

**ABN 56 005 470 799
and Controlled Entities**

**Financial Report for the Half-Year to
31 December 2010**

This document should be read in conjunction with the annual report of Focus Minerals Ltd for
the year ended 30 June 2010



Corporate Directory

ACN 005 470 799

DIRECTORS: Donald Taig (Chairman)
Phillip Lockyer
Christopher Hendricks

CHIEF EXECUTIVE OFFICER Campbell Baird

COMPANY SECRETARY: K Jon Grygorcewicz

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DIRECTORS' REPORT

The directors present the financial report of Focus Minerals Limited ("Parent Entity") including the consolidated financial statements of the Parent Entity and its controlled entities ("Consolidated Entity") for the half-year ended 31 December 2010.

DIRECTORS

The names of the directors of the Parent Entity who held office during or since the end of the half year are:-

Donald J Taig (Chairman)
Phillip Lockyer
Christopher Hendricks

REVIEW OF OPERATIONS

Operating Result for the Half-year

The consolidated Group profit for the financial period ended 31 December 2010 increased 28% to \$6,230,173 (2009 \$4,877,716).

Production

Mine production continued from the Group's two operating mining areas, the Tindals Mining Centre and the Mount.

Production from the Tindals Mining Centre was 267,093 tonnes for 30,171 ozs gold at an average grade of 3.51 g/t. Mount production was 19,328 tonnes for 4,557 ozs gold at an average grade of 7.33 g/t.

Gold production from the Three Mile Hill facility for the six months ended 31 December 2010 increased 66% to 36,339 ozs (December 2009 21,841 ozs).

Total ore throughput for the period was 574,566 ore tonnes with a further 55,061 tonnes processed under the now concluded toll processing arrangements for total processing of 629,627 tonnes.

A total of 52,745 ore tonnes remain in stocks at period end containing approximately 4,290 ozs gold.

Mine Development

The second phase of development at the

Mount Underground Mine commenced during November 2010. This included the excavation of a new box-cut portal and expanding the existing decline.

The second phase initially consists of the construction of a 300 metre exploration drive off the decline and is designed to enable access to the whole of the currently defined inferred resource. The current inferred resource presently consists of 2,090,000 tonnes at 5.5 g/t for 370,000 ounces of contained gold across approximately 10 parallel mineralised structures.

Sales

Gold sales in the period totalled 34,335 ozs at an average gold price of A\$1,385 per oz. (2009 21,202 ozs at average price A\$1,085).

Gold on hand and available for sale at period end was 5,168 ozs.

Exploration

Initial exploration activities commenced on the Lake Cowan tenement with an aeromagnetic survey being flown together with ground mapping activities being undertaken. Rock chip sampling conducted late in the period identified substantial quartz veining at surface on the Treasure Island section which yielded exceptionally high grade gold with visible gold pinheads within the samples.

Corporate

On 7 July 2010 the Company issued 3,000,000 fully paid shares to acquire the option to acquire a 75% interest in the Lake Cowan exploration tenement.

During December 2010 the Company, having completed its' purchase commitments, formally exercised its option and acquired a direct 75% interest in the Lake Cowan tenement. The Company has a continuing obligation to sole fund expenditure through to the completion of a Pre-Feasibility Study.

DIRECTORS' REPORT

During September 2010 a total of 6,487,694 options were cancelled and on 6 December 2010 a total of 6,420,000 options expired unexercised. A total of 94,360,770 options to acquire shares remain on issue at 31 December 2010.

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

The Annual General Meeting of the Company was held on 26 November 2010 with all resolutions being passed including the adoption of an Employee Share Option Scheme.

At 31 December 2010 the Company remains free of bank debt. The Company does not have any outstanding hedging commitments.

EVENTS SUBSEQUENT TO BALANCE DATE

On 24 January 2011 the Company announced interim results from a drilling program at the Big Blow deposit to test extensions of a planned open pit operation. Best results included:

- o 4m @ 23.4g/t Au from 76m
- o 5m @ 9.6g/t Au from 92m
- o 13m @ 7.5g/t Au from 84m, and
- o 6m @ 6.4g/t Au from 77m.

The Big Blow drilling programme continues the mine planning activities to commence open pit mining during mid 2011.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 16 for the half-year ended 31 December 2010.

Signed in accordance with a resolution of the directors.



