



Two Goals, One Focus

*Making Sustainable Gold and
Nickel Production a reality*

Activities Report for the Quarter Ended 30 June 2008

HIGHLIGHTS

CORPORATE

- Focus formally gains 100% ownership of Coolgardie Gold Project.
- Completion of **A\$14 million** share placement to sophisticated investors and **A\$4 million Share Purchase plan (SPP)**.
- **A\$18.65 million** Senior and Mezzanine debt facility finalized with Investec Bank (Australia) Ltd.
- Cash and bullion of **A\$7.62 million** on hand at 30 June 2008.
- Gold production of **~54,000 oz forecast for financial year 2008/09** as stope production at Perseverance comes on stream during August 2008.

GOLD

- Development of Perseverance Gold Deposit commenced 31 March 2008 with **30,275 tonnes** of ore mined for the Quarter at an average grade of **11.55g/t**.
- Production continues on schedule with **4,456 oz** produced during the Quarter.
- Further gold delivery during July of 240.5 oz increasing **gold production for the project-to-date to 4,670 oz**.
- Revenue for the Quarter of **A\$2.327 million** generated from the sale of **2,465oz of gold at an average received price of A\$944/oz**.
- **Average direct cash cost of A\$467/oz** before development and capital expenditure totaling A\$3.9 million.
- Step-out drilling at Perseverance encounters additional high-grade intersections including **1.31m @ 89.92g/t**, **4.37m @ 17.59g/t** and **1.12m @ 172.38g/t** which will further extend life of the Perseverance deposit.

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Highlights continued

NICKEL

Nepean Nickel Project, Coolgardie

- Positive Feasibility Study completed at current nickel prices, however a commercial decision to mine has been deferred in order to capture a potentially greater return from the project from expected nickel price increases later next year.
- Focus to concentrate in the meantime on deep drilling beneath the current mine workings to further enhance mining opportunities, once a decision to mine is taken.
- RC drilling returns **outstanding near-surface results including 3m @ 12.53% Ni, 1m @ 11.41% Ni and 3m @ 9.93% Ni**, being accessible from the proposed portal position.
- 30-hole drilling programme completed aimed at delineating extensions of this newly defined, high grade, shallow nickel mineralization.
- Focus to define and acquire metallurgical samples from the newly discovered southern ore zone and extend and define northern extensions of the 2 sill.
- Ongoing assessment of portal position for decline development to access remnant ore.



Maiden Commercial Gold Production at Coolgardie

OPERATIONAL REVIEW

CORPORATE

The principal highlight of the June 2008 Quarter was the settlement of the previously announced transaction involving the acquisition by Focus of the 50% stake in the Redemption Joint Venture held by its Canadian Joint Venture partner, Committee Bay Resources' (CBR).

The acquisition, which was approved by shareholders at a meeting held on April 14, gives Focus 100% ownership of the former Redemption Joint Venture assets at Coolgardie, including an extensive gold resource inventory, the fully permitted 1.2mtpa Three Mile Hill gold processing facility (currently on care and maintenance), and a highly prospective 210km² tenement package offering an outstanding pipeline of exploration and development opportunities.

The settlement was completed on 30 April 2008 with the payment to Committee Bay of A\$19 million in cash, the allocation of 140 million Focus Minerals ordinary shares and a A\$2m 8.25% p.a Convertible Note maturing on 30 April 2009.

The shares issued to CBR have been placed in voluntary escrow until 30 April 2009. After the issue of ordinary shares pursuant to the settlement and capital raisings, CBR has become a substantial shareholder in the Company with an 11.24% interest.

Placement

As part of the acquisition funding strategy, a share placement to sophisticated investors was completed during the Quarter raising a total of A\$14 million through the issue of 254.5 million shares at 5.5 cents per share. The placement was managed by Perth-based investment bank, Azure Capital, and was approved by shareholders on April 14.

Share Purchase Plan

During the Quarter, Focus successfully completed the issue of 72.7 million ordinary shares at an issue price of 5.5c to raise a total of A\$4 million as part of a Share Purchase Plan (SPP), which was open to all shareholders. The shortfall, totaling \$907,500 for 16,500,000 shares at 5.5 cents per share, was placed with professional investors.

