet determined any potential impact on the financial statements from adopting AASB 9: *Financial Instruments.*

AASB 2010–8: *Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets* [AASB 112] (applies to periods beginning on or after 1 January 2012).

This Standard makes amendments to AASB 112: *Income Taxes.*

The amendments brought in by this Standard introduce a more practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model under AASB 140: *Investment Property.*

Under the current AASB 112: *Income Taxes,* the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The amendments brought in by this Standard also incorporate Interpretation 121 into AASB 112: *Income Taxes*.

The amendments are not expected to impact the Group.

AASB 2010–9: *Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters* [AASB 1] (applies to periods beginning on or after 1 July 2011).

This Standard makes amendments to AASB 1: *First-time Adoption of Australian Accounting Standards.*

The amendments brought in by this Standard provide relief for first-time adopters of Australian Accounting Standards from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards.

Furthermore, the amendments brought in by this Standard also provide guidance for entities emerging from severe hyperinflation either to resume presenting Australian Accounting Standards financial statements or to present Australian Accounting Standards financial statements for the first time.

This Standard is not expected to impact the Group.

AASB 2010–10: *Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters* [AASB 2009–11 & AASB 2010–7] (applies to periods beginning on or after 1 January 2013).

This Standard makes amendments to AASB 2009–11: *Amendments to Australian Accounting Standards arising from AASB 9*, and AASB 2010–7: *Amendments to Australian Accounting Standards arising from AASB 9*

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ac) New Accounting Standards for Application in Future Periods continued

(December 2010).

The amendments brought in by this Standard ultimately affect AASB 1: *First-time Adoption of Australian Accounting Standards* and provide relief for first-time adopters from having to reconstruct transactions that occurred before their transition date.

[The amendments to AASB 2009–11 will only affect early adopters of AASB 2009–11 (and AASB 9: *Financial Instruments* that was issued in December 2009) as it has been superseded by AASB 2010–7.]

This Standard is not expected to impact the Group.

AASB 2011-1: *Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project* [AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132, AASB 134, Interpretation 2, Interpretation 112, Interpretation 113]

This Standard amendments many Australian Accounting Standards, removing the disclosures which have been relocated to AASB 1054 (applicable for annual reporting periods beginning on or after 1 July 2011).

AASB 10: *Consolidated Financial Statements*

AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 27: *Consolidated and Separate Financial Statements* dealing with the accounting for consolidated financial statements and SIC-12: *Consolidation – Special Purpose Entities.*

The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. This is likely to lead to more entities being consolidated into the group (applicable for annual reporting periods beginning on or after 1 January 2013).

AASB 11: *Joint Arrangements*

AASB 11 replaces AASB 131: *Interests in Joint Ventures* and SIC-13: *Jointly-controlled Entities – Non-monetary Contributions by Ventures*. AASB 11 uses the principle of control in IFRS 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition AASB 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation.

Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method. This may result in a change in the accounting for the joint arrangements held by the group (applicable for annual reporting periods beginning on or after 1 January 2013).

AASB 12: *Disclosures of Interests in Other Entities*

AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities. New disclosures have been introduced about the judgements made by management to determine whether the control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests 1 January 2013.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ac) New Accounting Standards for Application in Future Periods continued

AASB 13: *Fair Value Measurement*

AASB 13 establishes a single source of guidance under AASB for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provide guidance on how to determine fair value under AASB when fair value is required or permitted by AASB. Application of this definition may result in different fair values being determined for the relevant assets.

AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined (applicable for annual reporting periods beginning on or after 1 January 2013).

The impact of the adoption of these new and revised standards and interpretations has not been determined by the Company.

(ad) Change in accounting policy

Revenue recognition
As of 31 December 2010, Focus Mineral Limited changed its accounting policy concerning revenue recognition on gold sales. Focus Minerals believes that the risk and rewards of ownership on gold sales are a better presentation of the financial position in the balance sheet since completed gold bars available for sale are reaslised in trade receivables and associated gains on the gold sales are recognised once the risk and rewards of ownership have passed to a third party thus providing more relevant information. The prior period comparatives have been adjusted accordingly were material to the presentation of the financial statements.

The following table highlights the impact of the change in accounting policies on profit after income tax in the prior periods.

	30 June 2010
Profit before change in accounting policies	$4,877,716
Recognition of gold sales for finished gold bars	-
Profit after change in accounting policy	$4,877,716

The following table highlights the impact of the change in accounting policies on profit after income tax in the prior periods.

	30 June 2010
Inventory before change in accounting policy	8,713,998
Inventory after change in accounting policy	4,902,579
Trade receivables before change in accounting policy	799,740
Trade receivables after change in accounting policy	4,611,159

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ae) Securing a Clean Energy Future – the Australian Government's Climate Change Plan

On 10 July 2011, the Commonwealth Government announced the "Securing a Clean Energy Future – the Australian Government's Climate Change Plan". Whilst the announcement provides further details of the framework for a carbon pricing mechanism, uncertainties continue to exist on the impact of any carbon pricing mechanism on the consolidated entity as legislation must be voted on and passed by both houses of Parliament. In addition, as the consolidated entity will not fall within the "Top 500 Australian Polluters", the impact of the Carbon Scheme will be through indirect effects of increased prices on many production inputs and general business expenses as suppliers subject to the carbon pricing mechanism are likely to pass on their carbon price burden to their customers in the form of increased prices. Directors expect that this will not have a significant impact upon the operation costs within the business, and therefore will not have an impact upon the valuation of assets and/or going concern of the business.

The Group does not anticipate the early adoption of any of the above Australian Accounting Standards.

The Financial Report was authorised for issue on 30 September 2010 by the Board of Directors.

NOTE 2: REVENUES AND EXPENSES

	Consolidated	
	2011 $	2010 $
(a) Revenue		
Gold sales	101,166,546	70,257,362
Silver sales	252,612	112,197
Toll milling income	1,332,603	3,308,571
	102,751,761	73,678,130
(b) Other income		
Interest received	442,358	269,934
Rental revenue	1,433,704	60,000
Net gains (loss) on disposal of mining tenements	961,447	-
Realised gold forward contracts mark to market gain	-	1,506,176
Net gains on disposal investments	24,048	196,955
Other	2,138	241,388
	2,863,695	2,274,453
(c) Expenses		
Royalty expense	2,210,728	1,708,655
Finance costs		
Finance charges payable under finance leases and hire purchase contracts	19,481	12,406
Interest expense	-	301,705
Gold put options expired	-	68,649
Bank charges and borrowing costs	-	820,645
Total finance charges	19,481	1,203,405
Depreciation & Amortisation Expense		
Depreciation of non-current assets	4,697,941	2,524,794
Amortisation of development expenditure	2,304,307	4,824,165
Amortisation of mine development	8,031,719	4,842,520
Total amortisation and depreciation	15,033,987	12,191,479
Operating lease rental expense	150,464	154,470
Other expenses		
Legal fees	61,327	59,230
Option expense	99,283	27,052
Site Administration costs	1,465,353	1,275,021
Employee benefit expense	3,001,238	2,427,752
Other	3,075,755	2,279,895
	7,702,956	6,068,950

