Focus Minerals Limited

ABN 56 005 470 799

Interim Financial Report
for the half year ended 30 June 2019

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Corporate Information

ABN 56 005 470 799

Directors

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

Company Secretary
Zaiqian Zhang

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Share Registry
Computershare Investor Services Pty Ltd
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Perth WA 6000

Banks
National Australia Bank
100 St Georges Terrace
Perth WA 6000

Bank of China Perth Branch
Ground Floor, 179 St Georges Terrace
Perth WA 6000

Industrial and Commercial Bank of China
Level 20, St Martins Tower
44 St Georges Terrace
Perth WA 6000

Auditor
RSM Australia Partners
Level 32 – Exchange Tower
2 The Esplanade
Perth WA 6000

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

Directors' Report

The Directors of Focus Minerals Limited ("Focus") are pleased to present the Interim Financial Report for the half year ended 30 June 2019.

Directors

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

Directors were in office for the whole of the half year and up to the dates of this report, unless otherwise indicated.

Review of Operations

Highlights

During the six-month period ended 30 June 2019, Focus Minerals Ltd ("Focus", "FML" or the "Company") completed:

- Released results from Beasley Creek – announced to the ASX on 30 January, 29 April 2019
- Released results from Ida-H and Sickle – announced to the ASX 25 March 2019
- Released significant results from Wedge/Lancefield North - announced to the ASX on 30 January 2019
- Released significant Results from Karridale and Burtville – announced to the ASX 30 January 2019 and 29 April 2019
- Completed Karridale Mineral Resource Update - announced to the ASX 27 May 2019
- Completed successful RC drilling programs at Nepean, Emu Hill, Ada East and Brilliant North

Coolgardie Gold Project

Six wide spaced RC holes were drilled in April at Nepean locating narrow gold mineralisation over more than 800m strike (announced 13 August 2019). Five drill-holes were completed at Brilliant North in June intersecting some very promising intersections (Announced 30 July 2019). Mineralisation was extended at Emu Hill and Ada East in June with RC drilling locating shallow gold mineralisation over more than 200m strike (Announced 13 August 2019).

Laverton Gold Project

Drilling has been uninterrupted at Laverton since the third week of January with a total of 41,955m drilled. Of this 28,080m is RC at various project as and the remainder (13,875m) Diamond, dominantly at Beasley Creek.

Work is on track to deliver resource updates on critical projects in the third and fourth Quarters 2019.

On 27 May 2019, Focus announced to the ASX a 25% increase in Mineral Resource at Karridale above 0.6 g/t Au to 180m depth comprising:

- Indicated Resource: 3.1Mt @ 1.5 g/t Au for 154,000 contained ounces
- Inferred Resource: 12.6Mt @ 1.3 g/t Au for 518,000 contained ounces
- **Total Resource: 15.7Mt @ 1.3 g/t Au for 672,000 contained ounces**

In March 2019, the company approved an exploration budget of $10.5m including a drilling budget of $9.5m.

In April/May 2019 preliminary open pit optimisations were completed for: Beasley Creek, Beasley South, Wedge/Lancefield North, Sickle and Karridale. The results while promising indicated that further drilling was likely required at Karridale in order to grow indicated in pit resources to at least a benchmark of 500koz. The optimisations have been used to guide drilling and ensure maximum efficiency for follow up drilling programs.

The budget has been reworked and extended to allow for an additional 16,400m of RC at Karridale. In order to maintain budget control all other available drilling budget has been assigned to Karridale. A new budget of just under $12m is proposed which includes $10.7M drilling. The proposed budget will achieve the benchmark open pit resources from a combination of: Beasley Creek/Beasley South, Telegraph, Wedge/Lancefield North and Karridale. The proposed extended budget includes already approved extension of works for project baseline/scoping studies comprising: metallurgy, geotech resource modelling and engineering.

Corporate

For the six-month period ended 30 June 2019, Focus incurred a loss of $3.83 million (6 months ended 30 June 2018: $2.28 million).

As at 30 June 2019, the Company has net assets of $86.4 million (31 December 2018: $90.23 million) and a cash balance of $34.30 million (31 December 2018: $42.81 million).

Auditor's Independence Declaration

The declaration required under Section 307C of *the Corporations Act 2001* is set out on Page 6.

Rounding of Amounts

The Company is of a kind referred to in *ASIC Legislative Instrument 2016/191*, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of the directors.

