

Focus
Minerals Ltd.
Annual Report 2008



Corporate Information

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ASX CODE: FML

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Chairman

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Chris Hendricks

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2008 Highlights

CORPORATE

- 100% ownership and full control of the Coolgardie Gold Project secured through the purchase of Committee Bay Resources' (CBR) 50% stake in the Redemption Joint Venture.
- A\$14 million share placement completed to sophisticated investors combined with a A\$4 million Share Purchase Plan (SPP), underpinning the CBR acquisition and ongoing exploration and development work.
- A\$18.65 million Senior and Mezzanine debt facility finalised with Investec Bank (Australia) Ltd to help with funding of ongoing development and exploration.
- Corporate advisory specialist Mr Chris Hendricks appointed as Independent Non-Executive Director following the retirement of Mr Geoff Rasmussen in January 2008.

COOLGARDIE GOLD PROJECT

Perseverance Development

- Perseverance decline development from Tindals to Perseverance completed under budget and ahead of schedule.
- First official gold pour in April 2008.
- Positive Bankable Feasibility Study completed prior to the commencement of mining, confirming excellent project economics including a projected net cash flow of approximately \$28.4 million for a Return on Funds Employed (ROFE) of 86%.

Production

- Agreement signed with Higginsville Mining Pty Ltd for priority toll treatment of ore mined from Perseverance, guaranteeing treatment of up to 480,000 tonnes of ore per annum at competitive rates and on a priority basis up to June 2017.
- Production from Perseverance on schedule with 4,456oz produced to 30 June 2008 at an average head grade of 4.3g/t.
- Revenue to 30 June of A\$2.33 million generated from the sale of 2,465oz of gold at an average received price of A\$944/oz.
- September production figures to be released upon completion of current milling programme which includes first ore from stoping development at Perseverance.
- High-margin operation with an average direct cash operating cost of A\$467/oz before development and capital expenditure totaling A\$3.9 million.
- To date, milling campaigns are within the Company's plans contained within the Bankable Feasibility Study.
- Gold production of ~54,000oz forecast for Financial Year 2009 as stope production at Perseverance comes on stream.

Exploration

- 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 the life of the Perseverance deposit.
- Extensive ground Electro-Magnetic (EM) survey completed over the Redemption corridor and Tindals with interpretation expected to reveal additional high-priority exploration targets.
- Increase in Inferred and Indicated Resources at the Countess Gold Project to an Indicated Resource of 256,200t @ 4.4g/t for 36,000 ounces and an Inferred Resource of 196,700t @ 3.4g/t for 21,700 ounces.

NEPEAN NICKEL PROJECT

Development

- Trial mining at Nepean commenced in April 2008 to extract remnant ore to provide information about mining conditions and to confirm remnant ore resource quality prior to the commencement of a full-scale mining operation.
- Feasibility Study completed, 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.
- Project assessment being carried out by regulatory authorities - Approval expected in November 2008.

Exploration

- RC drilling returns outstanding near-surface results including 3m @ 12.53% Ni, 1m @ 11.41% Ni and 3m @ 9.93% Ni, with the mineralisation potentially accessible from the proposed portal position.
- 30-hole drilling programme completed, aimed at delineating extensions of this newly defined, high-grade, shallow nickel mineralisation.
- Focus to define and acquire metallurgical samples from the newly discovered southern ore zone, with six further holes planned to test the northern extension of the 2 Sill ore body beyond known remnant ore blocks.
- Excellent potential at depth with Nepean being one of the last remaining nickel sulphide Komatiites ore bodies in the region never to have been tested at depth.
- The first of several deep (1,000 metre) holes to be drilled under the existing workings this calendar year.



Chairman's Letter



DEAR SHAREHOLDERS

The 2007/2008 Financial Year was without question the most significant in the Company's history, not only in an operational sense – with our transition to commercial gold production – but also with the substantial amount of corporate activity that has transpired, culminating in the Company acquiring 100%-ownership and full control of the Coolgardie Gold Project.

This was achieved through the purchase of the 50% stake in the Redemption Joint Venture held by Canadian-listed Committee Bay Resources. The partnership was originally set up in 2005 as a way of fast-tracking development of the Coolgardie Project.

The decision to acquire Committee Bay's interest was based on a strategic assessment made by both companies that, for geographical and logistical reasons, it would be beneficial for Focus to control the project. After signing an Exclusivity Agreement with Committee Bay in January this year, we were able to complete the transaction on 30 April via a cash and equity settlement totalling A\$28.7 million.

Through our partnership with Committee Bay, we were able to generate considerable exploration success, including a major geophysical re-interpretation of the Coolgardie Gold Belt. This work enabled us to identify a variety of new targets as well as extensions to known mineralised zones, and was crucial in the development of these assets to the point where they are now.

I would like to take this opportunity to thank Committee Bay for their efforts in the development of the Coolgardie Gold Project and for the expertise they brought to the Redemption Joint Venture. As part of the settlement, Committee Bay received 140 million Focus Minerals shares and, as the Company's major shareholder, maintains a strong relationship with us.

Operationally, it was a landmark year for Focus as we completed the significant transition from junior explorer to gold producer through development of our flagship Perseverance deposit.

It was with great pleasure that, together with our senior management team, Peter Williams and I hosted Local, State and Federal Government representatives, local and national journalists, and other key stakeholders at our maiden gold pour on 29 April. This was a very proud and satisfying moment for me and the entire Focus team and is testament to the vision, dedication and commitment of everyone involved.

Making the transition to production is never an easy task and, of course, this did not happen overnight. It was the result of many years of strategic planning, including detailed exploration programmes, mine design, resource modelling and permitting activities, ultimately leading to the successful completion of a Bankable Feasibility Study for the Perseverance Project in December 2007. This study confirmed our expectations regarding project economics and included a projected net cash flow of \$28.4 million based on what we consider to be conservative assumptions. Since the maiden gold pour, we have managed to keep to our production schedule on track and to June 30 had produced 4,456oz at an average head grade of 4.3g/t.

We were able to secure a toll treatment agreement with Higginsville Mining Pty Ltd for the milling of up to 480,000 tonnes of ore per annum at the nearby Greenfields mineral processing plant. This agreement provides the Company with priority milling at competitive rates until June 2017 and provided us with a reliable and flexible processing option until a potential re-commissioning of our Three Mile Hill plant.

At the time of writing this report, we are currently in the process of ramping up to full-scale production with initial stoping work at Perseverance complete. The transition to stoping ore will provide us with the tonnage to support production of approximately 54,000 ounces this Financial Year. Effectively, this has transformed Focus to the point where we are now cash flow positive and well placed to prosper in the current market climate, where the ability for companies to raise new capital has been significantly reduced.

