Focus Minerals Ltd.

ANNUAL REPORT **2010**

ABN	56 005 470 799
ASX CODE	FML

CORPORATE INFORMATION

DIRECTORS

Donald Taig	Chairman
Phillip Lockyer	Non-Executive Director
Christopher Hendricks	Non-Executive Director

COMPANY SECRETARY

K Jon Grygorcewicz

REGISTERED AND HEAD OFFICE

Level 10
Exchange House
68 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

270 Egan Street
Kalgoorlie WA 6430

PO Box 646
Kalgoorlie WA 6433

+61 (0) 8 9021 7600
+61 (0) 8 9021 7556

AUDITORS

Grant Thornton (WA) Partnership
Level 1 / 10 Kings Park Road
West Perth WA 6005

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

SOLICITORS

Lavan Legal
1 William Street
Perth WA 6000

WEBSITE www.focusminerals.com.au
EMAIL info@focusminerals.com.au

CONTENTS

CHAIRMAN'S LETTER

DEAR SHAREHOLDER

Welcome to Focus Mineral's Annual Report for the 2009-2010 financial year. And what an amazing year it has been, marked by the continued growth of your Company to become a substantial mid-tier gold producer, an extremely volatile share market and record gold prices.

Amid the numerous notable happenings and hallmarks of the past 12 months, there is one event which I believe is both fundamental to, and symbolic of, Focus' rapid emergence on the Australian gold mining scene – the $21.9 million refurbishment of the Three Mile Hill processing plant at the Company's Coolgardie operations.

The successful refurbishment of the mill, which was completed in January, has delivered Focus control of its own destiny and is at the heart of the Company's strategy to be a highly profitable, long-life gold producer in and around Western Australia's Eastern Goldfields.

The significant increase in gold production recorded during the year, and the important role played by the mill in achieving that step-change, was highlighted by the record $10.9 million net profit posted for the 12 months. This compares with a $3.1 million net profit in the previous year and stemmed from record production of 62,296 ounces, up from 41,401 ounces in 2008-2009.

Focus' policy of investing in tomorrow's growth was evidenced by the expenditure of $14.8 million on the expansion of the Tindals Mining Centre at Coolgardie. The development of The Mount, which began as an exploration decline in September 2009, has also been an outstanding success and the project is now ideally positioned to underpin strong production growth.

The Company's commitment to exploration paid dividends during the year, with total resources exceeding two million ounces for the first time. Of particular note has been our success in using state-of-the-art exploration techniques to discover new orebodies such as Perseverance North, immediately adjacent to our existing underground operations at the Tindals Mining Centre.

Focus also added significantly to its land holding with the acquisition of a 75 per cent stake in the Lake Cowan gold-copper project, otherwise known as Treasure Island. Your Company is delighted by the fact it succeeded in securing this highly promising project, which sits on the famous Boulder-Lefroy fault system.

Focus' strong pipeline of projects and prospects was also highlighted by the results of the extensive modelling and targeting exercise undertaken during the year at the Lindsay's Project at Coolgardie. This exercise, which was undertaken in conjunction with independent consultants SRK, found that contrary to some ill-informed beliefs, Coolgardie still contains some of the finest endowed and under-explored gold assets in Australia after more than 100 years of mining.

The study identified 17 "Rank One" exploration targets and drilling is now well underway with significant gold intersections already recorded. Follow-up work in these and many other areas across our lease holdings is a high priority for this financial year.

Focus is also preparing for the next phase of its journey with the start of open pit mining at Coolgardie. With total open pit resources of almost 1.3 million ounces, the open pit developments together with increasing production from Tindals and the Mount are expected to lift the Company's annual production rate over the magic 100,000-ounce hurdle while also further diversifying our sources of ore.

This Annual Report provides a timely opportunity to review and appreciate our successes of the past year, which has undoubtedly been a company-changing period for Focus. It is also serves as a reminder of the challenges which lie ahead as we push hard to maximise the development of our underground operations, bring the open pit deposits on stream and seek to add to our substantial gold inventory through an aggressive exploration program.

On behalf of the Board, I thank management, staff and shareholders for your strong support over the past year and trust you will join with me in wishing everyone involved with Focus all the best for the new financial year.

Donald Taig

Executive Chairman

CHEIF EXECUTIVE OFFICER'S LETTER

Dear Shareholder,

I am pleased to report to you on what has been an extraordinarily busy, productive and ultimately profitable year for Focus Minerals during which we have cemented our position as a leading mid-tier Australian gold producer with an exciting future. Key highlights for the 2010 financial year included completion of the refurbishment of the 1.2Mtpa Three Mile Hill gold treatment plant at Coolgardie, gold production of 62,296 ounces, and a strong financial performance with the Company posting a net profit after tax for the 12 months of $10.9 million.

This strong financial performance was achieved after capital expenditure including a total refurbishment cost of $21.9 million on the Three Mile Hill plant and current year expenditure of $14.8 million on capital development to expand the underground mine at the Tindals Mining Centre.
With the rapid expansion of our operations at Coolgardie, we grew from a small but dedicated complement of 33 personnel for exploration and underground mining to 91 staff by year-end managing multiple underground mines and a significantly expanded exploration team.

I would particularly like to highlight the achievements of our milling and maintenance team, who completed the commissioning and ramp-up of the Three Mile Hill plant to its full production rate in well under six months – an impressive performance which has provided a strong platform for the Company's growth.

Having access to our own fully owned and permitted treatment facilities enables us to reduce cash operating costs and benefit from a more consistent production profile than was previously possible via toll-treatment arrangements. It also enables us to quickly and cost effectively ramp-up production by bringing new deposits into production which may otherwise have lain dormant. I think it is also important to highlight the strong growth in our resources and, in particular, our reserve growth during the past 12 months. In October 2009 we undertook an $8.3 million capital raising to facilitate the accelerated purchase of spares for the mill and to allow us to accelerate exploration both underground and at surface in and around Coolgardie.

This increased level of exploration has enabled us to substantially increase our Ore Reserves from *600,000 tonnes @ 4.5 g/t for 85,000 ounces* at the start of the year to *2,483,000 tonnes @ 2.6 g/t for 208,000 ounces* as at 30 June 2010. This reserve growth has occurred both within our main underground mining operations at the Tindals Mining Centre and at a number of near-surface deposits within Coolgardie, where we are currently focusing on building up a portfolio of open pits for production commencing in 2011 – supplementing growing underground production from the Tindals Mining Centre.

Also of note has been the establishment of reserves at our new underground project, The Mount. The Mount is one of the few projects located within an economic trucking distance of Coolgardie, lying 85km to the south just outside the town of Widgiemooltha. Given the enormous potential of The Mount, we made the decision in September 2009 that the best way to progress this highly promising project was to immediately access a number of the orebodies via a small exploration decline rather than simply continuing to drill – even though the resource was still in the Inferred category. This move paid off immediately, enabling us to generate significant development tonnes, calculate a Probable Ore Reserve of 79,000 tonnes @ 8.0 g/t for 20,500 ounces and then produce significant initial high-grade tonnes via long-hole open stoping.

We plan to take The Mount to the next level next year by commencing development of a full-sized 5.0m x 5.0m decline and developing an exploration drive 50 metres below the surface across the full footprint of The Mount mineralisation so that that we can unlock and see its full potential before a decision is made to move to a full-scale commercial mining operation in 2011. With the commissioning of Three Mile Hill, there was also an increased level of exploration activity during the year focusing particularly within the Tindals Mining Centre and the Lindsays area.

Successful exploration takes patience and dedication, and I am pleased to say that the groundwork for this program had been laid by our team in previous years; we have been very fortunate to be able to leverage off this work. Key achievements to date include the discovery through the use of geophysics of the Perseverance North deposit and the successful delineation of extensions to the Big Blow, Cooks, Happy Jack, Countess, Empress, Tindals and Perseverance resources. During the year, we also completed a significant exploration targeting exercise designed to help us identify the next generation of deposits within the Coolgardie Gold Field. The objective of this program is to identify where the next million ounces may be found in Coolgardie. This work focused at first on the Lindsays-Baileys area – which was also the site where gold was first discovered in Western Australia in 1892. This exercise has been very successful and the drilling to date points to excellent discovery potential in the area.

Looking ahead, I am pleased to say that Focus is poised to build on the strong foundations established over the past two years and secure its position as one of Australia's most dynamic and forward-thinking gold producers.

Gold production is forecast to increase significantly once again in the 2011 financial year, with operations expanding from one underground mining centre to two supplemented by the commencement of open pit mining at Coolgardie. Based on current projections, we are on track to lift gold output to an annualised level of over 100,000 ounces next year. We intend to continue to re-invest the cash that we are generating from operations back into the ground, firstly in the form of continuing exploration and secondly to fund the expanded development at The Mount.

It will again be a busy time for Focus Minerals over the year ahead, but I am confident that we are well placed to continue to achieve success for all of our stakeholders.

Campbell Baird

Chief Executive Officer

CORPORATE GOVERNANCE STATEMENT

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 Executive 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.

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.
- The Chairman is elected by the Board based on their suitability for the position.
- The roles of Chairperson and Managing Director/Chief Executive Officer should not be held by the same individual.
- 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. The Board currently has three Directors and has a majority of Directors who are independent.

Departure from recommendation 2.2

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

Mr Taig is presently engaged 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.

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 the 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
- 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 and Mr Christopher Hendricks are considered to meet these 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.