Dianfei Pei
Chairman of the Board
5 September 2019
Jinan, Shandong, China

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Focus Minerals Limited for the half-year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

RSM

RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 5 September 2019

TUTU PHONG
Partner

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 30 JUNE 2019

	Consolidated	
	6 months to 30 June 2019 $'000	6 months to 30 June 2018 $'000
Revenue from continuing operations	**478**	627
Other Income	**343**	1
Employee Expenses	**(838)**	(514)
Depreciation Expenses	**(108)**	(337)
Finance Costs	**(369)**	(410)
Loss on disposal of tenements and plant and equipment	**(556)**	-
Care and Maintenance Costs	**(839)**	(862)
Corporate and Other Expenses	**(1,045)**	(781)
Exploration Expenses	**(899)**	-
Loss Before Income Tax	**(3,833)**	(2,276)
Income Tax Expense	**-**	-
Loss After Income Tax for the Period	**(3,833)**	(2,276)
Other Comprehensive Income for the Period, Net of Tax	**-**	-
Total Comprehensive Loss for the Period	**(3,833)**	(2,276)

Earnings per Share		
Basic Loss per Share (Cents Per Share)	**(2.10)**	(1.25)
Diluted Loss per Share (Cents Per Share)	**(2.10)**	(1.25)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Notes	Consolidated 30 June 2019 $'000	31 December 2018 $'000
Assets			
Current Assets			
Cash and Cash Equivalents		**13,997**	3,890
Short-term deposits		**4,000**	22,927
Trade and Other Receivables		**660**	840
Assets Held for Sale	4	**45,508**	46,192
Total Current Assets		**64,165**	73,849
Non-Current Assets			
Restricted Cash		**16,298**	15,996
Plant and Equipment		**230**	87
Right-of-use Assets	5	**332**	-
Exploration and Evaluation Assets	3	**36,192**	29,155
Total Non-Current Assets		**53,052**	45,238
Total Assets		**117,217**	119,087
Liabilities			
Current Liabilities			
Trade and Other Payables		**1,624**	555
Prepaid Income		**1,915**	1,667
Provisions		**243**	187
Lease Liabilities	6	**192**	-
Assets Held for Sale (Liability)	4	**10,839**	10,715
Total Current Liabilities		**14,813**	13,124
Non-Current Liabilities			
Provisions		**15,848**	15,731
Lease Liabilities	6	**157**	-
Total Non-Current Liabilities		**16,005**	15,731
Total Liabilities		**30,818**	28,855
Net Assets		**86,399**	90,232
Equity			
Issued Capital	7(a)	**427,167**	427,167
Reserves		**(7,178)**	(7,178)
Accumulated Losses		**(333,590)**	(329,757)
Total Equity		**86,399**	90,232

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 30 JUNE 2019

	Issued Capital	Accumulated Losses	Reserves	Total
	$'000	$'000	$'000	$'000
Balance as at 31 December 2018	**427,167**	**(329,757)**	**(7,178)**	**90,232**
Loss after income tax for the half-year	-	(3,833)	-	(3,833)
Other Comprehensive Loss for the half year net of tax	-	-	-	-
Balance as at 30 June 2019	**427,167**	**(333,590)**	**(7,178)**	**86,399**
Balance as at 31 December 2017	**427,167**	**(324,162)**	**(7,178)**	**95,827**
Adjusted due to restatement	-	(1,387)	-	(1,387)
Balance as at 31 December 2017 - Restated	**427,167**	**(325,549)**	**(7,178)**	**94,440**
Loss after income tax for the half-year	-	(2,276)	-	(2,276)
Other Comprehensive Loss for the half year net of tax	-	-	-	-
Balance as at 30 June 2018	**427,167**	**(327,825)**	**(7,178)**	**92,164**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 30 JUNE 2019

	Consolidated	
	6 months to 30 June 2019 '$000	6 months to 30 June 2018 '$000
Cash Flows from Operating Activities		
Payments to Suppliers and Employees (Including GST)	**(3,039)**	(1,686)
Royalties Paid	**(3)**	(5)
Other Income	**19**	1
Interest Received	**748**	1,474
Bank charges	**(53)**	(67)
Net Cash Outflow from Operating Activities	**(2,328)**	(283)
Cash Flows from Investing Activities		
Acquisition of Plant and Equipment	**(164)**	(41)
Proceed from Sale of Non-current Assets	**589**	-
Prepaid Income	**415**	-
Payment to Loans	**(81)**	-
Decrease in short-term deposits	**18,624**	6,924
Exploration Expenditure	**(6,948)**	(1,342)
Net Cash Inflow from Investing Activities	**12,435**	5,541
Net Increase in Cash and Cash Equivalents	**10,107**	5,258
Cash and Cash Equivalents at the Beginning of the Period	**3,890**	2,870
Cash and Cash Equivalents at the Ending of the Period	**13,997**	8,128

The accompanying notes form part of these financial statements.