Don Taig
Director

23 February 2011
Perth, Western Australia

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 4 to 15 are in accordance with the *Corporations Act 2001*, including:
 - a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Don Taig
Director

23 February 2011
Perth, Western Australia

FOCUS MINERALS LTD
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

		Consolidated Entity	
	Note	31 December 2010 \$	31 December 2009 \$
Revenue	3	48,888,449	23,001,462
Cost of sales		(31,711,798)	(12,045,220)
Gross Profit		17,176,651	10,956,242
Other revenue	3	1,317,674	1,922,934
Depreciation		(2,287,416)	(317,069)
Amortisation	3	(6,085,073)	(4,467,316)
Finance charges	3	(3,777)	(302,405)
Employee expenses		(1,270,051)	(1,255,434)
Other expenses from ordinary activities	3	(2,617,835)	(1,659,236)
Profit/(Loss) before income tax expense		6,230,173	4,877,716
Income tax expense		-	-
Profit/(Loss) from continuing operations		6,230,173	4,877,716
Profit/(Loss) for the period		6,230,173	4,877,716
Total changes in equity other than those resulting from transactions with owners as owners		6,230,173	4,877,716
Other comprehensive income net of tax		-	-
Total comprehensive income for the period and attributable to Owners of the Company		6,230,173	4,877,716
Earnings per share			
Earnings per share (cents per share) for profit/(loss) attributable to the ordinary equity holders of the Company:			
Basic earnings per share (cents)	6	0.22	0.18
Diluted earnings per share (cents)	6	0.21	0.17

The accompanying notes form part of this financial report

FOCUS MINERALS LTD
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

	Note	Consolidated Entity 31 December 2010 \$	30 June 2010 \$
CURRENT ASSETS			
Cash and cash equivalents	7	2,396,053	7,186,072
Trade and other receivables		3,409,889	5,278,957
Inventories		10,482,953	4,234,781
Other		89,557	558,248
Other financial assets		-	22,963
Total Current Assets		16,378,452	17,281,021
NON-CURRENT ASSETS			
Other financial assets		1,000,000	-
Property, plant and equipment		26,774,360	27,356,911
Development expenditure		16,388,443	14,811,624
Deferred exploration expenditure		63,474,834	55,803,215
Total Non-Current Assets		107,637,637	97,971,750
Total Assets		124,016,089	115,252,771
CURRENT LIABILITIES			
Trade and other payables		15,730,042	13,715,083
Financial liabilities		81,081	81,081
Total Current Liabilities		15,811,123	13,796,164
NON-CURRENT LIABILITIES			
Financial liabilities		346,700	20,330
Provisions		1,749,608	1,749,608
Total Non-Current Liabilities		2,096,308	1,769,938
Total Liabilities		17,907,431	15,566,102
Net Assets		106,108,658	99,686,669
EQUITY			
Issued capital	5	102,919,507	102,769,507
Reserves		1,503,096	2,025,738
Retained earnings/(Accumulated losses)		1,686,055	(5,108,576)
Total Equity		106,108,658	99,686,669

The accompanying notes form part of this financial report

FOCUS MINERALS LTD
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Consolidated Entity	
	31 December	31 December
	2010	2009
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	51,202,160	22,997,471
Payments to suppliers & employees	(38,677,789)	(13,553,235)
Royalties paid	(977,952)	(530,336)
Interest received	81,259	116,232
Sundry income	250,921	236,990
Interest & finance costs paid	(3,623)	(302,405)
Net Cash from/(used in) Operating Activities	11,874,976	8,964,717
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(1,378,495)	(16,118,024)
Proceeds from sale of investments	47,011	130,173
Purchase of investments	-	(200,000)
Bond secured deposits	-	(220,202)
Mine development expenditure	(7,661,892)	(2,890,808)
Exploration expenditure	(7,671,619)	(2,027,749)
Net Cash from/(used in) Investing Activities	(16,664,995)	(21,326,610)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from equity issues	-	8,256,000
Share issue expenses	-	(396,492)
Repayment of borrowings	-	(8,500,000)
Net Cash from/(used in) Financing Activities	-	(640,492)
Net Increase/(Decrease) in Cash Held	(4,790,019)	(13,002,385)
Cash at beginning of period	7,186,072	20,515,842
Cash at end of Period	2,396,053	7,513,457