Nomination Committee / Appointment of new Directors

The composition of the Board is reviewed on an annual basis to ensure the Board has the appropriate mix of expertise and experience.

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 Boards nominates the selection criteria for the position based on the skills deemed necessary for the Board to best fulfill its responsibilities and then appoints the most suitable candidate. That Director must stand for re-election at the next Annual General Meeting.

Departure from recommendation 2.4

Because of the size of the Company and the size of the Board, the Directors do not believe it is appropriate to establish a separate Nomination Committee. The Board holds special meetings or sessions to determine and review the Board's composition and performance as required. The board is confident that this process for selection and review is stringent and full details of all Directors are provided to shareholders in the annual report and on the web.

Performance of Directors and Chief Executive Officer

The performance of all Directors, the Board as a whole, the Chief Executive Officer and Company Secretary is reviewed annually.

The Board meets once a year with the specific purpose of conducting a review of its composition and performance. 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 2010. Directors being reviewed were asked to leave the meeting during the review process.

Performance of Senior Executives

The Board meets at least annually to review the performance of senior Executives, considerations include the following:

- 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.

A review was undertaken during the year ended 30 June 2010.

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 behaviour and protection for those who report potential violations in good faith.

Trading in Focus Minerals Securities by Directors, Officers and Employees
The Board has adopted a specific policy in relation to Directors and officers, employees and other potential insiders buying and selling shares.

Directors, officers, consultants, management and other employees are prohibited from trading in the Company's shares, options and other securities in the following circumstances:

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

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

The Code and the Company's 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 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 Directors 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 Committee - Membership and Conduct

An Audit Committee has been established consisting of Mr Christopher Hendricks, an Independent Director who is appointed Committee Chairman, and Mr Donald Taig, the company's Executive Chairman.

The 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 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 Committee that he 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.

A director, in accordance with a resolution of the Directors, makes a statement to the shareholders 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.

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 Committee.

The Audit 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 Audit Committee structure and composition is appropriate. In addition, the Audit Committee together with the external auditor fulfill the functions and review of the Audit Committee 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 to encourage 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 will, wherever practicable, take advantage of new technologies that provide greater opportunities for more effective communications with shareholders.

Principle 7: Recognising and Managing Risk

The Board has adopted a Risk Management Policy, which identifies the Company's risk profile. Under the policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Under the policy, 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.

The Board has established a separate Audit Committee to monitor and review the integrity of financial reporting and the Company's internal financial control systems and risk management systems. In addition, the Chief Executive Officer and the Chief Financial Officer have provided a declaration to the Board in accordance with section 295A of the Corporations Act 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.

The Company has established a formal system to manage its material business risks. The Company holds risk review meetings at least annually at Board level and also at the operational and exploration levels. At these meetings the Company's material business risks are identified and risk management strategies established. In addition, the process of management of material business risks is allocated to members of senior management.

In addition, the following risk management measures have been adopted by the Board to manage the Company's material business risks:

- the Board has established authority limits for management which, if exceeded, will require prior Board approval; and
- the Board has adopted a compliance procedure for the purpose of ensuring compliance with the Company's continuous disclosures obligations.

As an ordinary part of the Company's business is dealing in assets denominated by reference to international currencies other than the Australian dollar in particular the value of gold produced by the Company. The Directors are sensitive to the need to manage this currency risk and fluctuations in the value of gold.

The risk management policy also addresses asset, operational, regulatory compliance, personal health and safety risks.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

Remuneration Committee

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

The maximum amount of remuneration 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 Directors together with the responsibilities undertaken by them. There are no schemes for retirement benefits for Non-executive Directors, other than superannuation.

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.

Your directors submit the annual financial report of the consolidated entity for the financial year ended 30th June 2010.

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 Practising Accountants.

Mr Taig gained eleven years experience within CRA Ltd's mining businesses and with 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 and Chief Executive Officer of Bunge Cereal Foods and Chiquita Brands South Pacific.

Other directorships: Nil

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

Phillip Lockyer – Non-Executive Director

Qualifications: AWASM, DipMetal, MSC
Appointed: 7 December 2005

Mr Lockyer has over 40 years experience in the resources industry, as a mining engineer and metallurgist particularly in gold and nickel. He commenced his career with WMC Ltd in Kambalda and progressed through various operations roles where in the early 1990s he was appointed General Manager WA operations. Further senior positions were held with Dominion Mining Ltd as Director Operations & Projects and Resolute Ltd as Director and General Manager Operations. Mr Lockyer has been operating a mining consultancy business since 1999.

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)
- Ammtec Limited (non-executive director: resigned 2007)

* denotes current directorships

Mr Lockyer is Chairman of the Remuneration Committee.

Christopher Hendricks – Non-Executive Director

Qualifications: CA, DipAcc, MAcc.
Appointed: 11 January 2008

Mr Hendricks is an Associate Director of Azure Capital, and has considerable experience in corporate advisory, mergers and acquisitions and equity capital markets through various financing and corporate banking roles in both Australia and South Africa. Mr Hendricks is a qualified Chartered Accountant, Finsia Graduate and holds a Masters in Accountancy. Mr Hendricks has also provided assurance advisory services to a number of multinational companies.

Other directorships: Nil

Mr Hendricks is Chairman of the Audit Committee.

COMPANY SECRETARY

K 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.

The details of the relevant interest 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	11,305 366	-
Phillip Lockyer	594,523	-
Christopher Hendricks	190,909	-

CAPITAL STRUCTURE

Ordinary shares
As at the date of this report, the Company had on issue 2,862,543,210 fully paid ordinary shares and 110,698,464 options over ordinary shares.

Share Options
During the year and to the date of this report 50,848,464 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 is 1 January 2010.
Subject to achieving the vesting criteria, the options will vest in two equal amounts on 30 June 2011 and 2012 respectively.

On 5 March 2010 10,000,000 options to acquire fully paid shares were exercised at an exercise price of 4.5 cents per share.

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	4,925,000	5.00	30/11/2010
	4,925,000	6.00	30/11/2010
	40,000,000	6.875	30/4/2011
	10,000,000	7.00	30/4/2011
	25,424,232	7.50	31/12/2012
	25,424,232	7.80	31/12/2012
Total Options Issued	**110,698,464**		

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 under review are as follows:

Mining

- Mine production from the Tindals Mining Centre totalled 314,706 tonnes at 4.7 g/t for a total of 47,516 ounces contained gold.
- Trial mining activities commenced during September 2009 at The Mount deposit with a development drive. The exploration decline has been constructed and preliminary mining of stopes commenced during late June 2010. The exploration drive has intersected the three German Main, West and East Lodes along with numerous narrower structures along the drive length.
- Ore production at The Mount, principally from development, totalled 15,227 tonnes at an average grade of 8.36 g/t for 4,090 ounces contained gold. Mining to date has been conducted by a mixture of airleg mining and a single boom jumbo.
- Mining studies continued on a number of open pit operations primarily located within five kms of the Three Mile Hill treatment plant.

Three Mile Hill Plant Refurbishment

- Refurbishment of the Group's Three Mile Hill treatment plant was concluded with handover occurring on 24 December 2009. Commissioning of the mill and associated crushers, gold room and infrastructure was concluded mid January 2010.
- Total cost of the mill refurbishment was $21.9 million.
- Following commissioning, mill operations continued to increase mill availability, throughput and recovery performance whereby the mill achieved nameplate capacity during June 2010. The mill has a present annual throughput capacity of 1.2 million tonnes pa.

Processing

- Ore processing at the Greenfields Mill by the Company ceased in February 2010. Two campaigns occurred in the period treating a total of 178,608 tonnes for production of 33,199 ounces gold extracted.
- Milling commenced at the Three Mile Hill plant from mid January 2010 on the conclusion of commissioning. A total of 396,587 tonnes were processed in the period to June 2010 for 29,097 ounces gold extracted.
- During August 2009 the Company committed to an allocation of milling capacity to treat a third party's ore. The treatment allocation was for the periods April and September 2010. The April campaign successfully treated 89,000 tonnes of the third parties' ore for income of $3.3 million.
- Total gold sold in the period was 60,117ounces (2009: 42,500 oz) at an average achieved gold price of A$1,197/oz (2009: $1,048).
- A total of 3,166 ounces gold was held by the Group at period end.

Exploration & Resource Development

- During the period the Group spent a total of $6.3 million on exploration activities with the Group's total resource inventory increasing from 1.8 million ounces to over 2 million ounces. After mining depletion the Groups reserves increased in the period from 98,000 ounces to 207,000 ounces.
- During June 2010 the Company entered into an option to acquire a 75% interest in a tenement holding within the Lake Cowan region of Western Australia. The option is exercisable at the Company's sole right on expending $200,000 within 12 months of the option contract date and sole funding a prefeasibility study over the area. The area is potentially prospective for gold, copper and other base minerals.

Corporate

- During October 2009 the Company completed a placement to institutional and sophisticated investors totalling $8 million through the issue of 206 million shares at an issue price of 4 cents per share. Funds raised were utilised to increase the holding of critical spare parts and increase exploration programs.
- Shareholders in a General Meeting held 4 April 2009 approved the issue of shares pursuant to the placement.
- At 31 December 2009 the Company completed the repayment of bank debt totalling $7.25 million and the unsecured loan totalling $1.25 million. At period end the Group remains debt free.
- Gold deliveries under hedge contracts were completed during October 2009 with the delivery in the period of 9,378 ounces into gold forward contracts.
- Net cashflow from operations totalled $27.8 million allowing the Company to retire $8.5 million of borrowings. Cash and bullion at the period end totalled $10.9 million with a further $802,000 being held as security deposits against environmental bonds issued in accordance with tenement conditions.