NOTE 3: INCOME TAX

	Consolidated	
Income tax recognised in profit and loss	2011 $	2010 $
The prima facie income tax expense on pre-tax accounting from operations reconciles to the income tax expense in the financial statements as follows:		
Accounting profit (loss) before income tax	7,644,341	10,882,189
Income tax expense		
Income tax expense calculated at statutory income tax rate of 30%	2,293,302	3,264,656
Sundry non-deductible expenses	70,042	254,899
Investment allowance	-	(495,000)
Deferred tax asset relating to tax losses not brought to account	(2,363,345)	(3,024,555)
Income tax expense	-	-
Income Statement of Comprehensive Income		
Current Tax		
Deferred tax asset relating to tax losses	2,363,345	3,024,555
Deferred Income Tax		
Temporary differences recognised in equity	(401.601)	(269,730)
Relating to origination and reversal on temporary differences	(6,910,123)	(3,758,097)
Current year tax losses not recognised in the current period	4,948,379	1,003,272
Income tax expense reported in the of Statement of Comprehensive Income	-	-
Unrecognised Deferred Tax Balances		
Unrecognised deferred tax asset losses	22,587,883	17,653,450
Unrecognised deferred tax asset other	2,051,282	1,523,490
Unrecognised deferred tax liabilities	(22,811,387)	(15,746,208)
Net unrecognised deferred tax assets	1,827,779	3,430,732

The deferred tax asset arising from the tax losses has not been recognised as an asset in the Statement of Financial Position because the recovery is not probable.

The tax benefit of losses not brought to account will only be obtained if:

(a) assessable income is derived of a nature and amount sufficient to enable the benefits to be realised,

(b) conditions for deductibility imposed by the law are complied with, and

(c) no changes in the tax legislation adversely affect the realisation of the benefit from the deductions.

Tax Consolidation

Focus Minerals Ltd and its 100% owned Australian resident subsidiaries have not formed a tax consolidated group.

NOTE 4: SEGMENT REPORTING

The Group has two reportable segments, as described below, which are the Group's strategic business units. The business units are managed separately as they require differing processes and skills. The Chief Executive Officer reviews internal management reports on a monthly basis. The business units operate in one geographical segment being Western Australia.

The Group's reportable segments and activities are:

- Production. Includes mining, extraction and treatment of gold.
- Exploration. Includes exploration for mineral resources.

The Group has no reliance on any one customer as gold produced is sold through agents at spot pricing or delivered into forward gold contracts.

Segment Financial Information

	Production		Exploration		Total	
	2011 $	2010 $	2011 $	2010 $	2011 $	2010 $
Revenue	**102,751,761**	73,678,130	**-**	-	**102,751,761**	73,678,130
Interest income	**-**	-	**-**	-	**-**	-
Interest expense	**(19,481)**	(301,705)	**-**	-	**(19,481)**	(301,705)
Depreciation and amortisation	**(15,033,987)**	(12,191,480)	**-**	-	**(15,033,987)**	(12,191,480)
Reportable segment profit	**11,802,888**	14,268,174	**-**	-	**11,802,888**	14,268,174
Unallocated expenses	**-**	-	**-**	-	**(4,158,547)**	(3,385,985)
Reportable segment profit before income tax					**7,644,341**	10,882,189
Reportable segment assets	**60,612,332**	51,235,436	**80,874,468**	56,084,895	**141,486,800**	107,320,331
Reportable segment liabilities	**28,224,418**	14,467,004	**1,254,550**	754,475	**27,478,968**	15,221,479
Capital expenditure	**25,112,161**	35,566,976	**24,673,313**	6,302,938	**49,785,474**	41,869,914

NOTE 4: SEGMENT REPORTING (continued)

	2011	2010
	$	$
Total revenue for reportable segments		
Consolidated revenue	102,751,761	73,678,130
Reconciliation of reportable segment profit		
Total profit for reportable segments	11,802,888	14,072,175
Net gains (loss) on disposal of mining tenements	961,447	-
Net gains on disposal investments	24,048	196,955
Interest received	442,358	294,934
Finance costs	-	604,476
Other corporate expenses	(5,586,400)	(4,285,395)
Consolidated profit before income tax	7,644,341	10,882,189
Reconciliation of reportable segment assets		
Total assets for reportable segments	141,486,800	107,320,331
Unallocated assets		
Cash and cash equivalents	30,709,050	6,383,806
Environmental bonds on deposit	811,958	802,266
Corporate assets	5,079,650	746,368
Consolidated total assets	178,087,458	115,252,771

The group has no material reconciliation items between management reports and financial statement amounts.

NOTE 5: EARNINGS PER SHARE

	Consolidated	
	2011 Cents per Share	2010 Cents per Share
Basic Earnings per share:		
Total Basic EPS	0.26	0.39
Diluted earnings per share		
Total Diluted EPS	0.25	0.38
Basic Earnings per share		
The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:	7,644,341	10,882,189
Weighted average number of ordinary shares for the purposes of basic earnings per share	2,982,670,549	2,795,807,868
Diluted Earnings per share		
The earnings and weighted average number of ordinary shares used in the calculation of diluted earnings per share:	7,644,341	10,882,189
Weighted average number of ordinary shares for the purposes of diluted earnings per share	3,082,186,465	2,880,410,102

NOTE 6: CASH AND CASH EQUIVALENTS

	Consolidated	
	2011 $	2010 $
Current		
Cash at bank and on hand	2,289,636	4,233,676
Short-term deposits – unsecured	28,419,414	2,150,130
	30,709,050	6,383,806
Non- current		
Short-term deposits –secured	811,958	802,266

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

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

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

Secured performance bonds, secured by cash deposits, comprise $811,958 (2010: 802,266) attributable to the Group for its 100% directly held mining tenements in the Coolgardie Gold Project. Under the Bank Facility detailed in note 16, the Bank has provided further performance bonds totalling $2,530,005 (2010: $1,179,500). These bonds are secured under

the terms of the Bank Facility.

NOTE 6: CASH AND CASH EQUIVALENTS (continued)

(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:

Cash and cash equivalents	30,709,050	6,383,806

(ii) Cash balances not available for use

Short term deposits lodged as security	811,958	802,266

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

	Consolidated	
	2011 $	2010 $
Net Profit for the year	7,644,341	10,882,189
(Gain) on sale or disposal of investments	(24,048)	(197,889)
(Gain) on sale or disposal of mining tenements	(961,446)	-
Depreciation expense	4,752,179	2,533,544
Amortisation expense	10,336,045	9,657,935
Borrowing cost expensed	-	729,832
Share base payment	99,282	27,052
Unrealised gold forward (gain)/loss	-	(1,509,176)
(Increase)/decrease in assets:		
Current receivables	3,232,712	(575,929)
Inventories	(2,814,354)	172,347
Other current assets	(2,047)	(413,843)
Increase/(decrease) in liabilities		
Current payables	10,103,347	(26,607)
Other current liabilities	(2,319,222)	6,148,856
Employee benefits	706,687	399,127
Non-current payables	-	(20,000)
Net cash from/(used in) operating activities	30,753,478	27,807,438

NOTE 6: CASH AND CASH EQUIVALENTS (continued)

(v) Non Cash Financing and Investing Activities Transactions

2011

- Expenses during the period include the value of issued options for an amount of $99,282. The options were issued to senior management staff under the Employee incentive scheme.
- During the period the Company has purchased mining equipment totalling $6,853,474 under hire purchase and finance leases.