Chairman's Letter

The fact that we now have a reliable income stream means we are able to allocate further resources to our exploration effort, which is aimed at delineating and developing additional 'Perseverance-like' deposits to grow our long-term resource and reserve base sufficient to sustain an annual production target in the region of 80 – 100,000 ounces per annum.

To this end, we will embark on an extensive exploration programme in FY2009, aided by the interpretation of the regional ground Electro-Magnetic (EM) survey which was completed over the Redemption corridor and Tindals Area in February this year. We are very confident that this will provide additional high-priority targets for drilling.

Additional step-out drilling at Perseverance will also be undertaken shortly, after some very encouraging results from a similar programme completed during 2008 yielded drilling intersections including 1.12m @ 172.38g/t, 1.31m @ 89.92g/t and 4.37m @ 17.59g/t. It is important to note that Perseverance remains open to the south and at depth and the potential to extend the current resource inventory is considered to be high.

In terms of other deposits, I am pleased to report that we increased the resource estimate for the Countess Gold Project to an Indicated Resource of 256,200t @ 4.4g/t for 36,000 ounces and an estimated Inferred Resource of 196,700t @ 3.4g/t for 21,700 ounces. The Countess Project is one which we expect to develop in parallel with Perseverance and will be a priority development target in the coming year. Being a dual-commodity producer has been our stated aim for some time now and we made significant progress during the year at our Nepean Nickel Project. Developments included the commencement of trial mining of remnant ore and the discovery of a near-surface zone of high-grade mineralisation within proximity of the proposed portal position. Drilling returned some spectacular results from this area including 3m @ 12.53% Ni, 1m @ 11.41% Ni and 3m @ 9.93% Ni.

These results bode well for exploration programmes planned for the coming year, which are designed to further assess the northern strike zones where previous wide-spaced drilling has indicated an additional 200 metres of strike.

It is also worth pointing out that we consider Nepean to have significant potential at depth, having never been drilled to more than 420m. Other mines in the area, including Western Area's Flying Fox mine, have shown exceptional depth extensions, giving us great encouragement for further exploration campaigns targeting these extensions.

In response to the declining nickel price during the year, we made the strategic decision to hold off on further commercial development of the Nepean Project. This was an economic decision based on our philosophy of ensuring that shareholder value is protected at all times; however, we remain poised, at short notice, to develop this mine as soon as the nickel price reaches a level deemed to deliver the required financial benefits.

As part of the funding arrangements during the year, we were successful in raising a total of \$18 million through a combination of a share placement to sophisticated investors and a Share Purchase Plan which was open to all existing shareholders. We also established an \$18.65 million debt facility with merchant bank Investec Bank (Australia). These activities have underpinned the Committee Bay transaction and have also helped to facilitate our ongoing development and exploration activities in Coolgardie.

As foreshadowed in last year's report, my role took on a slightly different nature this year as I moved into a part-time Executive role, mainly to facilitate the CBR deal and to ensure that the management team were able to concentrate on bringing Perseverance into production, which they have done exceptionally well.

To our Managing Director, Peter Williams, and our dedicated Board, I thank you for your combined efforts over many years to make this production dream a reality. I would also like to make mention of the on-site management team in Coolgardie for their tireless pursuit of excellence, which is now beginning to pay off handsomely.

Last, but certainly not least, I'd like to thank you, our Shareholders, for your patience and understanding in what has at times been a slow and tedious process.

Global volatility and concerns within the junior gold sector have been the catalyst for a significant share price decline and, while this is frustrating for everyone, in no way does it reflect on your Company's achievements to date, or our future prospects.

I look forward to the 2009 Financial Year with great confidence and I firmly believe that, as we continue to achieve our goals on time and within budget, the market will have no choice but to sit up and take notice of us as an emerging, profitable gold producer with a pipeline of high-quality gold deposits and a nickel project with enormous potential.



Don Taig

Chairman

2008 Operations Review

1 - OVERVIEW

The 2008 Financial Year was one of significant progress for Focus Minerals as the Company achieved its long-term goal of commercial gold production from ore produced at the Perseverance Deposit, part of Focus' 100%-owned, 210km² Coolgardie Gold Project, located in the Eastern Goldfields of Western Australia.

At the time of writing this report, Focus is heading towards full-scale production from Perseverance and importantly, has managed to maintain cash operating costs at approximately \$470 per ounce. This is a noteworthy achievement in the current climate of rising costs and ensures a healthy cash operating margin for the Company.

With stoping at Perseverance currently underway, the Company is on target to produce approximately 54,000 ounces in FY2009 and is looking to increase this figure to 75,000 ounces in FY2010. The Company's sustainable long-term production target is to increase production to 80-100,000 ounces per annum from 2011.

To achieve this production target, the Company initiated extensive exploration programmes including step-out drilling at Perseverance, an extensive ground Electro-Magnetic (EM) survey over the entire Tindals Mining Centre area and ongoing technical work at the Countess, Dreadnought and Empress Deposits.

Good progress was made in the development of these additional deposits to ensure a sustainable production pipeline into the future. This included resource upgrades and development activities on a number of deposits as well as ongoing exploration activities as outlined above.

Significant progress was also made at the Company's Nepean Nickel Project, including the completion of a Scoping Study as well as high-grade near-surface exploration drilling results as part of the ongoing Feasibility Study.

A commercial decision to mine at Nepean was put on hold towards the end of the 2008 Financial Year following substantial falls in the nickel price. The Board made this decision based on an expectation that prices will improve over the course of the coming year and that it would be of benefit to wait until this time to ensure maximum shareholder benefit is achieved.

It was an equally active time for Focus in terms of Corporate Activity, with the major transaction being the winding up of the Redemption Joint Venture (RJV) which was formed in November 2005 with Canadian Company Committee Bay Resources (CBR).

This deal, which commenced with an Exclusivity Agreement signed in January, was finalised in May this year with the purchase of CBR's 50% interest in the Coolgardie Gold Project for a consideration of A\$29.7 million in a cash and shares settlement. The transaction has given Focus 100%-ownership of the Coolgardie Gold Project and has delivered full strategic control over operations.



ABOVE RIGHT: Focus' Coolgardie Operations

RIGHT: Focus' Gold and Nickel Projects

“Operationally, it was a landmark year for Focus as we completed the significant transition from junior explorer to gold producer through development of our flagship Perseverance deposit”



2008 Operations Review

“Two Goals, One Focus

Making Sustainable Gold and Nickel Production a Reality”



ABOVE: Focus' Managing Director Peter Williams with gold bars from the maiden gold pour in April 2008

2 - STRATEGIC OBJECTIVES

The Company's primary strategy has always been to move into sustainable dual-commodity production via the development of the Company's Coolgardie Gold and Nepean Nickel Projects.