Operating result for the year

Consolidated Net Profit for the year was $ 10,882,189 (2009: $3,146,773).

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 2009	2,646,143,210	94,440,236
Placement issue at 4.0 cents per share	206,400,000	8,256,000
Options exercised at 4.5 cents per share	10,000,000	450,000
Option value transferred on exercise of options	-	19,763
Share issue expenses	-	(396,492)
Issued shares at 30 June 2010	**2,862,543,210**	**102,769,507**

Significant events after balance date

On 5 July 2010 the Company issued 3,000,000 ordinary fully paid shares as consideration for entering into an Option Purchase Agreement to acquire an interest in the Lake Cowan tenement.
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. In addition, trial mining will be conducted at The Mount deposit to identify the prospectivity of expanding mining at the project.

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 to increase existing gold reserves.

The Company will continue a number of studies on the Group's gold resources to commence open pit mining from the Group's resource base in 2011.

The Board will review the opportunity to commence exploration activities at the Nepean Nickel Project in the coming period.

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 these 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.

COMPENSATION OF KEY MANAGEMENT PERSONNEL

Remuneration structure

In accordance with best practice Corporate Governance, the structure of Non-Executive director and executive 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 management 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 2009 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 directors. 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.

REMUNERATION REPORT (AUDITED) (CONTINUED)

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.

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.

Contract for Services

Mr Peter Williams, the Chief Operating Officer, has a contract of employment with the Company dated 10 March 2005. The contract specifies the duties and obligations to be fulfilled by Mr Williams. The employment contract is continuous from the commencement date of 28 February 2005. Should the contract be terminated by the Company for any reason, other than misconduct, Mr Williams will be entitled to a termination payment equivalent to one year's salary which currently totals $265,000.

Details of Key Management Personnel

(i) Directors

Donald Taig	Chairman (executive)
Phillip Lockyer	Director (non-executive)
Christopher Hendricks	Director (non-executive)
Peter Williams	Managing Director - resigned 23 March 2009

ii) Executives

Campbell Baird	Chief Executive Officer – appointed January 2009
Peter Williams	Chief Operating Officer – appointed March 2009
Jon Grygorcewicz	Company Secretary and Chief Financial Officer
Brad Valiukas	Chief Mining Officer – appointed August 2009
Dr. Garry Adams	Geology Manager
Charles McCormick	Business Development Manager
Darren Gibcus	Operations General Manager – resigned 31 March 2009

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 (AUDITED) (CONTINUED)

Table 1: Directors' remuneration for the year ended 30 June 2010

DIRECTORS		SHORT-TERM BENEFITS		POST EMPLOYMENT BENEFITS		TOTAL	PERFORMANCE BASED (%)
		SALARY & FEES	OTHER	SUPER-ANNUATION	BONUS		
Donald Taig	2010	**191,900**	**-**	**13,972**	**-**	**205,872**	**-**
	2009	160,700	-	7,411	-	168,111	-
Phillip Lockyer	2010	**40,000**	**-**	**4,275**	**-**	**44,275**	**-**
	2009	30,000	-	2,700	-	32,700	-
Christopher Hendricks	2010	**40,000**	**-**	**-**	**-**	**40,000**	**-**
	2009	30,000	-	-	-	30,000	-
Peter Williams #	2010	**-**	**-**	**-**	**-**	**-**	**-**
	2009	178,862	17,884	16,097	40,000	252,843	12.5%

- # Mr Williams resigned as Managing Director on 23 March 2009 and was appointed Chief Operating Officer from that date. Mr Williams' remuneration whilst an executive director is disclosed above.

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

		SHORT-TERM BENEFITS		POST EMPLOYMENT BENEFITS			TOTAL	PERFORMANCE BASED (%)
		SALARY & FEES	OTHER	SUPER-ANNUATION	EQUITY OPTIONS	BONUS		
Campbell Baird # Chief Executive Officer	2010	**290,642**	-	**24,358**	**7,980**	**60,000**	**382,980**	**17.8%**
	2009	91,980		29,713	-	-	121,693	-
Peter Williams ## Chief Operating Officer	2010	**245,190**	**18,515**	**22,067**	**1,213**	**40,000**	**326,985**	**12.6%**
	2009	59,521	-	5,357	-	-	64,878	-
Charles McCormick Business Development Manager	2010	**181,914**	**11,114**	**16,372**	**1,895**	**-**	**211,295**	**1.0%**
	2009	179,649	8,923	16,168	-	-	204,740	-
Jon Grygorcewicz Company Secretary/ Chief Financial Officer	2010	**178,737**	**11,926**	**17,426**	**3,438**	**40,000**	**251,527**	**17.3%**
	2009	163,010	11,833	14,752	-	20,000	209,595	9.5%
Brad Valiukas ** Chief Mining Officer	2010	**187,720**	**-**	**16,895**	**3,929**	**-**	**208,544**	**2.0%**
	2009	-	-	-	-	-	-	-
Gary Adams Geological Manager	2010	**177,800**	**14,552**	**19,326**	**1,964**	**-**	**213,642**	**1.0%**
	2009	158,411	14,552	16,927	-	-	189,890	-
Darren Gibcus @ Operations General Manager	2010	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2009	255,540	13,321	20,730	-	-	289,591	-

- # Mr Baird was appointed as Chief Operating Officer on 12 January 2009. He was subsequently appointed as Chief Executive Officer on 23 March 2009.
- ## Mr Williams was an executive director until his resignation on 23 March 2009. Remuneration while in his position as executive director is included in Table 1 above.
- ** Mr Valiukas was appointed as Chief Mining Officer and commenced on 3 August 2009.
- @ Mr Gibcus resigned on 30 April 2009.

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	
	DIRECTORS' MEETINGS	AUDIT	REMUNERATION
Number of Meetings Held	**7**	**2**	**2**
Donald Taig	7	2	2
Phillip Lockyer	7	-	2
Christopher Hendricks	7	2	-

The Directors also approved Group activities pursuant to 3 directors' resolutions throughout the year.

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 $15,403 (2009: $10,092) were paid to Grant Thornton for non-audit services, principally taxation services, provided during the year ended 30 June 2010.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2010 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.

Christopher Hendricks

Non-Executive Director

15 September 2010
Perth, Western Australia

Grant Thornton

10 Kings Park Road
West Perth WA 6005
PO BOX 570
West Perth WA 6872

T +61 8 9480 2000
F +61 8 9322 7787
E admin@gtwa.com.au
W www.grantthornton.com.au

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

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Focus Minerals Limited for the year ended 30 June 2010, 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

GRANT THORNTON (WA) PARTNERSHIP
Chartered Accountants

P. Warr.

P W Warr
Partner – Audit and Assurance Services

Perth, 15 September 2010

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2010

		CONSOLIDATED	
	NOTES	2010 ($)	2009 ($)
Revenue	2(a)	**73,678,130**	43,258,325
Cost of sales		**(45,452,090)**	(20,665,979)
Gross Profit		**28,226,040**	22,592,346
Other income	2(b)	**2,274,453**	452,068
Depreciation and amortisation expense	2(c)	**(12,191,479)**	(10,386,028)
Finance costs	2(c)	**(1,203,405)**	(3,854,087)
Rental expenses		**(154,470)**	(124,281)
Other expenses	2(c)	**(6,068,950)**	(5,533,245)
Profit before income tax expense		**10,882,189**	3,146,773
Income tax expense	3	**-**	-
Profit for the period		**10,882,189**	3,146,773
Other Comprehensive Income		**-**	-
Total Comprehensive Income for the Period		**10,882,189**	3,146,773
Total Comprehensive Income attributable to : **Owners of the Company**		**10,882,189**	3,146,773
Earnings Per Share Basic profit (loss) per share (cents per share)	5	**0.39**	0.20
Diluted profit (loss) per share (cents per share)	5	**0.38**	0.20

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2010

		CONSOLIDATED	
	NOTES	2010 ($)	2009 ($)
Assets			
Current Assets			
Cash and cash equivalents	6	**7,186,072**	21,277,800
Trade and other receivables	7	**799,740**	223,811
Inventories	8	**8,713,998**	8,886,345
Other	9	**558,248**	144,405
Other financial assets	10	**22,963**	69,827
Total Current Assets		**17,281,021**	30,602,188
Non-Current Assets			
Plant and equipment	11	**39,783,493**	11,565,476
Development expenditure	12	**2,385,042**	5,252,682
Exploration and evaluation expenditure	12	**55,803,215**	51,475,157
Total Non-Current Assets		**97,971,750**	68,293,315
Total Assets		**115,252,771**	98,895,503
Liabilities			
Current Liabilities			
Trade and other payables	14	**13,715,083**	7,193,707
Financial liabilities	16	**81,081**	9,362,854
Total current liabilities		**13,796,164**	16,556,561
Non-current liabilities			
Other payables	14	**-**	20,000
Provisions	15	**1,749,608**	1,749,608
Financial liabilities	16	**20,330**	101,414
Total Non-Current Liabilities		**1,769,938**	1,871,022
Total Liabilities		**15,566,102**	18,427,583
Net Assets		**99,686,669**	80,467,920
Equity			
Issued capital	17	**102,769,507**	94,440,236
Reserves	17	**2,025,738**	2,018,449
Accumulated losses		**(5,108,576)**	(15,990,765)
Total Equity		**99,686,669**	80,467,920

The accompanying notes form part of these financial statements.