The accompanying notes form part of this financial report

FOCUS MINERALS LTD

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

Consolidated	Ordinary Shares	Retained Earnings/Accumulated losses	Reserves	Total
	\$	\$	\$	\$
Balance as at 30 June 2010	102,769,507	(5,108,576)	2,025,738	99,686,669
Total comprehensive income for the period	-	6,230,173	-	6,230,173
Shares issued in the period	150,000	-	-	150,000
Option reserve transferred to Retained Earnings on lapsed and cancelled options	-	564,458	(564,458)	-
Option reserve on recognition of equity based payments	-	-	41,816	41,816
Balance at 31 December 2010	102,919,507	1,686,055	1,503,096	106,108,658

Consolidated	Ordinary Shares	Accumulated losses	Reserves	Total
	\$	\$	\$	\$
Balance as at 30 June 2009	94,440,236	(15,990,765)	2,018,449	80,467,920
Total comprehensive income for the period	-	4,877,716	-	4,877,716
Shares issued in the period	8,256,000	-	-	8,256,000
Share issue expenses	(396,492)	-	-	(396,492)
Option reserve on recognition of equity based payments	-	-	-	-
Balance at 31 December 2009	102,299,744	(11,113,049)	2,018,449	93,205,144

The accompanying notes form part of this financial report

FOCUS MINERALS LTD HALF-YEAR REPORT

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

NOTE 1: BASIS OF PREPARATION

These general purpose financial statements for the interim half-year reporting period ended 31 December 2010 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Focus Minerals Ltd and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2010, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements except for the adoption of the following new and revised Accounting Standards.

Comparatives

Comparative information has been reclassified where appropriate to enhance comparability.

New or revised Standards and Interpretations that are first effective in the current reporting period

The Group has adopted the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current period.

Impact of new and revised Standards and amendments thereof and Interpretations effective for the current period that are relevant to the Group include:

AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9

In December 2009, the AASB issued AASB 9 Financial Instruments which addresses the classification and measurements of financial assets and is likely to affect the Group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The Group is yet to assess its full impact. However, initial indications are that it will have no impacts on the Group's financial statements. The Group has yet to decide when to adopt AASB 9.

Amendments to AASB 5, 8, 101, 107, 117, 118, 136 and 139 as a consequence of AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project

AASB 2009-5 Introduces amendments to Accounting Standards that are equivalent to those made by the IASB under its program of annual improvements to its standards. A number of the amendments are largely technical, clarifying particular terms, or eliminating unintended consequences. Other changes are more substantial, such as the current/non-current classification of convertible instruments, the classification of expenditures on unrecognized assets in the statements of cash flows and the classification of leases of land and buildings.

The adoption of these amendments, have not resulted in any material changes to the Group's accounting policies and have no effect on the amounts reported for the current or prior periods.

AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project

Amends a number of pronouncements as a result of the IASB's 2008-2010 cycle of annual improvements to provide clarification of certain matters.

FOCUS MINERALS LTD HALF-YEAR REPORT

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

NOTE 1: BASIS OF PREPARATION

New or revised Standards and Interpretations that are first effective in the current reporting period (cont)

The key clarifications include:

- The measurement of non-controlling interests in a business combination;
- Transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised AASB 3 Business Combinations (2008); and
- Transition requirements for amendments arising as a result of AASB 127 Consolidated and Separate Financial Statements.

The adoption of these amendments, have not resulted in any material changes to the Group's accounting policies and have no effect on the amounts reported for the current or prior periods.

Revenue recognition

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

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

	31 December 2009
Profit after income tax	
Profit before change in accounting policies	4,877,716
Recognition of gold sales for finished gold bars	-
Profit after change in accounting policy	4,877,716

The following table highlights the impact of the change in accounting policies on Statement of financial position in the prior periods.

	30 June 2010
Inventory before change in accounting policy	8,713,998
Inventory before after in accounting policy	4,234,781
Trade receivables before change in accounting policy	799,740
Trade receivables after change in accounting policy	5,278,957