A\$18.65m Debt Facility

The Company has established a debt facility comprising A\$18.65 million in Senior and Mezzanine debt with specialist international banking group, Investec Bank (Australia) Ltd. Under the terms of the facility agreement, Focus has entered into forward gold sales commitments for a total of 32,000 ounces at an average gold price of approximately A\$990/oz.

The forward gold sales contracts require monthly gold deliveries commencing on 31 October 2008 and concluding on 31 October 2009. In addition, Focus has acquired put options for a total of 17,000 ounces of gold at A\$850/oz to further protect Perseverance Gold Project revenues.

The Company has completed initial draw-downs at 30 June 2008 totaling A\$13.25 million under the facility to provide working capital for the development and mining operations at the Perseverance Gold Project.

As part of the debt facility, Focus has issued 40 million call options to Investec to acquire shares in the Company at an exercise price of 6.875c. These options are exercisable by Investec at any time prior to the expiry date of 30 April 2011.

Other

On June 30, the Company relocated its registered and head office to Level 10, Exchange House, 68 St George's Terrace Perth WA 6000. The move will facilitate the accommodation of a growing number of technical staff to further advance the Company's transition to sustainable production.

GOLD -- COOLGARDIE GOLD PROJECT (Western Australia)

Maiden Gold Pour

On 29 April 2008, Focus completed its first official gold pour, which was attended in Coolgardie by dignitaries including the Federal Member for Kalgoorlie, Mr Barry Haase MP, the Member for Murchison-Eyre, Mr John Bowler MLA, community and indigenous leaders and members of the local and national media.

Maiden production was achieved after development of the Perseverance deposit commenced in March following a positive Bankable Feasibility Study (BFS) completed last year. Focus' maiden gold production represents the Company's first cashflow from the Coolgardie Gold Project.

It also represents the first step towards achieving the Company's objective of developing sustainable, low-cost gold production from the Coolgardie Gold Project,

Production

Production to date from the Perseverance Gold Project has been solely from development ore, with underground mine development currently ahead of the original mine plan. Full stope production, initially planned to commence in September 2008, is now ahead of schedule and is expected to commence in August.

Perseverance ore is being milled at the nearby Greenfields Mill under a priority milling contract with Higginsville Mining Pty Ltd. The milling contract gives the Company priority milling to a maximum of 480,000 tonnes per annum until June 2017.

Milling of Perseverance ore commenced during April 2008 and continued under monthly milling campaigns. The June 2008 milling campaign commenced on 27 June 2008 and concluded on 7 July 2008. The milling campaign is in line or slightly ahead of the Company's plans contained within the Bankable Feasibility Study.

The Perseverance high-grade ore is processed in conjunction with low-grade stockpiled material initially acquired through the original acquisition of the Coolgardie Gold Project from Goldfan/Leviathan in February 2005. This low-grade material is being blended with higher-grade Perseverance ore to assist in treatment through the Greenfields Mill.

Revenue for the Quarter was **A\$2.327 million** generated from the sale of **2,465 ounces** of gold at an average price received of **A\$944/oz.** This achieved a gross cash margin of **A\$476/oz** before development and capital expenditure.

A summary of gold production for the June Quarter is shown in Table 1 below:

Table 1 – June Quarter Gold Production

		Quarter Ended 30 June 2008		
		Perseverance high grade ore	Low grade stockpile	TOTAL
Ore Processed	(tonnes)	16,285	25,049	
Head Grade	(g/t)	9.85	0.75	
Gold Produced *	(oz)	4,000	456	4,456
Cash Operating Cost #	(A\$/oz)			\$467
Development and Capex	(A\$)			\$3,890,000
Gold Sold	(oz)			2,465
Average Price Received	(A\$/oz)			\$944

*Gold production is actual gold refined during the period.

Cash operating cost refers to the cost of refined gold and includes all expenditures directly incurred on mining, crushing and processing including site administration costs.

Production Outlook

The mine plan currently developed for the Perseverance deposit forecasts an annual production rate for the financial year to June 2009 of approximately **54,000 ounces** of gold.

It is expected that stope development will continue into early August with stope production to initially commence from the 275RL level. Stope development will continue into the 300RL and 250 RL levels with ore production to be progressively developed to achieve full production during December 2008.