CONSOLIDATED	NOTES	ORDINARY SHARES ($)	RETAINED EARNINGS ($)	OPTION RESERVE ($)	TOTAL ($)
Balance as at 1 July 2008		68,068,793	(19,137,538)	1,975,097	50,906,352
Total comprehensive income for the period		-	3,146,773	-	3,146,773
Other Comprehensive Income		-	-	-	-
Transactions with owners, recorded directly in equity					
Shares issued in the period		28,000,000	-	-	28,000,000
Option reserve on recognition of equity based payments		-	-	43,352	43,352
Share issue expense		(1,628,557)	-	-	(1,628,557)
Balance as at 30 June 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**

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2010

		CONSOLIDATED	
	NOTES	2010 ($)	2009 ($)
Cash flows from operating activities			
Receipts from customers		**74,782,180**	44,381,330
Payments to suppliers and employees		**(45,551,974)**	(28,707,797)
Royalties paid		**(1,708,655)**	(1,215,013)
Other income		**330,064**	100,877
Interest received		**269,934**	309,853
Finance costs		**(314,111)**	(1,524,866)
Net cash from operating activities	6(iii)	**27,807,438**	13,344,384
Cash flows from investing activities			
Proceeds from sale of non-current assets		**444,753**	2,614
Purchase of investments		**(200,000)**	(69,827)
Acquisition of plant and equipment		**(20,831,227)**	(7,920,924)
Mine development expenditure		**(14,819,262)**	(5,884,932)
Secured short term deposits		**(40,308)**	1,015,429
Purchase of mining tenements		**-**	(75,000)
Exploration expenditure		**(6,302,938)**	(5,151,991)
Net cash used in investing activities		**(41,748,982)**	(18,084,631)
Cash flows from financing activities			
Proceeds from issue of shares		**8,706,000**	28,000,000
Share issue expenses		**(396,492)**	(1,628,557)
Proceeds from borrowings		**-**	4,750,000
Repayment of borrowings		**(8,500,000)**	(11,500,000)
Net cash provided by/(used in) financing activities		**(190,492)**	19,621,443
Net increase (decrease) in cash and cash equivalents		**(14,132,036)**	14,881,196
Cash and cash equivalents at 1 July		**20,515,842**	5,634,646
Cash and cash equivalents at 30 June 2010	6(i)	**6,383,806**	20,515,842

The accompanying notes form part of these financial statements.

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 21 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.

(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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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
- 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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 the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

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

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.

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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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.

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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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

During the current year the Group adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of Focus Minerals Limited.

AASB 3: Business Combinations

In March 2008 the Australian Accounting Standards Board revised AASB 3 and as a result, some aspects of business combination accounting have changed. The changes apply only to business combinations which occur from 1 July 2009. The following is an overview of the key changes and the impact on the Group's financial statements...

Recognition and measurement impact
Recognition of acquisition costs — The revised version of AASB 3 requires that all costs associated with a business combination be expensed in the period in which they were incurred. Previously such costs were capitalised as part of the cost of the business combination.

Measurement of contingent considerations — The revised AASB 3 requires that contingent considerations associated with a business combination be included as part of the cost of the business combination. They are recognised at the fair value of the payment calculated having regard to probability of settlement. Any subsequent changes in the fair value or probability of payment are recognised in the statement of comprehensive income except to the extent where they relate to conditions or events existing at acquisition date, in which case the consideration paid is adjusted. The previous version of AASB 3 allowed such changes to be recognised as a cost of the combination impacting goodwill.

Measurement of non-controlling interest — For each business combination, the acquirer must measure any non-controlling interest in the acquiree either at the fair value of the non-controlling interest (the full goodwill method) or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. Under the previous version of AASB 3 only the latter option was permitted.

Recognition of contingencies — The revised AASB 3 prohibits entities from recognising contingencies associated with a business combination, unless they meet the definition of a liability.

Business combinations achieved in stages — The revised AASB 3 requires that where a business combination is achieved in stages, any previously held equity interest is to be remeasured to fair value and the resulting gain or loss, being the difference between fair value and historical cost, is to be recognised in the statement of comprehensive income. The previous version of AASB 3 accounted for each exchange transaction separately, using cost and fair value information at the date of each exchange to determine the amount of any goodwill associated with the acquisition. It was therefore possible to compare the cost of each individual investment with the fair value of identifiable net assets acquired at each step.

Disclosure impact
The revised AASB 3 contains a number of additional disclosure requirements not required by the previous version of AASB 3. The revised disclosures are designed to ensure that users of the Group's financial statements are able to understand the nature and financial impact of any business combinations on the financial statements.

AASB 8: Operating Segments

In February 2007 the Australian Accounting Standards Board issued AASB 8 which replaced AASB 114: Segment Reporting. As a result, some of the required operating segment disclosures have changed with the addition of a possible impact on the impairment testing of goodwill allocated to the cash generating units (CGUs) of the entity. Below is an overview of the key changes and the impact on the Group's financial statements.

Measurement impact
Identification and measurement of segments — AASB 8 requires the 'management approach' to the identification measurement and disclosure of operating segments. The 'management approach' requires that operating segments be identified on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker, for the purpose of allocating resources and assessing performance. This could also include the identification of operating segments which sell primarily or exclusively to other internal operating segments. Under AASB 114, segments were identified by business and geographical areas, and only segments deriving revenue from external sources were considered.

The adoption of the 'management approach' to segment reporting has resulted in the identification of reportable segments largely consistent with the prior year.

Under AASB 8, operating segments are determined based on management reports using the 'management approach', whereas under AASB 114 financial results of such segments were recognised and measured in accordance with Australian Accounting Standards. This has resulted in changes to the presentation of segment results, with inter-segment sales and expenses such as depreciation and impairment now being reported for each segment rather than in aggregate for total group operations, as this is how they are reviewed by the chief operating decision maker.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ab) Adoption of New and Revised Accounting Standards

Impairment testing of the segment's goodwill

AASB 136: Impairment of Assets, para 80 requires that goodwill acquired in a business combination shall be allocated to each of the acquirer's CGUs, or group of CGUs that are expected to benefit from the synergies of the combination. Each cash generating unit (CGU) which the goodwill is allocated to must represent the lowest level within the entity at which goodwill is monitored, however it cannot be larger than an operating segment. Therefore, due to the changes in the identification of segments, there is a risk that goodwill previously allocated to a CGU which was part of a larger segment could now be allocated across multiple segments if a segment had to be split as a result of changes to AASB 8.

Management have considered the requirements of AASB 136 and determined the implementation of AASB 8 has not impacted the CGUs of each operating segment.

Disclosure impact

AASB 8 requires a number of additional quantitative and qualitative disclosures, not previously required under AASB 114, where such information is utilised by the chief operating decision maker. This information is now disclosed as part of the financial statements.

AASB 101: Presentation of Financial Statements

In September 2007 the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the Group's financial statements.

Disclosure impact

Terminology changes — the revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Reporting changes in equity — the revised AASB 101 requires all changes in equity arising from transactions with owners, in their capacity as owners, to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required that owner changes in equity and other comprehensive income be presented in the statement of changes in equity.

Statement of comprehensive income — the revised AASB 101 requires all income and expenses to be presented in either one statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

The Group's financial statements now contain a statement of comprehensive income.

Other comprehensive income — The revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises of income and expenses that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

(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. The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows:

- AASB 9: Financial Instruments and AASB 2009–11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013).

These standards are applicable retrospectively and amend the classification and measurement of financial assets. The Group has not yet determined the potential impact on the financial statements.

The 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;

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ac) New Accounting Standards for Application in Future Periods

- 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; and
- Reclassifying financial assets 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.
- AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).
- This standard removes the requirement for government related entities to disclose details of all transactions with the government and other government related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard. No changes are expected to materially affect the Group.
- AASB 2009–4: Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2009-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] (applicable for annual reporting periods commencing from 1 January 2010).
- These standards detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Group.
- AASB 2009–8: Amendments to Australian Accounting Standards — Group Cash-settled Share-based Payment Transactions [AASB 2] (applicable for annual reporting periods commencing on or after 1 January 2010).
- These amendments clarify the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction. The amendments incorporate the requirements previously included in Interpretation 8 and Interpretation 11 and as a consequence, these two Interpretations are superseded by the amendments. These amendments are not expected to impact the Group.
- AASB 2009–9: Amendments to Australian Accounting Standards — Additional Exemptions for First-time Adopters [AASB 1] (applicable for annual reporting periods commencing on or after 1 January 2010).
- These amendments specify requirements for entities using the full cost method in place of the retrospective application of Australian Accounting Standards for oil and gas assets, and exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with Interpretation 4 when the application of their previous accounting policies would have given the same outcome. These amendments are not expected to impact the Group.
- AASB 2009–10: Amendments to Australian Accounting Standards — Classification of Rights Issues [AASB 132] (applicable for annual reporting periods commencing on or after 1 February 2010).
- These amendments clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. These amendments are not expected to impact the Group.
- 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 International Financial Reporting Standards by the IASB. The standard also amends AASB 8 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. These amendments are not expected to impact the Group.
- AASB 2009–13: Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1] (applicable for annual reporting periods commencing on or after 1 July 2010).
- This standard makes amendments to AASB 1 arising from the issue of Interpretation 19. The amendments allow a first-time adopter to apply the transitional provisions in Interpretation 19. This standard is 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).
- 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.
- AASB Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments (applicable for annual reporting periods commencing on or after 1 July 2010).
- This Interpretation deals with how a debtor would account for the extinguishment of a liability through the issue of equity instruments. The Interpretation states that the issue of equity should be treated as the consideration paid to extinguish the liability, and the equity instruments issued should be recognised at their fair value unless fair value cannot be measured reliably in which case they shall be measured at the fair value of the liability extinguished. The Interpretation deals with situations where either partial or full settlement of the liability has occurred. This Interpretation is not expected to impact the Group.