During the year, the Company achieved the first of these goals, with the successful development of the Perseverance Deposit into a producing gold asset. This was a significant achievement for the Company and is the result of many years of exploration and strategic planning, culminating in the first official pour which occurred in April this year.

Moving forward, Focus' key short-term objective is to move into full production through stoping development at Perseverance, which is currently underway at the time of this report. This will enable the Company to ramp up production to a forecast 55,000 ounces in FY2009 from Perseverance ore alone, while targeting a figure of 80-100,000 ounces as a long-term goal from 2011 onwards, using ore from deposits within our portfolio.

The Company's other key objective for FY2009 is the continued development of its project pipeline to ensure a continuous supply of ore to increase production. With excellent progress made during the year on a number of nearby deposits, the Company is confident that with further drilling and geophysical modeling, it can add substantially to the overall Reserve base which currently stands at 76,000 ounces.

Funding requirements for the year and into the foreseeable future have been met through the completion of a \$14 million share placement to sophisticated investors, a \$18.65 million debt facility provided by Investec Bank (Australia) Ltd and a \$4 million Share Purchase Plan. This has put the Company in a strong cash position which we expect to build on from continuing gold production revenue in the coming year.

3 - COOLGARDIE GOLD PROJECT

Overview

The Coolgardie Gold Project is the centerpiece of Focus' asset base and is located approximately 40km west of Kalgoorlie in Western Australia. The Project consists of an extensive resource inventory within multiple deposits, the fully-permitted 1.2Mtpa Three Mile Hill gold processing facility, and 210km² of tenements prospective for, and with a history of, high-grade gold deposits.

2008 Operations Review

Table 1 – Results of Bankable Feasibility Study

Assumptions	BFS Release 20 Dec 2007	Revised Project Outcomes (based on April 2008 Reserve Upgrade)	
Gold Price (\$AUD)	900	900	1000
Gold Royalty	2.50%	2.50%	2.50%
Production			
Ore Milled (tonnes)	315,000	287,000	287,000
Average Monthly Production Rate (tonnes/month)	15,000	15,000	15,000
Operating Life (months)	21	21	21
Grade (g/t Au)	6.9	8.3	8.3
Metallurgical Recovery %	92	92	92
Gold Recovered (life of mine) ozs	64,200	70,100	70,100
Financial outcomes			
Cash Operating Costs (AUD/oz)	533	454	454
Total Cost (AUD/oz)	577	473	473
Capital Costs (AUD)	2,800,000	1,340,000	1,340,000
Net Cash Flow (AUD)	19,297,678	28,354,000	35,188,000
Return on Funds Employed %	52%	86%	106%
Development Months	11	10	10
Payback Period (months)	14	10	10

Bankable Feasibility Study

In December 2007, Focus announced the positive completion of a Bankable Feasibility Study (BFS) on the Perseverance deposit. The results of this initial study and that of a revised version - subsequent to a resource upgrade in April 2008 to a Probable Reserve of 287,000t @ 8.3g/t Au for 76,000 contained ounces - are shown in Table 1.

This upgrade and revision has resulted in a more efficient mining extraction method and has contributed to significant cost savings.

The revised project net cash flow based on the upgraded Reserve equates to approximately \$28.4 million for a Return on Funds Employed (ROFE) of 86%. This compared favourably to the base-case scenario of \$19.3 million and 52% respectively.

Additionally, cash operating costs have been reduced from the base case figure of A\$577 per ounce to a revised figure of A\$473 per ounce, equating to a significant 18% reduction from the original costs outlined in December 2007.

Perseverance Development and Maiden Gold Pour

In February 2008, Focus appointed mining contractor, Barminto Limited, to develop and mine the Perseverance Gold Deposit following completion of the positive BFS in late 2007. Preparatory site works commenced in February, where a workforce of approximately 25 staff prepared for the establishment of the underground operation which was achieved on April 29 2008, with Focus successfully achieving its first official gold pour.

The Company's maiden gold pour 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.



"The longer-term development objective at the Coolgardie Project is to ramp up production to a sustainable level of 80-100,000 ounces per annum from FY2011."



2008 Operations Review

Production

Production to the end of the year was solely from Perseverance development ore, with underground mine development currently ahead of the original mine plan.

Milling of Perseverance ore commenced during April 2008 and continued under monthly milling campaigns. To date, the milling campaigns are in line or slightly ahead of the Company's plans contained within the Bankable Feasibility Study.

The most recent milling campaign commenced on 20 September 2008 and will be the first full-scale campaign using ore from stoping development. Full stope production had commenced at the time of this report and was progressing well.

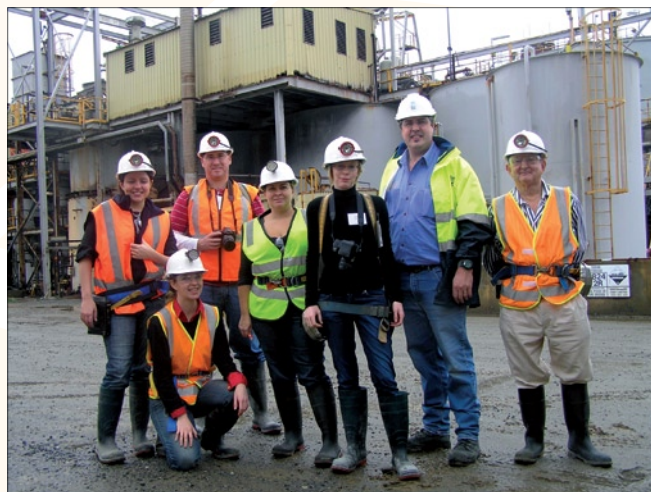
As a result of increased geological knowledge and further technical evaluation, the mining method has now moved to a long-hole stoping approach utilising three separate ramps to access development levels. The mining method as costed within the BFS was a combination of cut-and-fill and shorter long-hole stoping within each mining panel, based around an internal spiral incline/decline.

Production Revenue

Revenue for milling campaigns from April (maiden production) up until 30 June 2008 was A\$2.33 million generated from the sale of 2,465 ounces of gold at an average price received of A\$944/oz.

Toll treatment of Ore

In March this year, Focus finalised arrangements for the priority toll treatment of ore mined from Perseverance, through an agreement with Higginsville Mining Pty Ltd. The agreement – to treat Perseverance ore at the nearby Greenfields mineral processing plant – guarantees treatment of up to 480,000 tonnes of ore per annum. This has given Focus the opportunity to treat smaller tonnages and gain early cash flow, prior to any requirement of bringing Focus's Three Mile Hill treatment plant on line.