Perseverance – Resource Upgrade

On April 3 Focus announced an **increase in Probable gold reserves** at the **Perseverance Gold Project** to an estimated **287,000t @ 8.3g/t Au** for **76,000 contained ounces**.

Countess - Resource Evaluation

In the March Quarter, Focus announced a substantial increase in Inferred and Indicated Resources at the Company's Countess Gold Project, located within the Tindals Mining Centre of the Coolgardie Gold Project.

The resource at Countess currently consists of a JORC-compliant **Indicated Resource of 256,200t @ 4.4g/t for an estimated 36,000 ounces** and an **Inferred Resource of 196,700t @ 3.4g/t for approximately 21,700 ounces**.

A Pre-Feasibility Study was undertaken on the Countess Resource which was aimed at determining the economic viability of the new resource and the synergies of potentially mining Countess in conjunction with Perseverance. Based on the results of the Pre-Feasibility study, the Company has decided to develop the Countess deposit in a staged approach to gain further geological information.

This will be done by developing a short decline access to Countess from the existing Empress workings, followed by a short strike drive. This development work will also establish drilling positions

to determine deeper extensions of the Tindal's and Empress deposits. The development work at Countess is expected to commence during August 2008.

Exploration

An extensive ground Electro-Magnetic (EM) survey over the Redemption corridor and Tindals Area was completed during the March Quarter, targeting additional high-sulphide Perseverance-style mineralisation... Interpretation of this survey identified 17 targets, of which three coincide with known deposits (Perseverance, Empress and Big Blow).

Of the remaining 14 targets that have never been drilled, the seven highest priority targets are to be tested early next year. An additional ground EM survey was conducted over a high priority VTEM target at **Patricia Jean** during the Quarter. This resulted in three targets being identified within the Three Mile Hill dolerite sequence.

Step-out drilling at Perseverance commenced late in the June Quarter. This drilling is targeting the southern extension of the Perseverance ore body (which has not been closed off) and the depth potential outside of the current reserve. Results to date include **1.31m @ 89.92g/t**, **4.37m @ 17.59g/t** and **1.12m @ 172.38g/t**. Drilling of these areas will continue into the September quarter.

An evaluation of the results will be undertaken once the program has been completed. With encouraging initial results received, this drilling is expected to lead to an extension of the life of the Perseverance deposit.

Table 2 – Preliminary step out intersections – Perseverance Deposit

Hole Number	Northing	Easting	RL	Azimuth	Dip	Total Depth	From (m)	To (m)	Width (m)	Grade (g/t Au)	Comments
PEGC0037	9748	5270	290	343	12	114.2	72.35	73.11	0.76	3.06	
							80.72	82.03	1.31	89.92	Awaiting SFA
							84.14	85.25	1.11	6.35	
							98.70	102.00	3.30	1.06	
PEGC0041	9748	5270	290	347	28	140.13	93.00	94.90	1.90	25.94	Awaiting SFA
							125.31	125.84	0.53	2.62	
PEGC0042	9748	5270	290	347	21	140	84.04	85.84	1.80	3.43	
							91.33	91.79	0.46	13.37	
							128.55	129.17	0.62	9.40	
PEGC0043	9748	5270	289	347	4	130.14	79.00	79.54	0.54	3.68	
							84.23	88.60	4.37	17.59	
							90.98	92.64	1.66	13.44	
							121.41	122.53	1.12	172.38	Awaiting SFA

Awaiting SFA = Waiting results of screen fire assay

Other exploration undertaken in the June Quarter included a re-interpretation of the Brilliant Deposit to investigate the potential of a cut-back on the existing pit.

Work on this will continue during the September Quarter. Preliminary investigations were also conducted on the Dreadnought Deposit, with heritage issues identified and currently being investigated.

Environment

Work continued during the Quarter with environmental consultants commencing planning work for the sampling and rehabilitation of the historical Perseverance mine tailings. This work will be ongoing during the September Quarter.

NICKEL NEPEAN NICKEL PROJECT

Overview

The 100%-owned Nepean Nickel Project is located 25 kilometres south of Coolgardie in Western Australia and is centred 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. The Project had an inferred ore position of 409,000 tonnes of ore at 2.39% nickel at the time of the mine closure in 1987, contained within underground remnant blocks and the crown pillar.