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

The Financial Report was authorised for issue on 14 September 2010 by the Board of Directors.

NOTE 2: REVENUES AND EXPENSES

	CONSOLIDATED	
	2010 ($)	2009 ($)
NOTE 2: REVENUES AND EXPENSES		
(a) Revenue		
Gold sales	**71,966,017**	44,442,796
Silver sales	**112,197**	30,542
Royalty expense	**(1,708,655)**	(1,215,013)
Toll milling income	**3,308,571**	-
	73,678,130	43,258,325
(b) Other income		
Interest received	**269,934**	309,853
Rental revenue	**60,000**	50,000
Net gains (loss) on disposal of plant and equipment	**-**	(8,662)
Realised gold forward contracts mark to market gain	**1,506,176**	-
Net gains on disposal investments	**196,955**	-
Other	**241,388**	100,877
	2,274,453	452,068
(c) Expenses		
Finance costs		
Finance charges payable under finance leases and hire purchase contracts	**12,406**	13,754
Interest expense	**301,705**	1,511,112
Gold put options expired	**68,649**	227,190
Bank charges and borrowing costs	**820,645**	1,493,875
Unrealised gold forward contracts mark to market expense	**-**	608,156
Total finance charges	**1,203,405**	3,854,087
Depreciation & Amortisation Expense		
Depreciation of non-current assets	**2,524,794**	1,963,389
Amortisation of development expenditure	**4,824,165**	4,040,268
Amortisation of mine development	**4,842,520**	4,382,371
Total amortisation and depreciation	**12,191,479**	10,386,028
Operating lease rental expense	**154,470**	124,281
Other expenses		
Legal fees	**59,230**	88,888
Option expense	**27,052**	43,352
Site Administration costs	**1,275,021**	1,313,193
Employee benefit expense	**2,427,752**	2,668,956
Other	**2,279,895**	1,418,856
	6,068,950	5,533,245

NOTE 3: INCOME TAX

	CONSOLIDATED	
	2010 ($)	2009 ($)
Income tax recognised in profit and loss		
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	**10,882,189**	3,146,773
Income tax expense		
Income tax expense calculated at statutory income tax rate of 30%	**3,264,656**	944,032
Sundry non-deductible expenses	**254,899**	328,463
Investment allowance	**(495,000)**	-
Deferred tax asset relating to tax losses not brought to account	**(3,024,555)**	(1,272,495)
Income tax expense	**-**	-
Income Statement		
Current Tax		
Deferred tax asset relating to tax losses	**3,024,555**	1,272,495
Deferred Income Tax	**-**	-
Temporary differences recognised in equity	**(269,730)**	(245,941)
Relating to origination and reversal on temporary differences	**(3,758,097)**	(1,219,066)
Current year tax losses not recognised in the current period	**1,003,272**	192,512
Income tax expense reported in the income statement	**-**	-
Unrecognised Deferred Tax Balances		
Unrecognised deferred tax asset losses	**17,653,450**	12,251,120
Unrecognised deferred tax asset other	**1,523,490**	1,794,636
Unrecognised deferred tax liabilities	**(15,746,208)**	(7,975,136)
Net unrecognised deferred tax assets	**3,430,732**	6,070,620

The deferred tax asset arising from the tax losses has not been recognised as an asset in the balance sheet 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	
	2010 ($)	2009 ($)	2010 ($)	2009 ($)	2010 ($)	2009 ($)
Revenue	**73,678,130**	43,258,325	**-**	-	**73,678,130**	43,258,325
Interest income	**-**	-	**-**	-	**-**	-
Interest expense	**(301,705)**	-	**-**	-	**(301,705)**	-
Depreciation and amortisation	**(12,191,480)**	(10,386,028)	**-**	-	**(12,191,480)**	(10,386,028)
Reportable segment profit before income tax	**14,268,174**	9,655,242	**-**	-	**14,268,174**	9,655,242
Reportable segment assets	**51,235,436**	25,457,477	**56,084,895**	51,596,230	**107,320,331**	77,053,707
Capital expenditure	**35,566,976**	13,091,298	**6,302,938**	5,226,991	**41,869,914**	18,318,289

Reconciliation of reportable segment revenue

	CONSOLIDATED	
	2010 ($)	2009 ($)
Total revenue for reportable segments		
Consolidated revenue	**73,678,130**	43,258,325
Reconciliation of reportable segment profit		
Total profit for reportable segments	**14,268,174**	9,655,242
Interest received	**294,934**	309,853
Finance costs	**604,476**	(3,854,087)
Other corporate expenses	**(4,285,395)**	(2,964,235)
Consolidated profit before income tax	**10,882,189**	3,146,773

NOTE 4: SEGMENT REPORTING (CONTINUED)

	CONSOLIDATED	
	2010 ($)	2009 ($)
Reconciliation of reportable segment assets		
Total assets for reportable segments	**107,320,331**	77,053,707
Unallocated amounts		
Cash and cash equivalents	**6,383,806**	20,515,842
Environmental bonds on deposit	**802,266**	761,958
Corporate assets	**746,368**	563,996
Consolidated total assets	**115,252,771**	98,895,503

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

NOTE 5: EARNINGS PER SHARE

	CONSOLIDATED	
	2010 CENTS PER SHARE	2009 CENTS PER SHARE
Basic earnings per share:		
Total Basic EPS	**0.39**	0.20
Diluted earnings per share		
Total Diluted EPS	**0.38**	0.20
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:	**10,882,189**	3,146,773
Weighted average number of ordinary shares for the purposes of basic earnings per share	**2,795,807,868**	1,587,513,073
Diluted Earnings per share		
The earnings and weighted average number of ordinary shares used in the calculation of diluted earnings per share:	**10,882,189**	3,146,773
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**2,880,410,102**	1,638,821,484

NOTE 6: CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	2010 ($)	2009 ($)
Cash at bank and on hand	**4,233,676**	753,850
Short-term deposits – secured	**802,266**	761,958
Short-term deposits – unsecured	**2,150,130**	19,761,992
	7,186,072	**21,277,800**

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

Short-term deposits are made for varying periods of between one day and six months, depending on the immediate cash requirements of the Group, and earn interest at the respective 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 $802,266 (2009: $761,958) 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 $1,179,500 (2009: $1,179,500). These bonds are secured under the terms of the Bank Facility.

(i) Reconciliation to Cash Flow Statement

For the purposes of the cash flow statement, 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 cash flow statement is:

Cash at bank and short term deposits	**6,383,806**	21,277,800
Short term deposit - secured	**802,266**	(761,958)
Cash and cash equivalents	**7,186,072**	20,515,842

(ii) Cash balances not available for use

Short term deposits lodged as security	**802,266**	761,958

NOTE 6: CASH AND CASH EQUIVALENTS (CONTINUED)

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

	CONSOLIDATED	
	2010 ($)	2009 ($)
Net Profit for the year	**10,882,189**	3,146,773
Gain)/loss on sale or disposal of non-current assets	**(197,889)**	8,662
Depreciation expense	**2,533,544**	1,963,578
Amortisation expense	**9,657,935**	8,409,136
Borrowing cost expensed	**729,832**	1,216,385
Share base payment	**27,052**	43,352
Unrealised gold forward (gain)/loss	**(1,509,176)**	600,156
(Increase)/decrease in assets:		
Current receivables	**(575,929)**	(92,008)
Inventories	**172,347**	(3,769,208)
Other current assets	**(413,843)**	190,348
Increase/(decrease) in liabilities:		
Current payables	**(26,607)**	3,012,885
Other current liabilities	**6,148,856**	(1,507,183)
Employee benefits	**399,127**	141,508
Non-current payables	**(20,000)**	(20,000)
Net cash from/(used in) operating activities	**27,807,438**	13,344,384

(v) Non Cash Financing and Investing Activities Transactions

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.

2009

- Expenses during the period include the value of issued options for an amount of $43,352. The options were issued in consideration for investor promotional activities and were issued for no cash consideration.