2010

- Expenses during the period include the value of issued options for an amount of $27,052. The options were issued to senior management staff under the Employee incentive scheme.

NOTE 7: CURRENT TRADE AND OTHER RECEIVABLES

	Consolidated	
	2011 $	2010 $
Trade receivables	1,176,933	3,811,419
Other receivables	201,514	799,740
	1,378,447	4,611,159

An allowance for doubtful debts is made when there is objective evidence that a trade receivable is impaired. The amount of the allowance/impairment loss has been measured as the difference between the carrying amount of the trade receivables and the estimated future cash flows expected to be received from the relevant debtors.

NOTE 8: INVENTORIES

	$	$
At cost		
Spare parts	2,524,061	1,751,778
Mined ore	1,647,461	2,460,329
Gold in circuit	3,545,411	690.472
	7,716,933	4,902,579

NOTE 9: OTHER CURRENT ASSETS

	Consolidated	
	2011 $	2010 $
Prepaid expenses	560,295	558,248

NOTE 10: OTHER FINANCIAL ASSETS

Current	$	$
Investments in listed entities	1,194,753	22,963
Loans to external parties	3,000,000	-
	4,194,753	22,963

Loans to external parties are secured by registered fixed and floating charge over the assets and operations of Crescent Gold Limited. The loan carries an interest rate of 7% pa. Refer also to Note 25.

NOTE 11: PLANT AND EQUIPMENT

Plant and equipment	$	$
At cost	41,603,219	33,096,943
Less accumulated depreciation	(10,074,207)	(5,322,028)
	31,529,012	27,774,915
Mine properties		
At cost	38,405,718	21,562,811
Less accumulated depreciation	(17,585,951)	(9,554,233)
	20,819,767	12,008,578
	52,348,779	39,783,493

NOTE 11: PLANT AND EQUIPMENT (continued)

Movement summary	Plant and Equipment $	Mine Properties $	Total $
Cost			
Balance 1 July 2009	12,349,229	6,743,549	19,092,778
Additions	20,747,714	14,819,262	35,566,976
Balance 30 June 2010	33,096,943	21,562,811	54,659,754
Additions	8,506,276	16,842,907	25,349,183
Balance 30 June 2011	**41,603,219**	**38,405,718**	**79,943,486**
Depreciation			
Balance 1 July 2009	(2,788,484)	(4,738,818)	(7,527,302)
Depreciation expense	(2,533,544)	(4,815,415)	(7,348,959)
Balance 30 June 2010	(5,322,028)	(9,554,233)	(14,876,261)
Depreciation expense	(4,752,179)	(8,031,718)	(12,783,897)
Balance 30 June 2011	**(10,074,207)**	**(17,585,951)**	**(27,594,707)**
Carrying value			
Balance 1 July 2009	9,560,745	2,004,731	11,565,476
Balance 30 June 2010	27,774,915	12,008,578	39,783,493
Balance 30 June 2011	**31,529,012**	**20,819,767**	**52,348,779**

NOTE 12: DEFERRED EXPENDITURE

	Consolidated	
	2011 $	2010 $
Exploration and Evaluation Expenditure:		
At Cost	77,667,223	55,803,215
Less – accumulated amortisation	-	-
Net Exploration and Evaluation Expenditure	77,667,223	55,803,215
Development Expenditure:		
At cost	14,712,962	12,093,657
Less – accumulated amortisation	(12,012,942)	(9,708,615)
Net Development Expenditure	2,700,020	2,385,042

Movements:

Exploration and Evaluation Expenditure

Carrying amount at beginning of the year	55,803,215	51,475,157
plus – exploration expenditure	23,943,313	6,302,938
plus – tenements acquired	540,000	-
plus - Transfer (to)/from Development Expenditure	(2,619,305)	(1,974,880)
Carrying amount at end of year	77,667,223	55,803,215

Development Expenditure

Carrying amount at beginning of the year	2,385,042	5,252,682
plus – costs incurred		
plus - Transfer (to)/from Exploration and Evaluation Expenditure	2,619,305	1,974,880
less: amortisation expense	(2,304,327)	(4,842,520)
Carrying amount at end of year	2,700,020	2,385,042

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases are dependent on the discovery of commercially viable mineral or other natural resource deposits and their successful development and commercial exploitation or sale of the respective areas.

NOTE 13: SHARE BASED PAYMENTS (continued)

During the year, the Company issued 33,500,000 options to senior executive staff under the employee incentive scheme. During 2010 the Company issued 38,380,770 options to senior executive staff under the employee incentive scheme.

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

The following table lists the inputs to the model used for the years ended 30 June.

	2011	2010
Volatility (%)	70%	70%
Risk free interest rate (%)	5.35%	5.35%
Expected life of option (years)	3.25 yrs	1.25-2.25 yrs
Exercise price (cents)	12.3 cents	7.5 & 7.8 cents
Weighted average share price at grant date (cents)	8.7 cents	5.8 cents
Discount factor	75%	75%
Imputed value of issued options	$99,284	$43,352

Subject to the vesting criteria being met, the options will vest on 31 December 2012. Accordingly, the option value has been proportionally expensed over the vesting period with $28,822 expensed at 30 June 2011. A further $83,518 is to be expensed annually from 30 June 2012 to 30 June 2014.

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

Total Shareholder Return is defined as the change in capital value per share of an entity over a 12 month period, plus dividends per share, expressed as a plus or minus percentage of their opening value. The opening value date is 1 January 2011.

The discount factor has been determined based on the historical Total Shareholder Return performance of the Company relative to the Comparable Entities over the past 3 years as a likelihood of achieving the vesting performance criteria.

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

NOTE 14: TRADE AND OTHER PAYABLES

	Consolidated	
	2011 $	2010 $
Current		
Trade payables	15,261,411	5,158,064
Sundry creditors and accrued expenses	5,502,571	7,821,793
Employee benefits	1,441,913	735,226
	22,205,895	13,715,083

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

Information regarding the credit risk of current payables is set out in Note 18.