FOCUS MINERALS LTD HALF-YEAR REPORT

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	CONSOLIDATED	
	Half year ended 31 December 2010 \$	Half year ended 31 December 2009 \$
NOTE 3 REVENUE AND EXPENSES		
The following revenue and expense items are relevant in explaining the financial performance for the interim period:		
(i) Revenue		
Gold Sales	47,477,702	22,999,820
Silver sales	78,144	1,642
Toll milling income	1,332,603	-
	48,888,449	23,001,462
(ii) Other revenue		
Interest received	81,262	116,232
Profit on sale of investments	24,046	60,536
Profit on sale of mining tenements	961,446	-
Realised gold forward contract mark to market gain	-	1,509,176
Other	250,920	236,990
	1,317,674	1,922,934
(iii) Expenses		
Amortisation		
Amortisation of development expenditure	2,333,058	1,518,105
Amortisation of mine development costs	3,752,015	2,150,731
Amortisation of borrowing costs	-	798,480
Total amortisation	6,085,073	4,467,316
Finance charges		
Finance charges payable on finance leases	3,777	7,296
Convertible note interest expense	-	50,521
Bank loan interest expense	-	244,588
Total Finance charges	3,777	302,405
Other		
ASX listing fees	56,557	60,672
Consulting fees	95,204	39,750
Directors' fees	97,596	55,000
Legal fees	7,942	9,755
Operating lease expenses	61,812	58,605
Employee option cost	41,816	-
Investor relations expenses	383,483	251,600
Site administration costs	936,987	640,660
Other expenses	936,438	543,194
Other expenses from ordinary activities	2,617,835	1,659,236

FOCUS MINERALS LTD HALF-YEAR REPORT

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

NOTE 4 DIVIDENDS PAID AND PROPOSED

There were no dividends proposed or paid during the half-year ended 31 December 2010.

NOTE 5 ISSUED CAPITAL

<i>Ordinary shares</i>	31 December 2010	30 June 2010
	\$	\$
Issued and fully paid	<u>102,919,507</u>	<u>102,769,507</u>
	Number of Shares	\$
<i>Movements in ordinary shares on issue</i>		
Balance at 1 July 2010	2,862,543,210	102,769,507
Shares issued 7 July 2010 – note A	3,000,000	150,000
Balance at 31 December 2010	<u>2,865,543,210</u>	<u>102,919,507</u>

Note A

Shares issued on 7 July 2010 totalled 3,000,000 at an issue price of 5 cents per share and were issued as consideration to secure the right to acquire the Lake Cowan exploration tenements.

Options

<i>Movements in issued options</i>		Number of options
Balance at 1 July 2010		
Options cancelled		110,698,464
Options lapsed		(6,487,694)
		<u>(9,850,000)</u>
Balance at 31 December 2010		<u>94,360,770</u>
 Total options on issue comprise:	Expiry date	Number issued
Exercise price – 6.875 cents per share	30/4/2011	40,000,000
Exercise price – 7.00 cents per share	30/4/2011	10,000,000
Exercise price – 7.5 cents per share	31/12/2012	22,180,385
Exercise price – 7.8 cents per share	31/12/2012	22,180,385
Balance at 31 December 2010		<u>94,360,770</u>

FOCUS MINERALS LTD
HALF-YEAR REPORT

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

NOTE 6: EARNINGS PER SHARE

	31 December 2010 Cents per Share	31 December 2009 Cents per Share
Basic earnings per share:		
Total Basic EPS	0.22	0.18
Diluted earnings per share		
Total Diluted EPS	0.21	0.17
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:	6,230,173	4,877,716
Weighted average number of ordinary shares for the purposes of basic earnings per share	2,865,429,080	2,733,638,862
Diluted Earnings per share		
The earnings and weighted average number of ordinary shares used in the calculation of diluted earnings per share:	6,230,173	4,877,716
Weighted average number of ordinary shares for the purposes of diluted earnings per share	2,971,545,381	2,809,542,014

NOTE 7 RECONCILIATION OF CASH

For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise the following at 31 December 2010:

	CONSOLIDATED 31 December 2010	30 June 2010
	\$	\$
Cash at bank and in hand	1,409,362	4,233,676
Short term deposits - unsecured	-	2,150,130
Cash at end of period	1,409,362	6,383,806
Term deposits - secured	986,691	802,266
Total cash	2,396,053	7,186,072

The Group has indemnified the issuing bank against any loss arising from the performance bonds issued on behalf of the Company to secure mining tenement obligations and as guarantees for payment performance under energy supply agreements. The indemnities are secured against cash held in short term deposits.

Term deposits totalling \$986,691 (30 June 2010 - \$802,266) have been secured to issuing banks as security for performance bonds issued in respect of Western Australian mining tenements and electricity supply agreements.