NOTE 7: CURRENT TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	2010 ($)	2009 ($)
Other receivables	**799,740**	223,811

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

	CONSOLIDATED	
	2010 ($)	2009 ($)
At cost		
Spare parts	**1,751,778**	274,756
Gold bullion	**4,501,891**	1,162,579
Mined ore	**2,460,329**	7,449,010
	8,713,998	8,886,345

NOTE 9: OTHER CURRENT ASSETS

	CONSOLIDATED	
	$	$
Prepaid expenses	**558,248**	144,405

NOTE 10: OTHER FINANCIAL ASSETS

	CONSOLIDATED	
	$	$
Current		
Investments in listed entities	**22,963**	69,827

NOTE 11: PLANT AND EQUIPMENT

	CONSOLIDATED	
	2010 ($)	2009 ($)
Plant and equipment		
At cost	**33,096,943**	12,349,229
Less accumulated depreciation	**(5,322,028)**	(2,788,484)
	27,774,915	9,560,745
Mine properties		
At cost	**21,562,811**	6,743,549
Less accumulated depreciation	**(9,554,233)**	(4,738,818)
	12,008,578	2,004,731
	39,783,493	11,565,476

MOVEMENT SUMMARY	PLANT AND EQUIPMENT ($)	MINE PROPERTIES ($)	TOTAL ($)
Cost			
Balance 1 July 2008	4,361,001	858,617	5,219,618
Additions	8,016,366	5,884,932	13,901,298
Disposals	(28,138)	-	(28,138)
Balance 30 June 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**
Depreciation			
Balance 1 July 2008	(841,768)	(369,950)	(1,211,718)
Depreciation expense	(1,963,578)	(4,368,868)	(6,332,446)
Disposals	16,862	-	16,862
Balance 30 June 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)**
Carrying value			
Balance 1 July 2008	3,519,233	488,667	4,007,900
Balance 30 June 2009	9,560,745	2,004,731	11,565,476
Balance 30 June 2010	**27,774,915**	**12,008,578**	**39,783,493**

NOTE 12: DEFERRED EXPENDITURE

	CONSOLIDATED	
	2010 ($)	2009 ($)
Exploration and Evaluation Expenditure:		
At Cost	**55,803,215**	51,475,157
Less – accumulated amortisation	**-**	-
Net Exploration and Evaluation Expenditure	**55,803,215**	51,475,157
Development Expenditure:		
At cost	**12,093,657**	10,118,777
Less – accumulated amortisation	**(9,708,615)**	(4,866,095)
Net Development Expenditure	**2,385,042**	5,252,682

Movements:

Exploration and Evaluation Expenditure

Carrying amount at beginning of the year	**51,475,157**	32,761,580
plus – exploration expenditure	**6,302,938**	5,226,991
plus - Transfer (to)/from Development Expenditure	**(1,974,880)**	13,486,586
Carrying amount at end of year	**55,803,215**	51,475,157

Development Expenditure

Carrying amount at beginning of the year	**5,252,682**	22,779,536
plus – costs incurred	**-**	-
plus - Transfer (to)/from Exploration and Evaluation Expenditure	**1,974,880**	(13,486,586)
less: amortisation expense	**(4,842,520)**	(4,040,268)
Carrying amount at end of year	**2,385,042**	5,252,682

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

During the year, the Company issued 50,848,464 to senior executive staff under the employee incentive scheme. During 2009 the Company issued 20,000,000 options as consideration for the provision of investor promotional activities.
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.

NOTE 13: SHARE BASED PAYMENTS (CONTINUED)

	2010	2009
Volatility (%)	**70%**	65%
Risk free interest rate (%)	**5.35%**	3.9%
Expected life of option (years)	**1.25-2.25yrs**	1 – 2 years
Exercise price (cents)	**7.5 & 7.8 cents**	4.5 & 7.0 cents
Weighted average share price at grant date (cents) Discount factor	**5.8 cents** **75%**	2.6 cents -
Imputed value of issued options	**$218,779**	$43,352

Subject to the vesting criteria being met, the options will vest equally on the 30 June 2011 and 30 June 2012. Accordingly, the option value has been proportionally expensed over the vesting period with $27,051 expensed at 30 June 2010. A further $95,864 is to be expensed on 30 June 2011 and the balance of $95,864 will be expensed on 30 June 2012.

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 2010.

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	
	2010 ($)	2009 ($)
Current		
Trade payables	**5,158,064**	5,184,671
Sundry creditors and accrued expenses	**7,821,793**	1,672,937
Employee benefits	**735,226**	336,099
	13,715,083	7,193,707
Non Current		
Other parties	**-**	20,000

Trade payables are non-interest bearing and are normally settled on 15-30 day terms.
Information regarding the credit risk of current payables is set out in Note 18.

NOTE 15: PROVISIONS

	CONSOLIDATED	
	2010 ($)	2009 ($)
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 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	
	2010 ($)	2009 ($)
Current		
Bank loans – note a)	**-**	7,250,000
Less borrowing costs		
Facility establishment costs	**-**	(775,405)
Share option expense – refer Note 13	**-**	(1,414,090)
	-	(2,189,495)
Borrowing costs expensed	**-**	1,459,663
Net borrowing costs	**-**	(729,832)
Net Bank loans	**-**	6,520,168
Gold forward sales payable	**-**	1,509,176
Finance lease – refer note 20	**81,081**	83,510
Unsecured loan	**-**	1,250,000
	81,081	9,362,854
Non – current		
Finance lease	**20,330**	101,414

Note a) Banking facility
At 30 June 2009, the Group had a borrowing facility with Investec Bank (Australia) Limited which was fully repaid on 31 December 2009.

The facility was subsequently converted to 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.

NOTE 16: FINANCIAL LIABILITIES (CONTINUED)

The facility is comprised of the following:

	30 JUNE 2010		
	DRAWN	UNDRAWN	FACILITY LIMIT
Contingent Instruments	$1,889,956	$1610,044	$3,500,000

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

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

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	
	2010 ($)	2009 ($)
Issued capital	102,769,507	94,440,236
	NO. OF SHARES 2010	NO. OF SHARES 2009
Shares on issue at the beginning of reporting period	**2,646,143,210**	1,246,143,210
Shares issued during the year		
14 October 2009	**206,400,000**	-
5 March 2010	**10,000,000**	-
27 February 2009	**-**	100,000,000
6 April 2009	**-**	1,150,000,000
5 May 2009	**-**	150,000,000
Shares on issue at reporting date	**2,862,543,210**	2,646,143,210

On 14 October 2009 the Company issued 206,400,000 ordinary shares at 4.0 cents per share under a placement of shares. This issue of shares was subsequently ratified by shareholders at the Annual General Meeting held on 25 November 2009.

Share issue costs related to the placement totalled $396,492 were incurred. Net funds totalling $8,309,508 from the above issues were used to increase the level of mill spare parts and to increase resource definition and exploration drilling programmes.

On 5 March 2010 the Company issued 10,000,000 ordinary shares on the exercise of options. The exercise price of the options was 4.5 cents per fully paid share.

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.

NOTE 17: ISSUED CAPITAL AND RESERVES (CONTINUED)

(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	76,270,000	-	-
Expired options	(2,140,000)	12.00	6/12/2009
	(2,140,000)	14.50	6/12/2009
	(2,140,000)	17.00	6/12/2009
	(6,420,000)		
Options Exercised	(10,000,000)	4.50	30/4/2010
Options issued			
Executive incentive options	25,424,232	7.50	31/12/2012
Executive incentive options	25,424,232	7.80	31/12/2012
Total issued options	110,698,464		
Options issued	4,925,000	5.00	30/11/2010
	4,925,000	6.00	30/11/2010
	40,000,000	6.875	30/4/2011
	10,000,000	7.00	30/4/2011
	25,424,232	7.50	31/12/2012
	25,424,232	7.80	31/12/2012
Total Options issued	110,698,464		

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	
	2010 ($)	2009 ($)
Total borrowings	**101,411**	18,427,583
Less cash and cash equivalents	**(6,383,806)**	(20,515,842)
Net debt/(net cash)	**(6,282,395)**	(2,088,259)
Total equity	**99,686,669**	80,467,920
Total capital	**93,404,274**	78,379,661
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	
	2010 ($)	2009 ($)
Balance 1 July	**2,018,449**	1,975,097
Employee share options issued	**27,052**	-
Other options issued	**-**	43,352
Amount transferred on exercise of options	**(19.763)**	-
Balance 30 June	**2,025,738**	2,018,449

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.

On 6 December 2009 6,420,000 options on issue at exercise prices of 12, 14 and 17 cents per share lapsed unexercised.

At 30 June 2010, $337,893 remains within the Option Reserve attributable to options which have lapsed unexercised.

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.

Interest rate risk

Interest rate risk is managed with a mixture of fixed and floating rate debt. At 30 June 2009 approximately 100% of group debt is fixed. It is the policy of the group to keep between 75% and 100% of debt on fixed interest rates for short term periods up to 180 days.

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.

The finance 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 a material credit risk exposure to Investec Bank (Australia) Limited under financial instruments entered into 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 group has entered into gold forward sales contracts for delivery of specified quantities of gold on specific dates at fixed prices.

NOTE 18: FINANCIAL INSTRUMENTS (CONTINUED)

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.