ABOVE: Coolgardie Gold Project General Manager Darren Gibcus (second from right) with journalists attending the Maiden Gold Pour on April 29, 2008

Under the terms of the agreement, Higginsville Mining will toll treat Focus' ore at the Greenfields plant, at competitive rates and on a priority basis. The milling contract gives the Company priority milling until June 2017.

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 initially commence from the 275RL level and will continue into the 300RL and 250RL levels, with ore production to be progressively developed to achieve full production by the end of calendar year 2008.

The longer-term development objective at the Coolgardie Project is to ramp up production to a sustainable level of 80-100,000 ounces per annum from FY2011 onwards from multiple deposits within the development pipeline, with ore to be processed at the Three Mile Hill plant.

Table 2 – Gold Production to 30 June 2008

Year 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.

2008 Operations Review

Countess Deposit – Resource Evaluation

In the March Quarter of 2008, Focus announced a substantial increase in Inferred and Indicated Resources at the Company's Countess Gold Project, located within the Tindals Mining Centre.

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 has commenced and will continue into the first Quarter of FY09.

Dreadnought Deposit – Resource Evaluation

The Dreadnought deposit, which is located immediately south of the Tindals Mining Centre, was the subject of a resource upgrade in July 2007 to an Indicated and Inferred resource of 3.46Mt @ 2.00 g/t Au for 220,982 ounces of gold.

The revised resource was calculated using the results from a 38-hole (5,500m) infill drilling program and 25,379m of historic drilling. The latest Dreadnought Resource estimate comprises an Indicated Resource of 3.02Mt @ 2.02 g/t for 196,402 ounces and an Inferred Resource of 434,342t @ 1.76 g/t Au for 24,580 ounces.



ABOVE: Focus' 1.2Mtpa Three Mile Hill Plant – Currently on Care and Maintenance

Exploration

One of Focus' primary goals for FY2009 is the delineation of further high-grade commercial deposits to complement the existing reserves at Perseverance. During the past year, Focus made excellent progress towards this goal with a number of exploration programmes being implemented. Exploration is continuing to aggressively explore the Tindals Mining Centre and the Redemption Fault Corridor proximal to the Perseverance deposit, with evaluation work being conducted on the Countess, Brilliant and Dreadnought deposits.

EM Survey

An extensive ground Electro-Magnetic (EM) survey over the Redemption corridor and Tindals Area was completed during the March Quarter of 2008, targeting additional high-grade Perseverance-style gold 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 this calendar year and into 2009. 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.

Previous airborne VTEM surveys outlined numerous EM anomalies with two priority targets located north along strike from Nepean and south of Burbanks, and two north of and along strike of Three Mile Hill. These will be tested with ground EM surveys later this year.

Perseverance Step-out Drilling

Drilling at Perseverance was successful in extending the known mineralised extent of the main zone by approximately 45m south west, and the footwall zone by approximately 30m. The mineralised zone is now completely open to the south and there is also considerable potential to define an up-dip extension to the main zone in this area.

Step-out drilling at Perseverance is continuing to target this southern extension of the ore body and the depth potential outside of the current reserve. Best results to date include 1.31m @ 89.92g/t, 4.37m @ 17.59g/t and 1.12m @ 172.38g/t. Drilling of these areas is continuing.

An evaluation of the results will be undertaken once the program has been completed, but with the encouraging results already received, this drilling is expected to lead to an extension of the life of the Perseverance deposit through an increase in the reserve base.

Environment

Focus places great importance on limiting the environmental impact of its activities in Coolgardie. As such, work continued during the Year with environmental consultants commencing planning work for the sampling and rehabilitation of the historical Perseverance mine tailings.

Other actions during the year related to the complete rehabilitation of old exploration areas at the Dreadnought deposit and some minor rehabilitation work at the Mount Project.

2008 Operations Review

“The phased development of the Nepean Nickel Mine represents a highly attractive, low capital cost entry for Focus to nickel sulphide production.”

4 - NEPEAN NICKEL PROJECT

Overview

The 100%-owned Nepean Nickel Mine produced 32,303 tonnes of nickel metal from a shaft operation between 1970 and 1987 at a recovered grade of 2.99% Ni from 1.1 million tonnes of ore. Last year the Company upgraded the estimated Inferred Resource at Nepean by 45% to 591,300t @ 2.2% Ni, following a re-assessment and re-modelling of transitional, fresh and remnant mineralisation at the mine.

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

Trial Mining

Trial mining at Nepean commenced in April 2008 to extract remnant ore, initially from the 6 Level (approximately 190 metres below surface) to provide information about mining conditions and to confirm the existence of the remnant ore prior to commencement of a full-scale mining operation.

Trial mining has continued with approximately 1,500 tonnes of ore being stockpiled at surface. This material has allowed sizable samples 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.

Feasibility Study

The Feasibility Study on recommencing mining operations at the Nepean Nickel Mine was completed during the latter stages of the 2008 Financial Year except for the finalisation of an off-take agreement. Discussions regarding the off-take are well advanced and are continuing with a number of local and international producers.

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 nickel price outlook improves.

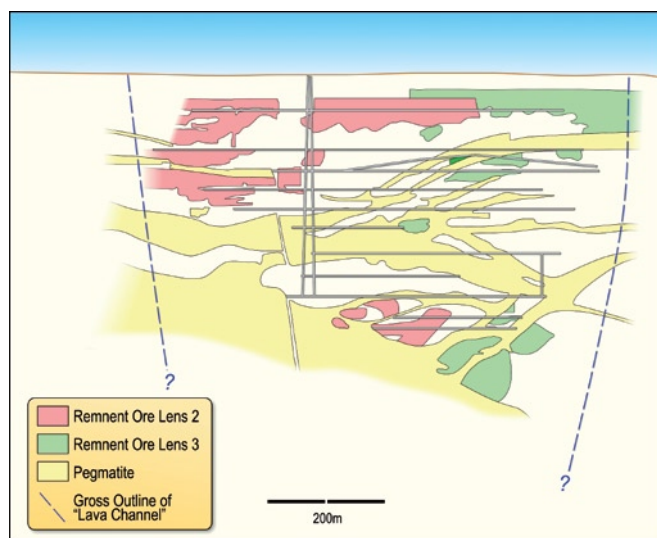
In the meantime, work continues on obtaining operational permits for the mine, which will allow mining operations to commence as soon as the nickel price environment and outlook improves to a level deemed appropriate by Focus. It is anticipated that full regulatory approvals should be in place by November.