In addition to the historical mine, which remains open at depth, the Nepean tenement package incorporates a 30km strike length of Kambalda-style komattites with significant nickel sulphide mineralisation potential.

Feasibility Study

The Feasibility Study on recommencing mining operations at the Nepean Nickel Mine was completed during the Quarter except for the finalisation of an off-take agreement. Discussions regarding the off-take are well advanced and expected to be completed in the September Quarter.

The Feasibility Study has returned a positive result, demonstrating that the Nepean Project generates a sound project cash flow at current prices, exchange rates and mining costs. However, due to a continuing decline in the nickel price over recent months and the outlook for a further decline into the near future, Focus has taken a commercial decision to defer commencement of full-scale operations until the price outlook improves. It should be noted that, when the Feasibility Study commenced, the nickel price exceeded A\$30,000 whereas current prices are nearer to A\$20,000/tonne.

In the meantime, work continues on obtaining operational permits for the mine, which will allow mining operations to commence as soon as the nickel price environment and outlook improves to a level deemed appropriate by Focus. It is anticipated that full regulatory approvals should be in place by October.

In addition to the conventional treatment process considered in the Feasibility Study, the Company has commissioned Pacific Ore Limited to carry out trials on bio-leaching as an alternative treatment option. If the trials are successful, it would permit the treatment of transitional ore, contained in the upper levels of the mine, which are not amenable to the flotation process most commonly used to treat sulphide ore. If successful, this treatment option would add significantly to the mining resource and the economic returns of the mine. Results from the test work will be known in approximately 2-3 months.

Should laboratory-scale test work be successful, a pilot bio-leach pad will be established on site using ore obtained from trial mining. This will then be used to test the viability of this treatment alternative.

Trial Mining

Trial mining continued in the Quarter with approximately 1,000 tonnes of ore being stockpiled at surface. This material has allowed sizable sample sizes to be prepared for metallurgical recovery testing and trial processing by a number of local and international nickel producers.

In addition, the trial mining has confirmed the existence and extent of mineable resources and mining conditions previously contained within historic resource and mine reports. The trial mining has also tested the extent of new areas of mineralisation beyond the previous mining operations.

Exploration

A drilling programme to follow up on outstanding near-surface nickel intercepts achieved during the Quarter - **including 3m @ 12.53%, 1m @ 11.41%, 6m @ 7.44% and 3m @ 9.93% (see Table 3)** - has been completed. Results from the drilling programme are not yet to hand.

With the delay in mining commencement, planning has begun for the next phase of exploration at Nepean which will target extensions below the current mine workings to determine the extent of mineralisation at deeper levels. Focus is confident of achieving positive results from this work, which would significantly enhance the overall potential of a future modern mining development at Nepean.

Reviews of historical data confirm that exploratory work or drilling has not occurred beyond the pegmatite layer presently forming the base of current workings nor has any work been conducted to re-establish mineralisation beyond the fault line (see Figure 2).

It is anticipated that planning and preparatory works will be completed during the September Quarter with execution to commence during the December 2008 Quarter.

ENDS

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COMPETENT PERSON'S STATEMENT

The information in this report relating to Resources and Reserves are based on work supervised by Dr Garry Adams who is a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM). Dr. Adams 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 being reported. Dr. Adams is Geology Manager of Focus Minerals Ltd and consents to the inclusion of the material in the form and content in which it appears.

The information in this report that relates to Ore Reserves was prepared under the direction of Brett Ustick, who is a member of The Australian Institute of Mining and Metallurgy. Mr Ustick is Senior Underground Mining Engineer of Focus Minerals and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity for which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Ustick consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

BACKGROUND INFORMATION – FOCUS MINERALS LTD

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

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. More than 2.6 million ounces of gold has been produced from the Coolgardie gold belt alone since 1892. Focus holds the mineral rights to more than 210sq km of tenements including an extensive inventory of Measured, Indicated and Inferred gold resources as well as the 1.2mtpa Three Mile Hill processing plant.