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	
	2010 ($)	2009 ($)	2010 ($)	2009 ($)
Sell Gold				
Settlement				
Less than 6 months	**7,340,000**	9,318,695	**1,468**	994
6 months to 1 year	**-**	-	**-**	-
1 – 2 years	**-**	-	**-**	-
	7,340,000	9,318,695	**1,468**	994

	CONSOLIDATED GROUP		CONSOLIDATED GROUP AVERAGE GOLD PRICE/OZ	
	2010 ($)	2009 ($)	2010 ($)	2009 ($)
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 2010 the group has outstanding forward gold contracts for a total of 5,000 ozs (2009: 9,378 ozs) gold and nil ozs (2009: 2,340 ozs) of 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 30 JUNE 2010	PAYABLE WITHIN 1 YEAR				
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**
CONSOLIDATED 30 JUNE 2009					
Financial assets					
Cash and cash equivalents	2.9%	21,048,610	228,190	1,000	21,277,800
Forward contracts - Note 16	-	-	-	1,509,176	1,509,176
Trade receivables	-	-	-	223,811	223,811
Total financial assets		21,048,610	228,190	1,733,987	23,010,787
Financial liabilities					
Trade payables and other payables	-	-	-	7,193,707	7,193,707
Bank loan – Note 16	8.7%	-	7,250,000	-	7,250,000
Unsecured loan - Note 16	16.0%	-	1,250,000	-	1,250,000
Lease liabilities - Note 16	9.1%	184,924	-	-	184,924
Total financial liabilities		**184,924**	**8,500,000**	**7,193,707**	**15,878,631**

NOTE 18: FINANCIAL INSTRUMENTS (CONTINUED)

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

	2010		2009	
CONSOLIDATED	CARRYING AMOUNT ($)	NET FAIR VALUE ($)	CARRYING AMOUNT ($)	NET FAIR VALUE ($)
Financial assets				
Other financial assets	**22,963**	**22,963**	69,827	69,827
Loans and receivables	**799,740**	**799,740**	223,811	223,811
	822,703	**822,703**	293,638	293,638
Financial liabilities – at amortised cost (Note 16)				
Bank loans	**-**	**-**	7,250,000	7,250,000
Gold forward contract payable	**-**	**-**	1,509,176	1,509,176
Finance leases	**101,411**	**101,411**	204,506	204,506
Unsecured loan	**-**	**-**	1,250,000	1,250,000
	101,411	**101,411**	10,213,682	10,213,682

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 2010, 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	
	2010 ($)	2009 ($)
Change in profit		
Increase in A$ gold price by 10%	**6,823,279**	4,439,699
Decrease in A$ gold price by 10%	**(6,823,279)**	(4,439,699)
Change in equity		
Increase in A$ gold price by 10%	**6,823,279**	4,439,699
Decrease in A$ gold price by 10%	**(6,823,279)**	(4,439,699)

Gold price risk
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 has entered into hedging transactions which provide a minimum price to cover non-discretionary operating expenses, repayments due under the consolidated entity's financing facilities and 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 sales in future periods, that the term of the financial instruments does not exceed the mine life and that no basis risk exists.

NOTE 19: COMMITMENTS AND CONTINGENCIES

Operating lease commitments – Group as lessee

The Group has entered into commercial leases on certain office accommodation. These leases have an average life of one 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	**95,998**	101,848
After one year but not more than five years	**-**	-
More than five years	**-**	-
	95,998	101,848

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:

	2010		2009	
	MINIMUM LEASE PAYMENTS ($)	PRESENT VALUE OF LEASE PAYMENTS ($)	MINIMUM LEASE PAYMENTS ($)	PRESENT VALUE OF LEASE PAYMENTS ($)
CONSOLIDATED				
Within one year	**86,812**	**81,081**	96,882	83,510
After one year but not more than five years	**20,811**	**20,330**	107,624	101,414
Total minimum lease payments	**107,623**	**101,411**	204,506	184,924
Less amounts representing finance charges	**(6,212)**	**-**	(19,582)	-
Present value of minimum lease payments	**101,411**	**101,411**	184,924	184,924

The weighted average interest rate impact on the leases for both the Group and the Parent at 30 June 2010 is 9.1% (2009: 9.1 %).

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 $1,777,387 (2009: $1,777,387) with the Department of Industry and Resources.

MINING TENEMENT EXPENDITURE	CONSOLIDATED	
	2010 ($)	2009 ($)
Within one year	**1,693,880**	1,645,360
After one year but not more than five years	**-**	-
More than five years	**-**	-
	1,693,880	1,645,360

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	
		2010	2009
Austminex Pty Ltd	Australia	**100%**	100%
Focus Operations Pty Ltd	Australia	**100%**	100%
Underground Drilling Services Pty Ltd	Australia	**100%**	100%

NOTE 21: PARENT ENTITY

The parent company throughout the financial year ended 30 June 2010 was Focus Minerals Limited.

	PARENT ENTITY	
	2010 ($)	2009 ($)
Results of the parent entity		
Profit (loss) for the period	**5,295,895**	(3,193,422)
Other comprehensive income	**-**	-
Total comprehensive income for the period	**5,295,895**	(3,193,422)
Financial position of parent entity at year end		
Current assets	**7,826,312**	23,138,948
Total assets	**87,731,772**	89,504,101
Current Liabilities	**7,248,741**	14,772,439
Total liabilities	**874,800**	15,702,018
Total equity of parent entity comprising of:		
Share capital	**102,749,745**	94,440,236
Option reserve	**2,045,507**	2,018,449
Accumulated losses	**(17,360,707)**	(22,656,602)
Total equity	**87,434,545**	73,802,083

The parent entity has commitments of $31,848 (2009: $101,848) and no other commitments or guarantees.

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 (for information regarding outstanding balances at year-end, refer to note 10 and note 20):

		SALES TO RELATED PARTIES ($)	PURCHASES FROM RELATED PARTIES ($)	AMOUNTS OWED BY RELATED PARTIES ($)	AMOUNTS OWED TO RELATED PARTIES ($)
Parent					
Related party					
Austminex Pty Ltd	**2010**	**-**	**-**	**4,358,803**	**-**
	2009	-	-	4,340,003	-
Underground Drilling Services Pty Ltd	**2010**	**-**	**-**	**60,136**	**-**
	2009	-	-	60,136	-
Focus Operations Pty Ltd	**2010**	**-**	**-**	**15,824,498**	**-**
	2009	-	-	26,935,268	-
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 (2009: 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. Outstanding balances at year-end are unsecured, interest free and settlement occurs in cash.

For the year ended 30 June 2010, the Group has not made any allowance for doubtful debts relating to amounts owed by related parties due to solid payment history (2009: $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. Services provided by Swick for the year totalled $532,240(2009 $nil) determined in accordance with a schedule of rates established during the tender process.

NOTE 23: AUDITORS' REMUNERATION

The auditors of Focus Minerals Ltd are Grant Thornton (WA) Partnership.

	CONSOLIDATED	
	2010 ($)	2009 ($)
Amounts received or due and receivable by Grant Thornton (WA) Partnership for:		
An audit or review of the financial report of the entity and any other entity in the consolidated group	**74,000**	80,000
Other services in relation to the entity and any other entity in the consolidated group: Taxation services	**15,403**	10,092
	89,403	90,092

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: Granted and vested during the year

During the financial years ended 30 June 2009 and 2008, no share options were granted as equity compensation benefits to management personnel. 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 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	EXERCISEABLE	NOT EXERCISABLE
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

NOTE 24: DIRECTORS' AND EXECUTIVE DISCLOSURES (CONTINUED)

30 June 2009

	BALANCE AT BEGINNING OF PERIOD 1/7/08	GRANTED AS REMUNERATION	OPTIONS EXERCISED	BALANCE AT END OF PERIOD 30/06/09	VESTED AS AT 30 JUNE 2009		
					TOTAL	EXERCISEABLE	NOT EXERCISABLE
30 June 2009							
Directors							
Donald Taig	-	-	-	-	-	-	-
Peter Williams	6,950,000	-	-	6,950,000	6,950,000	6,950,000	-
Phillip Lockyer	-	-	-	-	-	-	-
Christopher Hendricks	-	-	-	-	-	-	-
Campbell Baird	-	-	-	-	-	-	-
Jon Grygorcewicz	-	-	-	-	-	-	-
Charles McCormick	5,900,000	-	-	5,900,000	5,900,000	5,900,000	-
Darren Gibcus	-	-	-	-	-	-	-
Dr Garry Adams	-	-	-	-	-	-	-
Total	12,850,000	-	-	12,850,000	12,850,000	12,850,000	-

Includes forfeitures

(c) Shareholdings of Key Management Personnel

	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	-	**2,162,705**	**6,461,538**
Charles McCormick**	22,324,839	5,900,000	-	3,561,538	300,000	(3,000,000)	**22,624,839**	**6,464,538**
Brad Valiukas	-	-	-	7,384,616	1,800,000	-	**1,800,000**	**7,384,616**
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 24: DIRECTORS' AND EXECUTIVE DISCLOSURES (CONTINUED)

	BALANCE 1 JULY 2008		GRANTED AS REMUNERATION		PURCHASES		BALANCE 30 JUNE 2009	
30 JUNE 2009	SHARES	OPTIONS	SHARES	OPTIONS	SHARES	OPTIONS	SHARES	OPTIONS
Directors								
Donald Taig*	8,955,366	-	-	-	1,750,000	-	10,705,366	-
Phillip Lockyer	344,523	-	-	-	250,000	-	594,523	-
Christopher Hendricks	190,909	-	-	-	-	-	190,909	-
Campbell Baird	-	-	-	-	2,800,000	-	2,800,000	-
Peter Williams	864,523	6,950,000	-	-	572,500	-	1,437,023	6,950,000
Jon Grygorcewicz	1,462,705	-	-	-	500,000	-	1,962,705	-
Charles McCormick**	22,324,839	5,900,000	-	-	-	-	22,324,839	5,900,000
Darren Gibcus	-	-	-	-	-	-	-	-
Dr Garry Adams	-	-	-	-	-	-	-	-
Total	34,142,865	12,850,000	-	-	5,872,500	-	40,015,365	12,850,000

* 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) On 5 July 2010 the Company issued 3,000,000 ordinary fully paid shares as consideration for entering an Option Purchase Agreement to acquire an interest in the Lake Cowan tenement.