ABOVE: Nepean Head Frame

2008 Operations Review

“Nepean is one of the last remaining nickel sulphide Komatiites ore bodies in the region never to have been tested at depth”



ABOVE: Nepean Nickel Project – Potential at Depth

Development

Focus has decided to undertake a staged approach to the development of the Project with Stage 1 concentrating on the completion of the Feasibility Study. Stage 2 will focus on the development and mining of the upper level ore blocks in the Nepean Mine between the 2 and 7 level (between 60 metres and 220 metres vertical depth). Most of the mineable underground resource being used in the Feasibility Study is contained in the 2 Sill ore body, although the 3 Sill ore body also contains a substantial amount of ore which requires further evaluation. The phased development of the Nepean Nickel Mine represents a highly attractive, low capital cost entry for Focus to nickel sulphide production.

Treatment Options

In addition to the conventional treatment process considered in the Feasibility Study, the Company has commissioned a study to trial 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.

Exploration

Focus commenced a 30 hole drilling program at the Company's Nepean Nickel Project in May. The programme followed up on outstanding near-surface nickel intercepts including 3m @ 12.53% Ni, 1m @ 11.41% Ni, 6m @ 7.44% Ni and 3m @ 9.93% Ni announced as part of the ongoing Feasibility Study.

This latest round of drilling was designed to upgrade the ongoing Feasibility Study into the recommissioning of the mine – initially through the mining of remnant ore blocks and to assess the potential of a newly defined, high-grade shallow nickel resource. Previous drilling has confirmed extensions to the southern end of known remnant ore which will be accessible from the proposed portal position.

In addition, 6 further holes are planned to test the northern extension of the 2 Sill ore body beyond known remnant ore blocks. Previous successful sparse drilling and modelling of the 2 Sill ore body has indicated that it has a further 200 metres of strike length which would be accessible from the planned decline. If the 2 sill is successfully extended it would greatly enhance the planned mine life.

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 diagram top left).

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

Nepean is one of the last remaining nickel sulphide Komatiite ore bodies in the region never to have been tested at depth. Successful depth extensions to similar styles of nickel sulphide mineralisation in the region including Mincor Resources Miitel and Wannaway mines along with the Western Areas' Flying Fox deposit, provides encouragement that the Nepean mine has excellent exploration potential at depth.

2008 Operations Review

5 – CORPORATE

Acquisition of Committee Bay Resources 50% JV Interest

The most significant corporate activity during the year was the settlement of the transaction involving the acquisition by Focus of the 50% stake in the Redemption Joint Venture held by the Company's Canadian Joint Venture partner, Committee Bay Resources (CBR).

The acquisition, which was approved by shareholders at a meeting held on April 14 2008, delivers to 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\$2 million 8.25% pa 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.

Share Placement

As part of the acquisition funding strategy, a share placement to sophisticated investors was completed during the latter stages of the year which raised 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 at the April meeting.

Share Purchase Plan

In parallel with the corporate placement, the Company successfully completed the issue of 72.7 million ordinary shares at an issue price of 5.5cents to raise a total of A\$4 million as part of a Share Purchase Plan (SPP). The offer was open to all shareholders up to a maximum of \$5,000. The shortfall, totaling \$907,500 for 16,500,000 shares at 5.5 cents per share, was placed with professional investors.

A\$18.65 million Debt Facility

As part of the Company's funding activities, Focus 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, 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.

Personnel

A number of Board and Management changes were effected during the year, commencing with Non-Executive Chairman Don Taig moving into the role of Executive Chairman to assist primarily with the Committee Bay corporate transaction.

In light of the management role change, and in order to ensure the Board of Focus Minerals did not comprise a majority of executive members, Mr Chuck McCormick stepped down as Executive Director. Mr McCormick continued in his role as Business Development Manager, with responsibility for growing the company through strategic purchases and other corporate activities.

During the course of the year, Focus also appointed corporate advisory specialist Mr Chris Hendricks as an Independent Non-Executive Director following the retirement of Mr Geoff Rasmussen in January 2008.

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.



Peter Williams
Managing Director

Directors' Report

Your directors submit the annual financial report of the consolidated entity for the financial year ended 30 June 2008.

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.



Donald Taig

NAMES, QUALIFICATIONS, EXPERIENCE AND SPECIAL RESPONSIBILITIES

Donald Taig – Non-Executive Chairman

Age : 51

Qualifications: B.Com, FAICD, FCPA

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.

During the last three years, Mr Taig has also served as a director of the following listed companies:

- Tongaat Hulett Starch (Australia) Pty Ltd * (non executive director: appointed January 2007)
- Tolhurst Noall Group Limited (resigned May 2004)
- Clover Corporation Limited (resigned January 2005)
- Prudential Investment Company of Australia Limited (resigned June 2004)
- KH Foods Limited (resigned March 2006)

On 17 August 2007, Mr Taig assumed an executive Chairman's role responsible for corporate development and investor relations thereby allowing Mr Williams to concentrate entirely on the rapid advancement towards production of the Group's wholly owned Nepean Nickel Project and the Coolgardie Gold Project (owned 50% by the Group).

* denotes current directorships

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

Directors' Report

Peter Williams – Managing Director

Aged : 62

Mr Williams has an extensive career spanning more than 30 years within the mining industry. Mining experience in the extraction and treatment of copper, iron ore, salt, mineral sands and gold has been gained whilst holding senior operational and management positions within CRA Ltd (Dampier Salt), North Ltd (North Parkes and Peak Hill gold mines) Resolute Limited (Bullabulling gold mine), New Hampton Goldfields Ltd (Jubilee gold mine) and others operating in many remote parts of Australia and overseas. In particular experience has been gained in managing large mining operations (both FIFO and residential).

Other directorships: Nil

Phillip Lockyer – Non-Executive Director

Age : 64

Qualifications: AWASM, DipMetal, MSC

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 1990's 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:

- Perilya Limited * (non executive director: appointed June 2004)
- Ammtec Limited * (non executive director: appointed March 2005)
- St Barbara Mines Limited *
(non executive director: appointed December 2006)
- Swick Mining Services Limited*
(non executive director: appointed February 2008)
- Jubilee Mines NL
(non executive director: appointed May 2004 – resigned)

* denotes current directorships

Chris Hendricks – Non-Executive Director

Age : 33

Qualifications: CA, DipAcc,BAcc.

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.

Mr Hendricks is Chairman of the Audit Committee.

K Jon Grygorcewicz - Company Secretary

Age : 48

Qualifications: CA, B.Bus

Mr Grygorcewicz was admitted as an Associate member of the Institute of Chartered Accountants in Australia during 1983. He gained diverse commercial experience within the audit and corporate advisory services divisions of Arthur Young Australia. He has also gained extensive experience within the resources and engineering industries having been associated with a number of listed companies in both the exploration and mining of gold, diamonds and oil. Mr Grygorcewicz has also worked with a number of engineering and resource service companies with operations in Australia and South East Asia particularly listing an Australia engineering group on the Singapore Stock Exchange.