Notes to the Consolidated Interim Financial Report for the Half Year Ended 30 June 2019

Note 1: Basis of preparation of half-year report

The interim financial report of Focus Minerals Limited (the "Company"), together with its controlled entities (the "Group") for the half-year reporting period ended 30 June 2019 has been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 31 December 2018 and any public announcements made by Focus Minerals Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of previous financial year and corresponding interim reporting period, unless otherwise noted below.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the Group:

AASB 16 Leases
The Group has adopted AASB 16 from 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption
AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption on opening accumulated losses as at 1 January 2019 was as follows:

	1 January 2019 $000
Operating lease commitments as at 1 January 2019 (AASB 117)	415
Operating lease commitments discount based on the weighted average incremental borrowing rate of 6% (AASB 16)	(27)
Right-of-use assets (AASB 16)	388
Lease liabilities - current (AASB 16)	(154)
Lease liabilities - non-current (AASB 16)	(234)
Impact on opening accumulated losses as at 1 January 2019	-

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Note 2: Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer.

All of Focus Minerals Limited's subsidiaries are wholly owned. The Group has three reportable segments, as described below, which are the Group's strategic business units. The business units are managed separately as they require differing processes and skills. The Chief Executive Officer reviews internal management reports on a monthly basis.

Segment Financial Information for the six months ended 30 June 2019 is presented below:

	6 months to 30 June 2019 Coolgardie $'000	**6 months to 30 June 2019 Laverton $'000**	**6 months to 30 June 2019 Corporate $'000**	**6 months to 30 June 2019 Consolidated $'000**
Revenue from continuing operations	11	47	420	478
Other Income	272	71	-	343
Employee expenses	-	-	(838)	(838)
Depreciation Expenses	-	(21)	(87)	(108)
Finance Costs	(125)	(233)	(11)	(369)
Loss on disposal of Assets	(183)	(373)	-	(556)
Care and Maintenance Costs	(330)	(509)	-	(839)
Corporate and Other Expenses	(362)	(23)	(660)	(1,045)
Exploration Expenses	(899)	-	-	(899)
SEGMENT LOSS BEFORE TAX	(1,616)	(1,041)	(1,176)	(3,833)
Income tax	-	-	-	-
SEGMENT LOSS	**(1,616)**	**(1,041)**	**(1,176)**	**(3,833)**
Current Assets	45,920	771	17,474	64,165
Non-Current Assets				
- Restricted Cash	3,177	12,474	647	16,298
- Plant and Equipment	-	228	2	230
- Right-of-Use Assets	-	30	302	332
- Exploration and Evaluation Assets	-	36,192	-	36,192
TOTAL ASSETS	49,097	49,695	18,425	117,217
Current Liabilities	(12,961)	(1,010)	(842)	(14,813)
Non-Current Liabilities	-	(15,728)	(277)	(16,005)
TOTAL LIABILITIES	(12,961)	(16,738)	(1,119)	(30,818)
NET ASSETS	**36,136**	**32,957**	**17,306**	**86,399**

Segment Financial Information for the six months ended 30 June 2018 is presented below:

	6 months to 30 June 2018 Coolgardie $'000	**6 months to 30 June 2018 Laverton $'000**	**6 months to 30 June 2018 Corporate $'000**	**6 months to 30 June 2018 Consolidated $'000**
Revenue from continuing operations	-	-	627	627
Other Income	-	-	1	1
Employee expenses	(52)	-	(462)	(514)
Depreciation Expenses	(335)	-	(2)	(337)
Finance Costs	(138)	(204)	(68)	(410)
Care and Maintenance Costs	(373)	(489)	-	(862)
Corporate and Other Expenses	-	-	(781)	(781)
SEGMENT LOSS BEFORE TAX	(898)	(693)	(685)	(2,276)
Income tax	-	-	-	-
SEGMENT LOSS	**(898)**	**(693)**	**(685)**	**(2,276)**
Current Assets	102	74	34,839	35,015
Non-Current Assets				
- Restricted Cash	84	24	15,995	16,103
- Plant and Equipment	1,394	5	17	1,416
- Inventory	1,293	-	-	1,293
- Exploration and Evaluation Assets*	42,443	24,512	-	66,955
TOTAL ASSETS	45,316	24,615	50,851	120,782
Current Liabilities	(1,704)	(457)	(175)	(2,336)
Non-Current Liabilities	(10,579)	(15,629)	(74)	(26,282)
TOTAL LIABILITIES	(12,283)	(16,086)	(249)	(28,618)
NET ASSETS	**33,033**	**8,529**	**50,602**	**92,164**