DIRECTORS' DECLARATION

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

   (a) the financial statements and notes set out on pages 19 to 57 and the remuneration disclosures that are contained in pages 6 to 8 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 2010 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 6 to 8 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 2010.

Signed in accordance with a resolution of the Directors:

Christopher Hendricks

Director
Dated 15 September 2010

Grant Thornton

Grant Thornton (WA) Partnership
ABN 17 735 344 518
10 Kings Park Road
West Perth WA 6005
PO BOX 570
West Perth WA 6872

T +61 8 9480 2000
F +61 8 9322 7787
E admin@gtwa.com.au
W www.grantthornton.com.au

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

Report on the financial report
We have audited the accompanying financial report of Focus Minerals Limited (the "Company"), which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes to the financial report 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 and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. 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.

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.

GrantThornton

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

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

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

Auditor's opinion
In our opinion:

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

  i giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of it's performance for the year ended on that date; and

  ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; 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 14 to 16 of the Directors' Report for the year ended 30 June 2010. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report
In our opinion, the Remuneration Report of Focus Minerals Limited for the year ended 30 June 2010, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON (WA) PARTNERSHIP

P. Warr.

P W Warr
Partner – Audit and Assurance Services

Perth, 15 September 2010

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 13 September 2010.

SPREAD OF HOLDERS

SPREAD OF HOLDINGS			SHAREHOLDERS
1	-	1,000	153
1,001	-	5,000	129
5,001	-	10,000	774
10,001	-	100,000	5,111
100,001	-	and over	3,279
Total Number of Holders			**9,446**

Number of shareholders holding less than a marketable parcel: 597 shareholders each hold less than 9,616 ordinary shares.

SUBSTANTIAL SHAREHOLDERS

At 30 June 2010 there were no substantial shareholder disclosed to the Company.

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 2,862,543,210 ordinary shares.

TWENTY LARGEST SHAREHOLDERS OF EACH CLASS OF QUOTED SECURITIES
ORDINARY FULLY PAID SHARES AT 13 SEPTEMBER 2010

NO.	SHAREHOLDER NAME	NUMBER OF SHARES	PERCENTAGE OF CAPITAL
1	ANZ Nominees Limited – (Cash Income A/C)	**373,134,350**	13.02
2	HSBC Custody Nominees (Australia) Limited	**198,930,314**	6.94
3	Citicorp Nominees Pty Limited	**111,272,172**	3.88
4	National Nominees Limited	**40,068,716**	1.40
5	Mr GC Mahtani & Mr AG Mahtani & Mrs M Kaur	**40,000,000**	1.40
6	JP Morgan Nominees Australia Limited	**32,009,954**	1.12
7	Nefco Nominees Pty Ltd	**24,145,268**	0.84
8	Wales Australian Resources Pty Ltd	**20,001,037**	0.70
9	Citicorp Nominees Pty Limited (CFSIL Cwlth Aust SHS 23 A/C)	**17,982,592**	0.63
10	Peter Erman Pty Limited – (Superannuation Fund A/C)	**15,000,000**	0.52
11	GE & LM Dunjey (Dunjey S/F A/C)	**14,816,266**	0.52
12	TAJ Super Pty Ltd (Atkins Super Fund A/C)	**13,420,000**	0.47
13	Alpha Computer (Sales) Pty Ltd (NCT Super Fund A/C)	**12,190,000**	0.43
14	Broadarrow Goldmines Pty Ltd	**11,644,332**	0.41
15	Mr JR Bartlett	**11,000,000**	0.38
16	Mr D Teoh	**10,925,048**	0.38
17	122 Dean Street Pty Ltd (Gavin Mackenzie S/F A/C)	**10,923,741**	0.38
18	Pan Australian Nominees Pty Ltd	**10,857,447**	0.37
19	Mr GCB Davies & Mrs CA Davies (The Davies Super Fund A/c)	**10,700,000**	0.37
20	ABN AMRO Clearing Sydney Nominees Pty Ltd (Custodian A/C)	**10,527,014**	0.37
		989,548,251	34.53%

HOLDERS OF SECURITIES OF AN UNQUOTED CLASS OPTIONS

OPTION HOLDER NAME	OPTIONS EXPIRING 30/11/2010	OPTIONS EXPIRING 30/4/2011	OPTIONS EXPIRING 31/12/2012
Peter Arthur Williams	6,950,000	-	2,280,770
Charles McCormick	2,900,000	-	3,561,538
Ludger Kohmascher Investec Bank (Australia) Limited	- -	10,000,000 40,000,000	- -
Campbell Baird	-	-	15,000,000
Jon Grygorcewicz	-	-	6,461,538
Brad Valiukas	-	-	7,384,616
Garry Adams	-	-	3,692,308
Clint Baker	-	-	3,972,308
Graeme Ellis	-	-	2,846,154
Barend Knoetze	-	-	3,133,846
Peter Cash	-	-	2,515,386
	9,850,000	**50,000,000**	**50,848,464**

INTEREST IN MINING TENEMENTS

Focus Minerals Ltd – 100% interest

The Mount

M15/30*4
M15/1423
M15/1431

Dreadnought

M15/958*4
M15/1114*4
L15/213

Boundary

M15/411

Burbanks

P15/4054
P15/4347

Almina

P15/4920
P15/4921

Big Red

P15/4919

Central Gibralter

M15/384
M15/1422

Garden Gully

M15/675

Golden Web

M15/761
M15/791
M15/871
M15/1153

Norris

M15/391
M15/632
M15/1302
M15/1115
M15/1374
M15/1778
P15/4960
P15/4961
P15/4954
P15/4958
P15/4959
P15/5044
L15/71
L15/168
L15/169
L15/170
L15/171
L15/172
L15/173
L15/174

Norris

L15/175
L15/193
L15/194

Kangaroo Hills

P15/2665
P15/2666
P15/2667
P15/2668
P15/2669
P15/2670

Londonderry

P15/4914
P15/4915
P15/4922
P15/4923
P15/4924
P15/4925

Lord Bob

M15/631
P15/2987
P15/2988
P15/4957
P15/4918
P15/4908
P15/5042
M15/1789
M15/1253

Malaga

M15/515

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

North Miriam

M15/385

Sala

P15/3426*
P15/3252
P15/3253
P15/5157
P15/5043

Buldania

M63/177*4
P63/1503*4

Tindals

M15/23
M15/412
P15/3170*3
P15/3172*3
P15/3173*3
P15/3174*3
M15/746
P15/4197

Widgiemooltha

P15/4906
P15/4907
P15/4473
P15/4477
P15/4478

Bonnievale

M15/277
M15/595
M15/877
P15/2741
P15/2890
P15/2921
P15/3000
P15/3011
P15/3012
P15/4942
P15/4910

Camel Paddock

P15/4131
P15/4132
P15/4133
P15/4134
P15/4135
P15/4136
P15/4137
P15/4138
P15/4139
P15/4140
P14/4141
P15/4142

Coolgardie

M15/73
M15/121
M15/150
M15/151
M15/152
M15/153
M15/154
M15/156
M15/176
M15/299
M15/410

Coolgardie

M15/491
M15/545
M15/594
M15/630
M15/636
M15/645*
M15/646*
M15/647
M15/660
M15/677
M15/725
M15/1293
M15/1294
M15/1433
M15/1434
M15/1484
P15/2474
P15/3118
P15/3462
P15/3484
P15/3543
P15/3630
P15/3699
P15/3700
P15/3721
P15/3849
P15/4126
L15/27
L15/28
L15/34
L15/42
L15/51
L15/59
L15/63
L15/77
L15/78
L15/88
L15/90
L15/95
L15/96
L15/114
L15/116
L15/119
L15/122
L15/123
L15/126
L15/127
L15/130
L15/161
L15/164
L15/177
L15/186
L15/200
L15/211
L15/283

Gunga

P15/2870
P15/2871
P15/2872
P15/2873
P15/2874

Rainbow

P15/2869*4
P15/2919*4
P15/2920*4

Mistery Mint

M15/365*4
M15/662*4
M15/711*4
M15/1384
M15/770
M15/1760*4
P15/2774*4
P15/2775*4
P15/2943*4
P15/2955*4
P15/3200*4
P15/32014

Tycho

M15/40
M15/148
P15/2886
P15/3235*4
P15/3325
P15/3394

Lake Cowan

E15/986
Earning 75%

INTEREST IN MINING TENEMENTS (CONTINUED)

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

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	
P/153462	$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)

ROYALTY AGREEMENTS (CONTINUED)

TENEMENTS	ROYALTY
P15/2617 P15/2774 P15/2775 P15/2943 P15/2955 P15/3200 P15/3201 M15/365 M5/662 M15/711 M15/1384 MLA15/769 MLA15/770 MLA15/852 MLA15/857 MLA15/981 GML15/6897	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).
P15/2869 P15/2919 P15/2920 MLA15/781 MLA15/827	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).

Designed By

integratedconcept

Focus Minerals Ltd.

REGISTERED & HEAD OFFICE

LEVEL 10 EXCHANGE HOUSE
68 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 **Email** info@focusminerals.com.au