NOTE 15: PROVISIONS

	Consolidated	
	2011 $	2010 $
Non-Current		
Rehabilitation costs		
Balance at 1 July	1,749,608	1,749,608
Increase in the period	-	-
Balance at 30 June	1,749,608	1,749,608

Provision for Mine Restoration

A provision has been recognised for the costs to be incurred for the restoration and rehabilitation of mining and prospecting leases used for the production and exploration of gold and nickel. A discount rate adjusted to reflect the risk inherent in the mining operation has been applied.

NOTE 16: FINANCIAL LIABILITIES

	Consolidated	
	2011 $	2010 $
Current		
Finance lease – refer note 19	1,444,698	81,081
	1,899,715	81,018
Non – current		
Finance lease	4,454,242	20,330

Note a) Banking facility

At 30 June 2011, the Group has a Contingent Instrument Facility. The Facility provides bankers' guarantees to meet tenement requirements and to secure services supply contracts.

The Facility is secured by:

- fixed and floating charge over all the assets and undertakings of the Company, Austminex Pty Ltd and Focus Operations Pty Ltd,
- an equitable mortgage over the issued shares owned by the Company in Austminex Pty Ltd and Focus Operations Pty Ltd, and
- a mining mortgage over specified mining leases owned by the Company, in Austminex Pty Ltd and Focus Operations Pty Ltd.

The facility is comprised of the following:

	30 June 2011		
	Drawn	Undrawn	Facility Limit
Contingent Instruments	$2,530,005	$969,995	$3,500,000

The Facility Agreement requires the Company to maintain a minimum bank balance of $5 million.

There were no breaches of the financial covenants during the period.

Notes To The Financial Statements

For The Year Ended 30 June 2011

NOTE 17: 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

	Company	
	2011 $	2010 $
Issued capital	145,009,908	102,769,507
	No. of shares 2011	No. of shares 2010
Shares on issue at the beginning of reporting period	2,862,543,210	2,646,143,210
Shares issued during the year		
- 7 July 2010	3,000,000	-
- 4 March 2011	16,000,000	-
- 22 March 2011	14,000,000	-
- 31 March 2011	1,867,310	-
- 18 April 2011	517,104,911	-
- 27 April 2011	26,000,000	-
- 14 October 2009	-	206,400,000
- 5 March 2010	-	10,000,000
Shares on issue at reporting date	3,440,515,431	2,862,543,210

Share Issue Details

On 7 July 2010, the Company issued 3,000,00 ordinary shares as consideration for an option fee to acquire a 75% interest in the Lake Cowan exploration tenement. On 4 March 2011 that option was exercised and under a purchase agreement it was agreed to acquire the balance of the tenement with the issue of a further 5,000,000 fully paid ordinary shares. Concurrent with this purchase the Company issued a further 1,000,000 shares to acquire an option over an adjoining exploration tenement.

On 4 March 2011, the Company issued 10,000,000 ordinary shares on the exercise of options. The exercise price of the options was 7.0 cents per fully paid share. On 22 March 2011 the Company issued a further 14,000,000 ordinary shares on the exercise of options. The exercise price of the options was 6.875 cents per fully paid share.

On 31 March 2011, the Company issued 1,867,310 fully paid ordinary shares to employees in accordance with the exemption provisions of the Income Tax Assessment Act . These shares are held on trust for the individual employees for 3 years from the issue date of termination of employment.

On 18 April 2011, the Company issued 425,000,000 ordinary shares at 7.6 cents per share under a placement of shares. A further 92,104,911 ordinary shares were issued at 7.6 cents per share under a Share Purchase Plan.

Share issue costs related to the placement totalled $2,580,645 were incurred.

On 27 April 2011, the Company issued 26,000,000 ordinary shares on the exercise of options. The exercise price of the options was 6.875 cents per fully paid share.

NOTE 17: ISSUED CAPITAL AND RESERVES (continued)

Voting Entitlements

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

(b) Options

The Company has issued options to acquire fully paid shares by defined expiry dates. The following are movements in options throughout the period and the outstanding options at 30 June 2010:

Issuing Entity	Number of Options	Exercise Price Cents per Share	Expiry Date
Focus Minerals Ltd			
Total Issued Options at 1 July 2009	**110,698,464**		
Expired options	(4,925,000)	5.0	30/11/2010
	(4,925,000)	6.0	30/11/2010
	(9,850,000)		
Options Exercised	(10,000,000)	7.0	30/4/2011
	(40,000,000)	6.875	30/4/2011
	(50,000,000)		
Options Lapsed unexercised	(4,384,232)	7.50	31/12/2012
	(4,384,232)	7.80	31/12/2012
	(8,768,464)		
Options issued			
Executive incentive options	33,500,000	12.3	30/62014
Total options on issue	25,424,232	7.50	31/12/2012
	25,424,232	7.80	31/12/2012
	33,500,000	12.30	30/6/2014
Total Options issued	**75,580,000**		

NOTE 17: ISSUED CAPITAL AND RESERVES (continued)

(c) Capital Management

Management controls the capital of the Group in order to ensure the group can fund its operations, continue as a going concern and ensuring compliance with banking covenants. As required under the banking facilities provided, the Group monitors monthly and reports quarterly on the compliance of financial covenants as listed in Note 16. The Group's debt and capital includes ordinary share capital and financial liabilities supported by financial assets. There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks, adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

The gearing ratios for the group are as follows:

	Consolidated	Consolidated
	2011 $	2010 $
Total borrowings	5,898,940	101,411
Less cash and cash equivalents	(30,709,050)	(6,383,806)
Net debt/(net cash)	(24,810,110)	(6,282,395)
Total equity	148,233,015	99,686,669
Total capital	123,422,905	93,404,274
Gearing ratio	N/a	N/a

(d) Reserves

Option Reserve

Movements in the option reserve as a result of equity settled transactions were as follows:

	Consolidated	
	2011 $	2010 $
Balance 1 July	2,025,738	2,018,449
Employee share options issued	99,284	27,052
Amount transferred to issued capital on exercise of options	(1,437,680)	(19.763)
Amount transferred to Retained Earnings on lapsed or expired options	(564,458)	-
Balance 30 June	122,884	2,025,738

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

Refer Note 17 (b) for movement of issued options.

NOTE 18: FINANCIAL INSTRUMENTS

a. Financial Risk Management Policies

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

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

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

i. Treasury Risk Management

A finance committee consisting of a non-executive director and the Chief Financial Officer meet on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

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

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

ii. Financial Risk Exposures and Management

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

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.

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

In respect of the parent entity, credit risk also incorporates the exposure of Focus Minerals Ltd to the liabilities of all members of the closed group.

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

NOTE 18: FINANCIAL INSTRUMENTS (continued)

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

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

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

The consolidated group has not have a material credit risk exposure as, at balance date, no financial instruments are outstanding by the consolidated group. The total exposure is detailed in Note 18 (b) below.

Price Risk

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

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

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

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

b. Financial Instruments

i. Derivative Financial Instruments

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

Forward Gold Contracts

The group has entered into forward exchange contracts to sell specified amounts of gold in the future at fixed gold prices. The objective in entering the forward gold contracts is to protect the group against unfavourable price movements for the contracted future sales of gold.