*Adjusted for restatement in previous period.

Note 3: Exploration and Evaluation Assets

	Consolidated	
	6 months to 30 June 2019 $'000	As at 31 December 2018 $'000
Exploration and Evaluation:		
At Cost	**145,032**	137,995
Less: Accumulated impairment	**(108,840)**	(108,840)
Carrying amount at end of period	**36,192**	29,155

Movement Summary:

Carrying amount at beginning of the period	**29,155**
plus – exploration expenditure	**7,410**
less – write off of tenements allowed to lapse or dropped	**(373)**
Carrying amount at end of period	**36,192**

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

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

Note 4: Assets Held for Sale

In December 2018, the Directors' of Focus Minerals made the decision to sell the Coolgardie area of interest including the processing plant at Three Mile Hill. There is an interested party and the sale is expected to be completed by December 2019. The assets and liabilities are presented as current assets and liabilities of the Coolgardie segment in Note 2.

	Consolidated	
	30 June 2019 $'000	31 December 2018 $'000
Assets Classified as held for sale:		
Property, Plant and Equipment	**1,114**	1,114
Inventory	**1,293**	1,293
Exploration	**43,785**	43,785
Less: Sale of Laverton Asset	**(500)**	-
Less: Impairment	**(184)**	-
Total assets of disposal group held for sale	**45,508**	46,192
Liabilities directly associated with assets classified as held for sale:		
Rehabilitation Provision	**10,839**	**10,715**
Total liabilities directly associated with assets classified as held for sale	**10,839**	**10,715**

Note 5: Right-of-use Assets

The Group leases land and buildings for its offices and storage under agreements for two years. In some cases, the agreements have options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

	Consolidated	
	6 months to 30 June 2019 $'000	As at 31 December 2018 $'000
Right-of-use Assets:		
Land and Building – right-of-use	**420**	-
Less: Accumulated depreciation	**(88)**	-
	332	-

Additions to the right-of-use assets during the half year were $31,719.

Note 6: Lease Liabilities

	Consolidated	
	6 months to 30 June 2019 $'000	As at 31 December 2018 $'000
Current lease liability	**192**	-
Non-current lease liability	**157**	-
	349	-

Note 7: Issued Capital and Reserves

Authorised Capital

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

(a) Ordinary shares

	As at 30 June 2019		As at 31 December 2018	
	No. of shares	**$'000**	No. of shares	$'000
Issued capital	**182,748,565**	**427,167**	182,748,565	427,167

Share Issue Details

There were no shares issued during the half year period (6 months ended 30 June 2018: Nil).

Voting Entitlements

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

(b) Dividends

No dividends have been paid or provided for during the 6 months ended 30 June 2019 (6 months ending 30 June 2018: Nil).

Note 8: Contingent Liability

There are no contingent liabilities as at 30 June 2019 (2018: Nil).

Note 9: Significant Events After Balance Date

On 2 July 2019, the Group signed a three-month extension of the Exclusivity Deed with Intermin Resources Limited for the potential sale for the Coolgardie Gold Project.

Other than the aforementioned, there are no events that have arisen after balance date that have significantly affected or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in the future financial periods.

Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes are in accordance with the *Corporations Act 2001*, including:
    a. Complying with Australian Accounting Standards AASB 134 'Interim Financial Reporting', the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
    b. Giving a true and fair view of the Group's financial position as at 30 June 2019 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.

Dianfei Pei
Chairman of the Board
5 September 2019
Jinan, Shandong, China

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INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
FOCUS MINERALS LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Focus Minerals Limited which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year 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 of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with 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 half-year 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 30 June 2019 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*. 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 have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Focus Minerals Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

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 Limited 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 30 June 2019 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*.

RSM

RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 5 September 2019

TUTU PHONG
Partner