Resignations

Mr Charles (Chuck) McCormick resigned as a director on 17 August 2007.

Mr Geoff Rasmussen resigned as a director on 11 January 2008.

Directors' Report cont.

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	9,955,366	-
Peter Williams	1,187,023	6,950,000
Phillip Lockyer	344,523	-
Chris Hendricks	190,909	-

SHARE OPTIONS

During the year and to the date of this report no share options were granted to directors or executives of the company.

In accordance with the terms of the Facility Agreement with Investec Bank (Australia) Limited, 40,000,000 options to subscribe for shares in the Company were issued at an exercise price of 6.875 cents per share. The options are exercisable at the Bank's sole option at any time prior to their expiry on 30 April 2011.

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	2,140,000	12.00	6/12/2009
	2,140,000	14.50	6/12/2009
	2,140,000	17.00	6/12/2009
	4,925,000	5.00	30/11/2010
	4,925,000	6.00	30/11/2010
	40,000,000	6.875	30/4/2011
Total Options Issued	56,270,000		

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 have been no significant changes in the nature of those activities during the year.

Directors' Report cont.

REVIEW OF OPERATIONS

Highlights of operations during the period under review are as follows:

- During July 2007, the Redemption joint venture secured priority toll treatment arrangements with Higginsville Mining Pty Ltd to treat ore from the Coolgardie Gold Project in return for an extension, to June 2017, of the sub lease for Higginsville's Greenfield's Gold treatment plant located on a mining lease within the Coolgardie Gold Project.
- On 30 July 2007 the Redemption joint venture upgraded the Dreadnought gold deposit to an Indicated Resource of 3,020,000 tonnes at 2.02g/t and an Inferred Resource of 434,000 tonnes at 1.76 g/t for a total of 220,980 ozs gold.
- The Redemption joint venture commenced the construction of a 400m decline from the existing Tindals' underground workings to the Perseverance gold deposit. Construction of the decline was completed during October 2007 and enabled an extensive drilling program to be completed on the Perseverance orebody.
- On concluding a Bankable Feasibility Study (BFS) during December 2007, it was decided to commence mining the Perseverance orebody. The BFS concluded that, based on a gold price of A\$900/oz, the Project would recover approximately 315,000 tonnes at a grade of 6.9 grams Au per tonne for a total of 64,187 ozs of gold. The mining contract was awarded on 4 March 2008 with mining activities commencing immediately. The economic returns of the project were revised during April 2008 on an increase in the probable reserves. The reserve was increased to 287,000 tonnes at 8.3g/t for approximately 76,000 ozs recovered gold. Operating cash costs for the project were estimated at A\$437/oz. The Company's maiden gold pour occurred on 29 April 2008.
- On 30 January 2008 the Company entered into an Exclusivity Agreement with Committee Bay Resources Ltd to acquire their 50% interest in the Redemption Joint Venture. The discussions were concluded on 6 March 2008 with consideration agreed to be the payment of cash to total A\$20 million, the issue of 140,000,000 fully paid ordinary shares and a A\$2 million convertible note to mature on 30 April 2009. Shareholders approved the issue of the shares and the convertible note in a General Meeting held 14 April 2008. Settlement occurred on 30 April 2008.
- At the same meeting, the shareholders approved the placement of 254,545,454 fully paid ordinary shares at an issue price of 5.5 cents per share to raise A\$14 million.
- On 26 March 2008, the Redemption Joint Venture upgraded the resource for Countess Gold Deposit to an Indicated Resource of 256,200 tonnes at 4.4 g/t Au for 36,000 ozs and an Inferred Resource of 197,700 tonnes at ¾ g/t for 21,700 ozs.
- On 2 April 2008 the Company reported drilling results confirming the presence of near surface mineralization with nickel intersections of 6 metres at 2.82% from 53m, 3 metres at 9.93% from 49m and 3 metres at 12.53% from 37m. The results were incorporated into an advanced Feasibility Study on the recommencement of mining the Nepean Nickel Mine. The Feasibility Study confirmed the project was viable however the decision to mine was deferred by the Board due to the high volatility of the nickel price.
- On 28 April 2008 the Company completed the issue of 72,772,770 fully paid ordinary shares at an issue price of 5.5 cents per share under a Share Issue Plan to raise A\$4 million. The issue was under subscribed by A\$907,500 which was subsequently placed with professional investors on the same terms.
- On 30 April 2008 the Company finalized a Senior and Mezzanine Debt Facility with Investec Bank (Australia) Limited to secure loan facilities of \$17 million and a further \$1.65 million guarantee facility. The Company agreed to issue 40,000,000 options to subscribe for fully paid shares at an exercise price of 6.875 cents per share at the Bank's option prior to expiry on 30 April 2011.
- Total gold production to 30 June 2008 was 4,456 ozs with 2,465 ozs sold in the period at an average price of \$944 per oz. Approximately 1,991 ozs were held as bullion at 30 June 2008.

Directors' Report cont.

REVIEW OF OPERATIONS continued

Operating result for the year

Operating loss for the year was \$(4,632,498) (2007: loss \$2,089,695)

Significant changes in the state of affairs

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 2007	778,824,986	44,606,832
Placement issue at 5.5 cents	254,545,454	14,000,000
Share Purchase Plan at 5.5 cents	72,772,770	4,002,500
Acquire balance of Redemption Joint Venture	140,000,000	6,608,000
Share issue expenses	-	(1,148,539)
Issued shares at 30 June 2008	1,246,143,210	68,068,793

Significant events after balance date

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 Perseverance Deposit to produce an estimated 54,000 ozs of gold during the coming financial year.

Active exploration programs will continue on the Group's mining tenements, in particular, on a number of high priority targets identified in earlier VTEM and ground electro-magnetic programs,

In the event that the price of nickel stabilises at an appropriate base, the Board will reconsider the commencement of mining operations at the Nepean Nickel mine.

An intensive exploration program will be undertaken on the Nepean Nickel tenements with a number of deep drill holes to be drilled to determine the existence of nickel mineralisation below the current mine floor.

Environmental legislation

The Group's operations are subject to environmental regulation in Australia. The Group continues to comply with these regulations.

Indemnification and Insurance of Directors and Officers

The company has agreed to indemnify all the directors and officers for any breach of laws and regulations arising from their role as directors and officers. The agreement provides for the company to pay an amount not exceeding \$20,000.

Directors' Report cont.

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for directors and executives of Focus Minerals Ltd (the "company").

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 2008 is detailed in Table 1 of this report.