NOTE 18: FINANCIAL INSTRUMENTS (continued)

The accounting policy in regard to forward gold contracts is detailed in Note 1.

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

	Consolidated Group		Consolidated Group Average Gold Price/oz	
	2011 $	2010 $	2011 $	2010 $
Sell Gold				
Settlement				
Less than 6 months	-	7,340,000	-	1,468
6 months to 1 year	-	-	-	-
1 – 2 years	-	-	-	-
	-	7,340,000	-	1,468

	Consolidated Group		Consolidated Group Average Gold Price/oz	
	2011 $	2010 $	2011 $	2010 $
Gold Put Options				
Less than 6 months	-	1,989,000	-	850
6 months to 1 year	-	-	-	-
1 – 2 years	-	-	-	-
	-	1,989,000	-	850

At 30 June 2011 the group has no outstanding forward gold contracts (2010: 5,000 ozs) and no outstanding gold put options.

NOTE 18: FINANCIAL INSTRUMENTS (continued)

ii. Maturity Analysis

	Average Effective Interest Rate %	Floating Interest Rate $	Fixed Interest Rate $	Non Interest Bearing $	Total $
Consolidated			Payable within 1 year		
30 June 2011					
Financial assets					
Cash and cash equivalents	5.2%	30,707,750	811,958	1,300	31,521,008
Other financial assets	7.0%	-	3,000,000	1,194,753	4,194,753
Trade receivables	-	-	-	1,378,447	1,378,447
Total financial assets		30,707,750	3,811,958	2,574,500	37,094,208
Financial liabilities					
Trade payables and other payables	-	-	-	22,205,895	22,205,895
Lease liabilities - Note 16	8.9%	-	5,898,940	-	5,898,940
Total financial liabilities		-	5,898,940	22,205,895	28,104,835
Consolidated					
30 June 2010					
Financial assets					
Cash and cash equivalents	2.8%	6,382,806	802,266	1,000	7,186,072
Other financial assets	-	-	-	22,963	22,963
Trade receivables	-	-	-	799,740	799,740
Total financial assets		6,382,806	802,266	823,703	8,008,775
Financial liabilities					
Trade payables and other payables	-	-	-	13,715,083	13,715,083
Lease liabilities - Note 16	9.1%	-	101,411	-	101,411
Total financial liabilities		-	101,411	13,715,083	13,816,494

NOTE 18: FINANCIAL INSTRUMENTS (continued)

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

	2011		2010	
Consolidated	Carrying Amount $	Net Fair Value $	Carrying Amount $	Net Fair Value $
Financial assets				
Other financial assets	**1,194,753**	**1,194,753**	22,963	22,963
Loans and receivables	**4,378,447**	**4,378,447**	799,740	799,740
	5,573,200	**5,573,200**	822,703	822,703
Financial liabilities – at amortised cost (Note 16)				
Finance leases	**5,898,940**	**5,898,940**	101,411	101,411
	5,898,940	**5,898,940**	101,411	101,411

iii. Sensitivity Analysis

Interest Rate Risk, Gold Price Risk

The group has performed a sensitivity analysis relating to its exposure to gold price risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Gold Price Sensitivity Analysis

At 30 June 2011, the effect on profit and equity as a result of changes in the Australian dollar gold price and based on gold sold within the year with all other variables remaining constant would be as follows:

	Consolidated	
	2011 $	2010 $
Gold Sold – ozs	**72,720**	60,117
Average Gold price achieved	**$1,391**	$1,197
Change in profit		
- Increase in A$ gold price by 10%	**10,115,352**	6,823,279
- Decrease in A$ gold price by 10%	**(10,115,352)**	(6,823,279)
Change in equity		
- Increase in A$ gold price by 10%	**10,115,352**	6,823,279
- Decrease in A$ gold price by 10%	**(10,115,352)**	(6,823,279)

NOTE 19: COMMITMENTS AND CONTINGENCIES

Operating lease commitments – Group as lessee

The Group has entered into commercial leases on certain office and regional residential accommodation. These leases have a life of one to five year with renewal options included in some lease contracts. There are no restrictions placed upon the lessee by entering into these leases.

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

	Consolidated	
Office Accommodation	2010 $	2009 $
Within one year	492,538	95,998
After one year but not more than five years	1,810,904	-
More than five years	-	-
	2,303,442	95,998

Finance lease and hire purchase commitments – Group as lessee

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

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

	2011		2010	
	Minimum lease payments $	Present value of lease payments $	Minimum lease payments $	Present value of lease payments $
CONSOLIDATED				
Within one year	1,899,715	1,444,698	86,812	81,081
After one year but not more than five years	4,951,834	4,454,242	20,811	20,330
Total minimum lease payments	6,851,549	5,898,940	107,623	101,411
Less amounts representing finance charges	(952,609)	-	(6,212)	-
Present value of minimum lease payments	5,898,940	5,898,940	101,411	101,411

The weighted average interest rate impact on the leases for both the Group and the Parent at 30 June 2011 is 8.9% (2010: 9.1 %).

NOTE 19: COMMITMENTS AND CONTINGENCIES (continued)

Mining tenement expenditure commitments and contingencies

The Consolidated Entities and Company have minimum statutory expenditure, including tenement rentals, as conditions of tenure of certain mining tenements.

To secure certain performance obligations attaching to certain mining and exploration tenements, the Consolidated Entity and the Company has lodged bank bonds totalling $2,360,000 (2010: $1,777,387) with the Department of Mines and Petroleum.

In addition, the Consolidated Entity and the Company has lodged bank bonds totalling $979,700 (2010: $795,700) to energy suppliers and landlords to secure future services.

Mining tenement expenditure commitments

The Group has committed, under tenement landholding conditions, to spend a minimum of $1,770,720 (2010: $1,693,880) per annum on mining and exploration tenements held by the Group.

NOTE 20: 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	
		2011	2010
Austminex Pty Ltd	Australia	100%	100%
Focus Operations Pty Ltd	Australia	100%	100%
Underground Drilling Services Pty Ltd	Australia	100%	100%

Notes To The Financial Statements

For The Year Ended 30 June 2011

NOTE 21: PARENT ENTITY

The parent company throughout the financial year ended 30 June 2011 was Focus Minerals Limited.

	Parent Entity	
	2011 $	2010 $
Results of the parent entity		
Profit for the period	1,716,484	5,295,895
Other comprehensive income	-	-
Total comprehensive income for the period	1,716,484	5,295,895
Financial position of parent entity at year end		
Current assets	38,515,290	12,206,275
Total assets	149,723,994	95,558,084
Current Liabilities	14,807,903	7,234,510
Total liabilities	19,670,969	8,123,539
Total equity of parent entity comprising of:		
Share capital	145,009,908	102,749,745
Option reserve	122,884	2,045,507
Accumulated losses	(15,079,767)	(17,360,707)
Total equity	130,053,025	87,434,545

The parent entity has commitments of $2,239,292 (2010: $31,848) and is jointly and severally liable for the mining tenement expenditure commitments.

