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FOCUS MINERALS COMMENCES FEASIBILITY STUDY ON NEPEAN NICKEL PROJECT

45% INFERRED RESOURCE UPGRADE AHEAD OF COMMENCEMENT OF UNDERGROUND MINE REHABILITATION

WA nickel and gold company Focus Minerals Ltd (ASX: **FML**) has advanced plans to fast-track the development of the Company's wholly-owned **Nepean Nickel Project** near Coolgardie, Western Australia, today announcing the commencement of a **Feasibility Study** following the recent completion of a successful A$12.9M capital raising and a re-estimation of the Inferred Resource for the project.

The Nepean Nickel Project is now estimated to host an **Inferred Resource** totaling **591,300t @ 2.2% Ni**, representing a **45% increase** over the previously quoted Inferred Resource.

The Project is centered on the historic Nepean Nickel Mine, which produced 32,303 tonnes of nickel metal between 1970 and 1987 at a recovered grade of 2.99% nickel from 1.1Mt of ore.

A recently completed review of the potential to develop an open pit operation extract the mine's crown pillar has resulted in the revised estimate of the Inferred Resource for the project.

The open pit scoping study focused on estimating resources in the upper 90m of the mine, to the existing Nepean Mine 3 Level, encompasses the crown pillar and transitional material which were previously not included in the resource. The model includes remnant underground blocks between 2 and 3 Levels.

Focus will commence an RC/Diamond drilling program at Nepean as soon as suitable equipment can be mobilised to the project. The drilling is designed to upgrade confidence in the upper mine resource estimate and collect metallurgical samples to facilitate fine tuning of metallurgical flow sheets for the treatment of transitional material.

Metallurgical test work completed to date has returned recoveries of up to 66% of the nickel from the transitional material, if it is processed through a dedicated circuit. Focus is continuing discussions with ASX-listed company, Ramelius Resources, regarding the potential to refurbish such a circuit at Ramelius' Burbanks plant, located 10km north of Nepean.

In addition, preparatory work is underway to rehabilitate access to the existing underground workings, to enable a comprehensive assessment of the economic potential of the Underground Remnant Inferred Resource.

Focus Minerals' Managing Director, Mr Peter Williams, said the Company's assessment of the Nepean Project and its potential to deliver substantial financial benefits warranted the accelerated, but thorough, appraisal of development options.

"We are very enthusiastic about developing Nepean in the near term," he said. "The latent potential at the historic mine site, combined with our plans to thoroughly investigate our surrounding territory, including the 30km strike length of the sequence which hosts the mine, augur well for Focus to be able to take advantage of the strong ongoing demand for nickel."

Figures comprising the newly estimated Inferred Resource for the Nepean Nickel Project are contained in the following table:

	Tonnes	Grade Ni%	Tonnes Contained Ni
Underground Remnant Mineralisation below 90m(1)	361,800	2.3	8,320
Fresh Mineralisation above 90m(2)	113,200	2.4	2,720
Transitional Mineralisation above 90m(2)	116,300	1.9	2,210
TOTAL INFERRED RESOURCE(3)	**591,300**	**2.2**	**13,250**

1. Manual polygonal estimate, lower cut off 1.4%Ni over a 1.7m minimum width.
2. IDS block model at 0%Ni grade cutoff.
3. All figures are rounded, resulting in some apparent summation errors.

COMPETENT PERSON'S STATEMENT

The information in this report relating to Resources and Reserves are based on work supervised by Mr Chuck McCormick who is a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr McCormick has the relevant experience as a "Competent Person" as defined in the 2004 edition of the Australasian Code for Reporting of Mineral Resources and Ore Reserves in relation to the mineralisation reported on. Mr McCormick is Exploration Manager of Focus Minerals Ltd and consents to the inclusion of the material in the form and content in which it appears.

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BACKGROUND INFORMATION – FOCUS MINERALS LIMITED

Focus Minerals Limited (ASX: **FML**) is an Australian-based exploration and development group whose focus is to become a significant gold and nickel producer in the Coolgardie region of Western Australia.

Through its Redemption Joint Venture with Canadian-based Committee Bay Resources Ltd, Focus Minerals is the largest landholder in the Coolgardie Gold Belt located in Western Australia, 560km east of Perth and 35km west of the "Super Pit" in Kalgoorlie-Boulder. Over 2.6 million ounces of gold has been produced from the Coolgardie gold belt alone since 1892. The Redemption Joint Venture has the mineral rights to more than 210sq km of tenements including Measured, Indicated and Inferred Resources exceeding 1.6 million ounces of gold as well as the 1.2mtpa Three Mile Hill processing plant.

Focus has completed an initial scoping study on its wholly-owned Nepean Nickel Project, 25km south of Coolgardie, with a view to recommencing mining operations from the historic production centre in 2008.

The Company is also investigating two nickel targets identified by geochemical work completed by the Redemption Joint Venture at The Mount Gold-Nickel Project, near Widgiemooltha, 35km south west of Kambalda. The Mount is located on the eastern margin of the Widgiemooltha Dome, highly prospective for both nickel and gold.