Senior manager and executive director remuneration

Remuneration primarily consists of fixed remuneration and an equity component where determined by the directors. Issue of an equity component to directors is subject to the approval of shareholders in general meeting.

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 Table 2.

Contract for Services

Mr Peter Williams, the Managing Director, has a contract of employment with the Company dated 10 March 2005. The contract specifies the duties and obligations to be fulfilled by the Managing Director. 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.

Directors' Report cont.

Table 1: Directors' remuneration for the year ended 30 June 2008

		Short-term Benefits		Long –term Benefits		%	
		Salary & Fees	Other	Super-annuation	Equity Options	Total	Performance related
Donald Taig	2008	153,950	-	9,355	-	163,305	-
	2007	56,200	-	-	-	56,200	-
Peter Williams	2008	224,770	27,585	20,229	-	272,584	-
	2007	202,540	7,591	18,229	-	228,360	-
Phillip Lockyer	2008	30,000	-	2,700	-	32,700	-
	2007	30,000	-	2,700	-	32,700	-
Geoff Rasmussen**	2008	15,000	-	-	-	15,000	-
	2007	30,000	-	-	-	30,000	-
Chris Hendricks	2008	15,000	-	-	-	15,000	-
	2007	-	-	-	-	-	-
Charles McCormick*	2008	13,952	807	1,255	-	16,014	-
	2007	150,000	11,485	13,500	-	174,985	-

* Mr McCormick resigned as an executive director on 17 August 2007. Mr McCormick continued as an employee of the Company and the balance of his remuneration is shown below.

** Mr Rasmussen resigned as a non-executive director on 11 January 2008.

Table 2: Remuneration of the named executives who received the highest remuneration for the year ended 30 June 2008

		Short-term Benefits		Long –term Benefits		%	
		Salary & Fees	Other	Super-annuation	Equity Options	Total	Performance related
Jon Grygorcewicz	2008	155,965	3,945	14,037	-	173,947	-
	2007	93,009	9,220	10,106	-	112,335	-
Charles McCormick*	2008	153,479	7,894	13,814	-	175,187	-
	2007	-	-	-	-	-	-
Darren Gibcus**	2008	51,860	-	4,667	-	56,527	-
Gary Adams**	2008	31,365	-	2,823	-	34,188	-

* Mr McCormick was an Executive director until his resignation on 17 August 2007. Remuneration while in his position as executive director is included above.

** Mr Gibcus and Mr Adams became permanent employees of the Group on 1 May 2008.

Directors' Report cont.

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 were as follows:

	Directors Meetings	Meeting of Committees	
		Audit	Remuneration
Number of meeting held:	9	1	1
Donald Taig	8	1	1
Peter Williams	8	-	-
Phillip Lockyer	8	-	-
Christopher Hendricks***	6	1	1
Geoff Rasmussen**	3	-	-
Charles McCormick*	1	-	1

* Mr McCormick resigned as a director on 17 August 2007.

Entitled to attend – 1.

** Mr Rasmussen resigned as a director on 11 January 2008.

Entitled to attend – 3

*** Mr Hendricks was appointed as a director on 11 January 2008.

Entitled to attend – 6.

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

Auditor Independence and Non-Audit Services

Section 307C of the Corporations Act 2001 requires our auditors, Grant Thornton (WA) Partnership, to provide the directors of the Company with an Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out on page 27 and forms part of this directors' report for the year ended 30 June 2008.

Non-Audit Services

Grant Thornton received amounts for non-audit services totaling \$11,995, principally for tax advice.

Signed in accordance with a resolution of the directors.



Christopher Hendricks
Non-Executive Director

1 October 2008
Perth, Western Australia

Corporate Governance Statement

Remuneration of directors and named executives

The Board of Directors of Focus Minerals Ltd is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and affairs of Focus Minerals Ltd on behalf of the shareholders by whom they are elected and to whom they are accountable.

Focus Minerals Ltd's Corporate Governance Statement is structured with reference to the Corporate Governance Council's principles and recommendations, which are as follows:

- Principle 1.** Lay solid foundations for management and oversight
- Principle 2.** Structure the board to add value
- Principle 3.** Promote ethical and responsible decision making
- Principle 4.** Safeguard integrity in financial reporting
- Principle 5.** Make timely and balanced disclosure
- Principle 6.** Respect the rights of shareholders
- Principle 7.** Recognise and manage risk
- Principle 8.** Remunerate fairly and responsibly

Focus Minerals Ltd's corporate governance practices were in place throughout the year ended 30 June 2008.

Structure of the Board

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report is included in the Directors' Report. Directors of Focus Minerals Ltd are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the exercise of their unfettered and independent judgment.

In the context of director independence, 'materiality' is considered from both the company and individual director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal to or less than 5% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount. Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors that point to the actual ability of the director in question to shape the direction of the company's loyalty.

In accordance with the definition of independence above, and the materiality thresholds set, the following directors of Focus Minerals Ltd are considered to be independent:

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

There are procedures in place, agreed by the Board, to enable directors in the furtherance of their duties to seek independent professional advice at the company's expense.

The term in office held by each director in office at the date of this report is as follows:

Name	Term in Office
Donald Taig	4 years
Peter Williams	3 years
Phillip Lockyer	2 years
Chris Hendricks	6 months

Nomination Committee

The Board has not formally established a Nomination Committee. Board vacancies, composition and the mix of technical and other qualifications are addressed by the full Board.

Audit Committee

The Board has established an Audit Committee, which operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non financial considerations such as the benchmarking of operational key performance indicators. The Board has delegated responsibility for establishing and maintaining a framework of internal control and ethical standards to the Audit Committee.

The Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports. All members of the Audit Committee are non-executive directors.

The Committee Chairman is an independent non-executive director who is not Chairman of the Board.

Corporate Governance Statement

The members of the Audit Committee during the year were:

- Christopher Hendricks - Committee Chairman
- Donald Taig

Mr Taig was Committee Chairman until the appointment of Mr Hendricks who was appointed Committee Chairman on 11 January 2008.

For details on the number of meetings of the Audit Committee held during the year and the attendees at those meetings, refer to the Directors' Report.

Code of Conduct

The Group has a Code of Conduct and internal policies aimed at providing guidance to directors, executives, employees and contractors engaged by the Group, in the standards of ethical, corporate and personal behaviour required of all Group personnel.

Share Trading Policy

The Group has adopted a share trading policy detailing the objectives and procedures to directors, executives, employees and contractors engaged by the Company, in dealing in the Company's shares and securities. Principally, dealing in the Company's shares is prohibited whilst those persons are in possession of insider information. The policy requires that the Chairman acknowledge any proposed dealings prior to dealing in the Company's shares. The policy further defines specific periods where trade is permitted after the Company has released an announcement where dealings can be transacted.