NOTE 22: RELATED PARTY DISCLOSURE

The following table provides the total amount of transactions that were entered into with related parties in the relevant financial year.

		Sales to Related Parties $	Purchases from Related Parties $	Amounts Owed by Related Parties $	Amounts Owed to Related Parties $
Parent					
Related party					
Austminex Pty Ltd	**2011**	-	-	**4,378,803**	-
	2010	-	-	4,358,803	-
Underground Drilling Services Pty Ltd	**2011**	-	-	**60,136**	-
	2010	-	-	60,136	-
Focus Operations Pty Ltd	**2011**	-	-	**10,405,572**	-
	2010	-	-	15,824,498	-

Joint venture in which the entity is a venturer
The Group has a 100% interest in the assets, liabilities and output of the Coolgardie Gold Project (2010: 100%)

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

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

For the year ended 30 June 2011, the Group has not made any allowance for doubtful debts relating to amounts owed by related parties due to solid payment history (2010: $nil). An impairment assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates to determine whether there is objective evidence that a related party receivable is impaired. When such objective evidence exists, the Group recognises an allowance for the impairment loss.

Mr Lockyer is a non executive director of Swick Mining Services Limited (Swick). During the year the Group contracted with Swick to provide drilling services for the Group's surface exploration programs. These services were awarded to Swick after undertaking a tender process. Drilling services provided by Swick for the year totalled $3,600,892 (2010: $532,240) determined in accordance with a schedule of rates established during the tender process.

Notes To The Financial Statements

For The Year Ended 30 June 2011

NOTE 23: AUDITORS' REMUNERATION

The auditors of Focus Minerals Limited are Grant Thornton Audit Pty Ltd.

	Consolidated	
	2011 $	2010 $
Amounts received or due and receivable by Grant Thornton Audit Pty Ltd.		
An audit or review of the financial report of the entity and any other entity in the consolidated group	87,000	74,000
Other services in relation to the entity and any other entity in the consolidated group:		
Taxation services	8,010	15,403
Financial modelling	43,854	-
	138,864	89,403

NOTE 24: DIRECTORS' AND EXECUTIVE DISCLOSURES

Director and key management remuneration has been included in the Remuneration Section of the Directors' Report.

(a) Compensation options:

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

(b) Options holdings of Key Management Personnel

30 June 2011	Balance at Beginning Of period 1/7/2010	Granted as remuneration	Options Exercised/ lapsed	Balance at End of Period 30/6/2011	Vested as at 30 June 2011		
					Total	Vested	Not Vested
30 June 2011							
Directors							
Donald Taig	-	-	-	-	-	-	-
Phillip Lockyer	-	-	-	-	-	-	-
Gerry Fahey	-	-	-	-	-	-	-
Bruce McComish	-	-	-	-	-	-	-
Campbell Baird	15,000,000	10,000,000	-	25,000,000	25,000,000	-	25,000,000
Peter Williams	9,230,770	-	(9,230,770)	-	-	-	-
Jon Grygorcewicz	6,461,538	-	-	6,461,538	6,461,538	-	6,461,538
Charles McCormick	6,461,538	2,500,000	(2,900,000)	6,061,538	6,061,538	-	6,061,538
Brad Valiukas	7,384,616	10,000,000	-	17,384,616	17,384,616	-	17,384,616
Dr Garry Adams	3,692,308	-	-	3,692,308	3,692,308	-	3,692,308
Barend Knoetze	3,133,846	-	-	3,133,846	3,133,846	-	3,133,846
Total	51,364,616	22,500,000	(12,130,770)	61,733,846	61,733,846	-	61,733,846

NOTE 24: DIRECTORS' AND EXECUTIVE DISCLOSURES (continued)

Options holdings of Key Management Personnel – continued

30 June 2010	Balance at Beginning Of period 1/7/2009	Granted as remuneration	Options Exercised/ lapsed	Balance at End of Period 30/6/2010	Vested as at 30 June 2010		
					Total	Vested	Not Vested
30 June 2010							
Directors							
Donald Taig	-	-	-	-	-	-	-
Phillip Lockyer	-	-	-	-	-	-	-
Christopher Hendricks	-	-	-	-	-	-	-
Campbell Baird	-	15,000,000	-	**15,000,000**	15,000,000	-	15,000,000
Peter Williams	6,950,000	2,280,770	-	**9,230,770**	9,230,770	6,950,000	2,280,770
Jon Grygorcewicz	-	6,461,538	-	**6,461,538**	6,461,538	-	6,461,538
Charles McCormick	5,900,000	3,561,538	(3,000,000)	**6,461,538**	6,461,538	2,900,000	3,561,538
Brad Valiukas	-	7,384,616	-	**7,384,616**	7,384,616	-	7,384,616
Dr Garry Adams	-	3,692,308	-	**3,692,308**	3,692,308	-	3,692,308
Total	12,850,000	38,380,770	(3,000,000)	**48,230,770**	48,230,770	9,850,000	38,380,770

 # Includes forfeitures

NOTE 24: DIRECTORS' AND EXECUTIVE DISCLOSURES (continued)

(c) Shareholdings of Key Management Personnel

	Balance 1 July 2010		Granted as remuneration		Purchases		Balance 30 June 2011	
30 June 2011	Shares	Options	Shares	Options	Shares	Options	Shares	Options
Directors								
Donald Taig*	11,305,366	-	-	-	657,893	-	11,963,259	-
Phillip Lockyer	594,523	-	-	-	-	-	594,523	-
Gerry Fahey	-	-	-	-	-	-	-	-
Bruce McComish	-	-	-	-	-	-	-	-
Campbell Baird	5,600,000	15,000,000	-	10,000,000	794,736	-	6,394,736	25,000,000
Jon Grygorcewicz	2,162,705	6,461,538	-	-	12,845	-	2,175,550	6,461,538
Charles McCormick**	22,624,839	6,461,538	-	2,500,000	-	(2,900,000)	22,624,839	6,061,538
Brad Valiukas	1,800,000	7,384,616	-	10,000,000	(1,002,632)	-	797,368	17,384,616
Dr Garry Adams	1,000,000	3,692,308	-	-	136,192	-	1,136,192	3,692,308
Barend Knoetze	35,000	3,133,846		-	-	-	35,000	3,133,846
Total	45,122,433	42,133,846	-	22,500,000	599,034	(2,900,000)	45,721,467	61,733,846

*Mr Taig is a director of Tizon Pty Ltd and is a related party with Lugano Enterprises Pty Ltd and accordingly has an indirect interest in the shares.

**Mr McCormick is a director and shareholder of Broadarrow Goldmines Pty Ltd and accordingly has a direct interest in the shares.