FOCUS MINERALS LTD HALF-YEAR REPORT

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

NOTE 8 EVENTS AFTER THE BALANCE DATE

Since the end of the financial year, there is no significant change in the operation of the company.

NOTE 9 COMMITMENTS

- During September 2009 the Company engaged a contractor to construct an exploration drive on the Mount Deposit. Payment for the drive construction and future mining services were on the basis that half of the gold mined from the Mount deposit to a maximum limit of 5,000 ozs gold would be paid to the contractor. At 31 December 2010 a total of 3,916 ozs gold had been paid to the contractor for services provided. The balance of 1,084 ozs will be paid in four equal monthly instalments from mined ore from the Mount's German lode when mining resumes which is expected to commence during March 2011.
- During November 2010 the Company entered into an operating lease for head office accommodation totalling \$249,000 pa for a minimum of 5 years. The annual rental increases by 4%pa over the term of the lease.
- The commencement of expanded mining activities at the Mount Deposit is expected to commence during March 2011. In preparation for mining activities, the Company has made the commitment that mining activities at the Mount will be a combination of contractor services and on an owner mining basis. In preparing for owner mining activities the Company has, subsequent to balance date, undertaken to acquire an underground mining fleet at an expected cost of approximately \$8 million. On 14 February 2011 the Company acquired an underground loader at a cost of \$538,000 commencing the acquisition of the underground mining fleet. The loader was financed through an equipment lease.

There were no other changes in commitments since the last annual report.

NOTE 10 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.

FOCUS MINERALS LTD **HALF-YEAR REPORT**

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS **FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

NOTE 10 SEGMENT REPORTING cont.

Segment Financial Information

	Production		Exploration		Total	
	2010	2009	2010	2009	2010	2009
	\$	\$	\$	\$	\$	\$
Revenue	48,888,449	23,001,462	-	-	48,888,449	23,001,462
Interest income	-	-	-	-	-	-
Interest expense	-	(251,884)	-	-	-	(251,884)
Depreciation and amortisation	(8,322,270)	(4,039,905)	-	-	(8,322,270)	(4,039,905)
Reportable segment profit before income tax	7,877,115	6,095,550	-	-	7,877,115	6,095,550
	Production		Exploration		Total	
	December 2010	June 2010	December 2010	June 2010	December 2010	June 2010
Reportable segment assets	56,608,808	51,235,436	63,756,514	56,084,895	120,365,322	107,320,331
Capital expenditure	9,366,567	18,968,233	7,671,620	2,027,749	17,038,187	20,995,982

	Consolidated	
	31 December 2010	31 December 2009
	\$	\$
Reconciliation of reportable segment revenue		
Total revenue for reportable segments		
Consolidated revenue	48,888,449	23,001,462
Reconciliation of reportable segment profit		
Total profit for reportable segments	7,877,115	6,095,550
Interest received	81,262	116,232
Finance costs	(3,777)	(50,521)
Other corporate expenses	(1,724,427)	(1,283,545)
Consolidated profit before income tax	6,230,173	4,877,716

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

FOCUS MINERALS LTD
HALF-YEAR REPORT

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

NOTE 10 SEGMENT REPORTING cont.

	Consolidated	
	31 December 2010	30 June 2010
Reconciliation of reportable segment assets	\$	\$
Total assets for reportable segments	120,365,322	107,320,331
Add unallocated amounts		
Cash and cash equivalents	1,409,362	6,383,806
Environmental bonds – secured short term deposits	986,691	802,266
Corporate assets	1,254,714	746,368
Consolidated total assets	124,016,089	115,252,771

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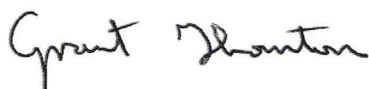
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**Auditor's Independence Declaration
To The Directors of Focus Minerals Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Focus Minerals Limited for the half-year ended 31 December 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 review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



Patrick Warr
Director – Audit and Assurance Services

Perth, 23 February 2011

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

We have reviewed the accompanying half-year financial report of Focus Minerals Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation and fair presentation of the half-year 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 half-year financial report that is 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.

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

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As the auditor of Focus Minerals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

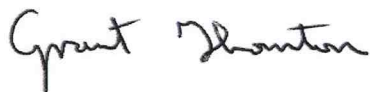
Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Focus Minerals Ltd is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



Patrick Warr
Director – Audit and Assurance Services

Perth, 23 February 2011