Focus Minerals is also fast tracking development of its wholly-owned Nepean Nickel Project (current estimated resource totaling 591,300t @ 2.2% Ni) located 25km south of Coolgardie.

Table 3 – Nepean RC Drill Results

Drill Hole	Northing	Easting	AZI	Inc	Depth(m)	From	To	Ni %	
NP084500-1	4500	960	90	-60	60	52	53	1.52	
						58	59	1.34	
NP084490-1	4490	960	90	-60	62	53	59	6m@2.82	
NP084480-1	4480	960	90	-60	60	49	52	3m@9.93	
						53	54	1.65	
NP084480-2	4490	950	90	-60	75	59	60	3.18	
NP084470-1	4470	960	90	-60	65	46	50	4m@6.63	Including 2m@12.1% Ni
						54	55	11.41	
Drill Hole	Northing	Easting	AZI	Inc	Depth(m)	From	To	Ni %	
NP084470-2	4470	970	90	-60	60	37	40	3m@12.53	
NP084460-1	4460	960	90	-60	55	N/S			
NP084460-2	4460	970	90	-60	47	38	42	4m@2.76	
NP084450-1	4450	965	90	-60	50	N/S			
NP084450-2	4450	975	90	-60	40	N/S			
NP4450-1	4450	970	90	-60	60	32	38	6m@7.44	Previously announced
NP084440-1	4450	975	90	-60	40	N/S			
NP084420-1	4450	980	90	-60	35	N/S			
NP084400-1	4400	980	90	-60	35	N/S			

Figure 1 – Tindals Mining Centre

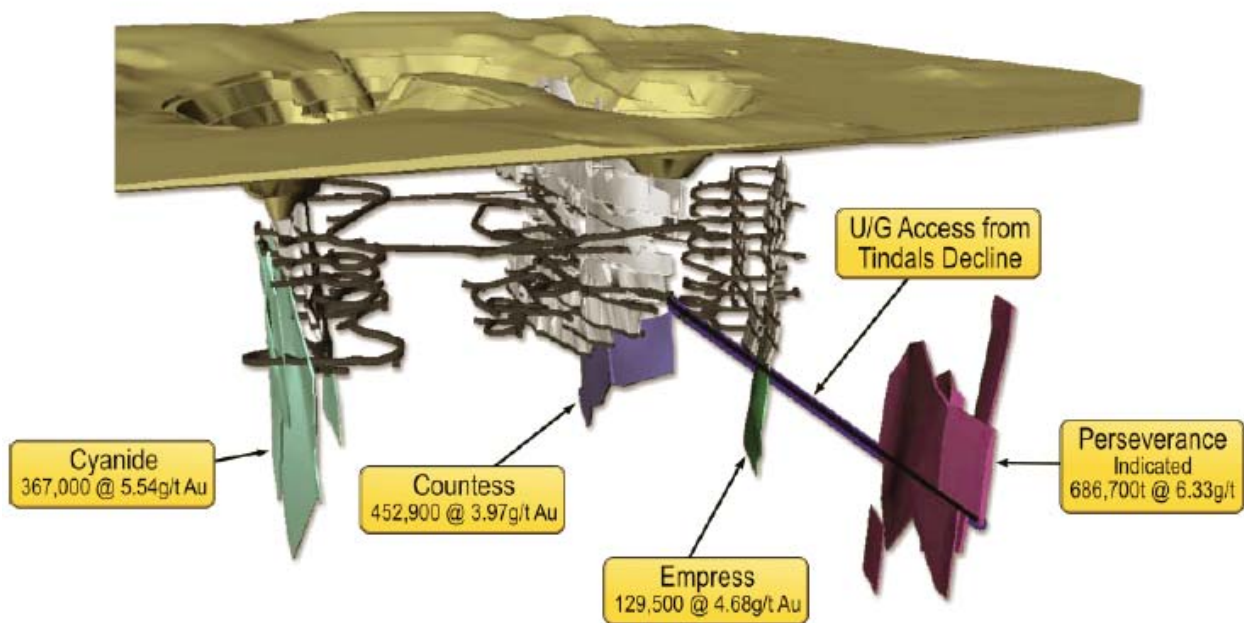


Figure 2 – Nepean interpreted orebody at depth