NOTE 24: DIRECTORS' AND EXECUTIVE DISCLOSURES (continued)

	Balance 1 July 2009		Granted as remuneration		Purchases		Balance 30 June 2010	
30 June 2010	Shares	Options	Shares	Options	Shares	Options	Shares	Options
Directors								
Donald Taig*	10,705,366	-	-	-	600,000	-	11,305,366	-
Phillip Lockyer	594,523	-	-	-	-	-	594,523	-
Christopher Hendricks	190,909	-	-	-	-	-	190,909	-
Campbell Baird	2,800,000	-	-	15,000,000	2,800,000	-	5,600,000	15,000,000
Peter Williams	1,437,023	6,950,000	-	2,280,770	120,000	-	1,557,023	9,230,770
Jon Grygorcewicz	1,962,705	-	-	6,461,538	200,000	(3,000,000)	2,162,705	6,461,538
Brad Valiukas	-	-	-	7,384,616	1,800,000		1,800,000	7,384,616
Charles McCormick**	22,324,839	5,900,000	-	3,561,538	300,000	-	22,624,839	6,461,538
Dr Garry Adams	-	-	-	3,692,308	1,000,000	-	1,000,000	3,692,308
Total	40,015,365	12,850,000	-	38,380,770	6,820,000	(3,000,000)	46,835,365	48,230,770

* Mr Taig is a director of Tizon Pty Ltd and is a related party with Lugano Enterprises Pty Ltd and accordingly has an indirect interest in the shares.

**Mr McCormick is a director and shareholder of Broadarrow Goldmines Pty Ltd and accordingly has a direct interest in the shares.

NOTE 25: SIGNIFICANT EVENTS AFTER BALANCE DATE

(a) Off Market Offer for Crescent Gold Limited

On 20th June 2011the Company jointly, with Crescent Gold Limited, announced an off-market bid by the Company to acquire the issued ordinary shares of Crescent Gold Limited (Crescent). The Bidder's Statement was lodged with the Australian Investments and Securities Commission on 29 June 2011.

The Offer opened on 30 June 2011 and consisted of one Focus share for every 1.18 Crescent shares and was conditional, among other conditions, on achieving ownership of 90% of the issued shares of Crescent.

On 18 August 2011 the Company declared the Offer unconditional.

The Offer has been extended to close on 5 October 2011. The extension was final and no further extensions of the Offer will be made.

As at the date of this report the Company has received acceptances totalling 80.51% of Crescent issued ordinary shares.

As at the date of this report, the Company has issued 844,315,422 Focus shares to acquire 996,291,122 Crescent shares.

Final consideration shares will be issued following the closure of the Offer.

(b) Acquisition of Crescent Gold Limited options

On 31 August 2011, the Company acquired 56,131,430 options to acquire shares in Crescent at an exercise price of 5 cents per share.

Consideration for the options acquired totalled 24,836,939 Focus Shares.

The options expire on 31 December 2012.

(c) Loan to Crescent Gold Limited

In accordance with a Working Capital Facility Agreement signed on 17 June 2011, the Company has advanced $8 million in loan funding to Crescent of a total facility limit of $11 million. The balance of the Facility is available to be drawn down by Crescent in amounts to a maximum of $1 million each during September, October and November 2011.

At a General Meeting of Crescent held on 18 August 2011, Crescent shareholders' approved the conversion of the loan, at the election of the Company, into convertible notes in Crescent. The convertible notes can then, at the election of the Company, be converted into shares in Crescent at a face value of 5 cents per convertible note. On conversion into Crescent shares, the Company will be issued one option for every two Crescent shares to subscribe for Crescent shares at an exercise price of 5 cents per share. The option will expire on 31 December 2012.

Director's Declaration

For The Year Ended 30 June 2011

1. In the opinion of the Directors of Focus Minerals Limited (the "Company"):

   (a) the financial statements and notes set out on pages 31 to 83 and the remuneration disclosures that are contained in pages 8 to 10 of the Remuneration report in the Directors' report, are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view of the Group's financial position as at 30 June 2011 and of their performance, for the financial year ended on that date; and

      (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

      (iii) complying with International Financial Reporting Standards as disclosed in Note 1.

   (b) the remuneration disclosures that are contained in page 23 to 27 of the Remuneration report in the Directors' report comply with Australian Accounting Standard AASB 124 Related Party Disclosures and

   (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2011.

Signed in accordance with a resolution of the Directors:

_____

Don Taig

Director

Dated 30 September 2011

Independent Audit Report

For The Year Ended 30 June 2011

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Independent Auditor's Report
To the Members of Focus Minerals Ltd

Report on the financial report

We have audited the accompanying financial report of Focus Minerals Ltd (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view of the financial report in accordance with Australian Accounting Standards and the Corporations Act 2001. This responsibility includes such internal controls as the Directors determine are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

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

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Grant Thornton

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

Auditor's opinion

In our opinion:

a the financial report of Focus Minerals Ltd is in accordance with the Corporations Act 2001, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report

We have audited the remuneration report included in pages 23 to 27 of the directors' report for the year ended 30 June 2011. 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.

Independent Audit Report

For The Year Ended 30 June 2011

Grant Thornton

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Focus Minerals Ltd for the year ended 30 June 2011, complies with section 300A of the Corporations Act 2001.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

P W Warr
Director - Audit & Assurance

Perth, 30 September 2011

Additional Information

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report. The information was prepared based on share registry information processed up to 29 September 2011.

SPREAD OF HOLDERS

Spread of Holdings			Shareholders
1	-	1,000	312
1,001	-	5,000	531
5,001	-	10,000	1,284
10,001	-	100,000	6,705
100,001	-	and over	3,970
Total Number of Holders			12,802

Number of shareholders holding less than a marketable parcel: 1,298 shareholders each hold less than 8,197 ordinary shares.

SUBSTANTIAL SHAREHOLDERS

At 30 June 2011 the following had notified the Company as being substantial shareholders:

Deutsche Bank AG	247,415,715 ordinary shares
Van Eck Associates Corporation	214,974,348 ordinary shares

VOTING RIGHTS

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

STATEMENT OF QUOTED SECURITIES

Quoted on the Australian Stock Exchange are 4,294,074,807 ordinary shares.

Additional Information

TWENTY LARGEST SHAREHOLDERS OF EACH CLASS OF QUOTED SECURITIES

ORDINARY FULLY PAID SHARES AT 29 SEPTEMBER 2011

No.	Shareholder Name	Number of Shares	Percentage of Capital
1	JP Morgan Nominees Australia Limited <Cash Income	659,360,351	15.36%
2	National Nominees Limited	324,166,563	7.55%
3	HSBC Custody Nominees (Australia) Limited	310,348,925	7.23%
4	Gulara Pty Ltd	147,515,730	3.44%
5	Citicorp Nominees Pty Limited	142,285,071	3.31%
6	JP Morgan Nominees Australia Limited	99,370,766	2.31%
7	Gulara Pty Ltd <NO 1 A/C)	68,152,639	1.59%
8	HSBC Custody Nominees (Australia) Limited-GSCO ECA	67,381,265	1.57%
9	Investec Bank (Australia) Limited <Capital Markets	22,000,000	0.51%
10	Mrs Rita May Godfrey	21,966,000	0.51%
11	Peter Erman Pty Limited – (Superannuation Fund A/C)	20,750,000	0.48%
12	CR Investments Pty Ltd	17,145,966	0.40%
13	Geared Investments Pty Ltd <Investment A/C>	16,000,000	0.37%
14	Lujeta Pty Ltd <The Margaret Account>	15,000,000	0.35%
15	Mr Graham Edward Dunjey + Mrs Linda Mary Dunjey	14,816,266	0.35%
16	Mrs Anna Maria Weldon + Mrs Veronica Maria Morgan	14,000,000	0.33%
17	Nefco Nominees Pty Ltd	13,038,592	0.30%
18	Taj Super Pty Ltd <The Atkins Super Fund A/C)	13,030,426	0.30%
19	ABN Amro Clearing Sydney Nominees Pty Ltd <Custodian>	12,147,594	0.28%
20	Broadarrow Goldmines Pty Ltd	11,644,332	0.27%
		2,010,120,486	46.81%

Additional Information

HOLDERS OF SECURITIES OF AN UNQUOTED CLASS

OPTIONS

Option Holder Name	Options Expiring 31/12/2012	Options Expiring 30/6/2014
Charles McCormick	3,561,538	2,500,000
Campbell Baird	15,000,000	10,000,000
Jon Grygorcewicz	6,461,538	-
Brad Valiukas	7,384,616	10,000,000
Garry Adams	3,692,308	-
Graeme Ellis	2,846,154	-
Barend Knoetze	3,133,846	-
Dean Goodwin	-	5,000,000
Neil Le Febvre	-	5,000,000
Mark Rigby	-	1,000,000
	42,080,000	33,500,000

Additional Information

Focus Minerals Ltd – 100% interest

Baileys

M15/630
M15/1433
M15/1788
P15/4834
P15/4912
P15/4927
P15/5036
G15/7
L15/34
L15/122
L15/161
L15/164
L15/186

The Mount

M15/30*[4]
M15/1423
M15/1431
P15/4906
P15/4907
P15/4473
P15/5500
P15/5501

Norris

M15/384
M15/391
M15/515
M15/761
M15/791
M15/871
M15/1153
M15/1422
M15/1793
P15/4290
P15/4954
P15/4921
P15/4955
P15/4958
P15/4959
P15/4960
P15/4961
P15/5043
P15/5044
P15/5154
P15/5157
P15/5241
P15/5522
P15/5523
P15/5524
P15/5525
P15/5526
P15/5528
L15/71
L15/168
L15/169
L15/170
L15/171
L15/172
L15/173
L15/174
L15/175

Lord Bob

M15/385
M15/1789
P15/4829
P15/4908
P15/4919
P15/4917
P15/4918
P15/5019
P15/4950
P15/4951
P15/4952
P15/4953
P15/4956
P15/4957
P15/5042
P15/5227
P15/5550
L15/51
L15/59
L15/63
L15/77
L15/78

Nepean

M15/576
L15/179
M15/709
P15/5026
P15/5027
P15/5028
P15/5029
P15/5030
P15/5031
P15/5032
P15/5033
P15/5035
P15/5248
P15/5519
L15/27
L15/28
L15/179
L15/193
L15/194

Three Mile Hill

M15/150
M15/154
M15/636
M15/645*
M15/781
M15/827
M15/1432
M15/1143
P15/4913
P15/4926
L15/42
L15/123
L15/177

Tindals

M15/23
M15/237
M15/410
M15/411
M15/412
M15/646
M15/660
M15/675
M15/958*[4]
M15/966
M15/1114*[4]
P15/4810
P15/4933
P15/4934
P15/4935
P15/4941
P15/4943
P15/4945
P15/4947
P15/5046
P15/5047
P15/5048
P15/5209
P15/5257
P15/5464

Bonnievale

M15/277
M15/365
M15/595
M15/662
M15/711
M15/770
M15/852
M15/857
M15/877
M15/981
M151384
M15/1444
M15/1760
P15/4910
P15/4952
P15/5155
P15/5156
P15/5158
P15/5159
P15/5190
P15/5238
P15/5253
P15/5254
P15/5255
L15/126
L15/127
L15/130
L15/200
L15/211

Gunga

M15/455
M15/1341
M15/1357
M15/1358
M15/1359
P15/4909
P15/4928
P15/4929
P15/4230
P15/4931
P15/4932
P15/ 4936
P15/4937
P15/4938
P15/4939
P15/4940
P15/4944
P15/5039
P15/5040
P15/5041
P15/5256
P15/5510
L15/88
L15/90
L15/95
L15/96
L15/114
L15/116
L15/119

Lake Cowan

E15/986

Additional Information

All of the above tenements are situated in Western Australia. Group Entity percentage interest is 100% unless otherwise stated.

Abbreviations:

*1	=	Contractual interest in part only
*2	=	95% only and subject to royalty payment
*3	=	90% only
*4	=	Subject to royalty payment

Tenement Abbreviations:

E	=	Exploration Licence
P	=	Prospecting Licence
M	=	Mining Lease
L	=	Miscellaneous Licence

Additional Information

Coolgardie Gold Project

ROYALTY AGREEMENTS

The Parent Entity has entered into seven 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	$1.00/tonne crushed and treated
M15/645	$1.50/tonne mined (after 85,000 tonnes mined)
M15/646	$0.25/tonne mined and treated (after 2,500,000 tonnes of ore have been mined and treated)
M15/660	
P15/3118	
P15/3235	
P15/3630	
P15/3699	
P15/3700	
MLA15/928	
MLA15/1051	
MLA15/1262	
MLA15/1277	
MLA15/1278	
P15/3462	$1.00/tonne mined and treated
M15/646 (portion of)	2% of all future gold produced from area of M15/270, M15/173, M15/297 and GML 15/6507 (which converted into part of M15/646)
P15/2869	0.50% of the value of sales received or deemed to have been received by The Parent Entity for the sale of gold, silver, other minerals, ores, concentrates or other product mined from the tenements (royalty is payable within 30 days of the expiry of the proceeding calendar quarter after the commencement of production from the tenements).
P15/2919	
P15/2920	
MLA15/781	
MLA15/827	

ROYALTY AGREEMENTS (continued)

Tenements	*Royalty*
P15/2617	2.50% of the value of the sales received or deemed to have been received by The Parent Entity for the sale of gold, silver, other minerals, ores, concentrates or other product mined from the tenements (royalty is payable within 30 days of the expiry of the proceeding calendar quarter after the commencement of production from the tenements).
P15/2774	
P15/2775	
P15/2943	
P15/2955	
P15/3200	
P15/3201	
M15/365	
M15/662	
M15/711	
M15/1384	
MLA15/769	
MLA15/770	
MLA15/852	
MLA15/857	
MLA15/981	
GML15/6897	

Notes

Notes

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