Remuneration

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 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.

For a full discussion of the Company's remuneration philosophy and framework and the remuneration received by directors and executives in the current period please refer to the remuneration report, which is contained within the Directors' Report.

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 2 non-executive directors.

Members of the Remuneration Committee during the year were:

- Phillip Lockyer - Committee Chairman
- Donald Taig

Mr Geoff Rasmussen was Committee Chairman until his retirement from the Board on 11 January 2008. Mr Lockyer was appointed Committee Chairman from that date.

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' Report.



Auditor's Independence Declaration



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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 2008, 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 (WA) Partnership

GRANT THORNTON (WA) Partnership
Chartered Accountants

P. Warr

P W Warr
Partner
Perth, 1st October 2008

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Income Statement

FOR THE YEAR ENDED 30 JUNE 2008

	Notes	Consolidated		Parent	
		2008	2007	2008	2007
		\$	\$	\$	\$
Revenue	2(a)	3,305,638	327,362	1,852,743	258,577
Other income	2(b)	22,530	134,166	21,899	123,141
		3,328,168	461,528	1,874,642	381,718
Cost of sales		(1,385,620)	-	(953,082)	-
Depreciation and amortisation expense	2(c)	(1,412,395)	(151,179)	(737,412)	(114,948)
Finance costs	2(c)	(1,142,216)	(16,187)	(1,136,980)	(14,693)
Rental expenses		(87,088)	(81,900)	(87,088)	(81,900)
Loan impairment expense		-	-	(255,707)	(43,277)
Other expenses	2(c)	(3,933,347)	(2,301,957)	(3,618,498)	(2,255,773)
Loss before income tax expense		(4,632,498)	(2,089,695)	(4,914,125)	(2,128,873)
Income tax benefit	3	-	-	-	-
Net loss for the period		(4,632,498)	(2,089,695)	(4,914,125)	(2,128,873)
Basic loss per share (cents per share)	5	(0.53)	(0.46)		
Diluted loss per share (cents per share)	5	(0.53)	(0.46)		

The accompanying notes form part of these financial statements.

Balance Sheet

AS AT 30 JUNE 2008

	Notes	Consolidated		Parent	
		2008	2007	2008	2007
		\$	\$	\$	\$
Assets					
Current Assets					
Cash and cash equivalents	6	7,412,033	13,844,876	6,736,203	13,790,748
Trade and other receivables	7	131,803	544,485	49,764	482,862
Inventories	8	5,117,137	243,027	2,558,569	243,027
Other	9	334,753	14,535	321,325	7,867
Total Current Assets		12,995,726	14,646,923	9,665,861	14,524,504
Non-Current Assets					
Receivables	11	-	-	-	234,664
Other financial assets	10	-	-	40,560,527	7,303,581
Property, plant and equipment	12	4,007,900	802,775	2,087,591	541,858
Development expenditure	13(b)	22,779,536	-	3,256,659	-
Deferred exploration expenditure	13(a)	32,761,580	17,100,208	14,146,119	9,739,294
Total Non-Current Assets		59,549,016	17,902,983	60,050,896	17,819,397
Total Assets		72,544,742	32,549,906	69,716,757	32,343,901
Liabilities					
Current Liabilities					
Trade and other payables	15	5,546,497	1,660,760	3,977,806	1,595,367
Financial liabilities	17	14,242,402	11,347	14,237,970	-
Deferred revenue		-	18,750	-	18,750
Total Current Liabilities		19,788,899	1,690,857	18,215,776	1,614,117
Non-Current Liabilities					
Other payables	15	40,000	60,000	-	-
Provisions	16	1,749,608	111,000	874,804	111,000
Financial liabilities	17	59,883	25,252	45,467	-
Total Non-Current Liabilities		1,849,491	196,252	920,271	111,000
Total Liabilities		21,638,390	1,887,109	19,136,047	1,725,117
Net Assets		50,906,352	30,662,797	50,580,710	30,618,784
Equity					
Issued capital	18	68,068,793	44,606,832	68,068,793	44,606,832
Reserves	18	1,975,097	561,007	1,975,097	561,007
Retained earnings		(19,137,538)	(14,505,042)	(19,463,180)	(14,549,055)
Total Equity		50,906,352	30,662,797	50,580,710	30,618,784

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2008

Consolidated	Notes	Ordinary Shares \$	Retained Earnings \$	Option Reserve \$	Total \$
Balance as at 30 June 2006		30,649,946	(12,415,347)	561,007	18,795,606
Loss attributable to members of the parent entity		-	(2,089,695)	-	(2,089,695)
Shares issued in the period		14,896,000	-	-	14,896,000
Share issue expenses		(939,114)	-	-	(939,114)
Balance as at 30 June 2007		44,606,832	(14,505,042)	561,007	30,662,797
Loss attributable to members of the parent entity		-	(4,632,496)	-	(4,632,496)
Shares issued in the period		24,610,500	-	-	24,610,500
Share issue expenses		(1,148,539)	-	-	(1,148,539)
Option reserve on recognition of equity based payments		-	-	1,414,090	1,414,090
Balance at 30 June 2008		68,068,793	(19,137,538)	1,975,097	50,906,352

Parent	Notes	Ordinary Shares \$	Retained Earnings \$	Option Reserve \$	Total \$
Balance as at 30 June 2006		30,649,946	(12,420,182)	561,007	18,790,771
Loss attributable to members of the parent entity		-	(2,128,873)	-	(2,128,873)
Shares issued in the period		14,896,000	-	-	14,896,000
Share issue expenses		(939,114)	-	-	(939,114)
Balance at 30 June 2007		44,606,832	(14,549,055)	561,007	30,618,784
Loss attributable to members of the parent entity		-	(4,914,125)	-	(4,914,125)
Shares issued in the period		24,610,500	-	-	24,610,500
Share issue expenses		(1,148,539)	-	-	(1,148,539)
Option reserve on recognition of equity based payments		-	-	1,414,090	1,414,090
Balance as at 30 June 2008		68,068,793	(19,463,180)	1,975,097	50,580,710

The accompanying notes form part of these financial statements.

Cash Flow Statement

FOR THE YEAR ENDED 30 JUNE 2008

	Notes	Consolidated		Parent	
		2008	2007	2008	2007
		\$	\$	\$	\$
		Inflows/(Outflows)	Inflows/(Outflows)	Inflows/(Outflows)	Inflows/(Outflows)
Cash flows from operating activities					
Receipts from customers		3,029,778	175,463	1,706,029	107,952
Payments to suppliers and employees		(5,082,241)	(2,099,546)	(4,180,035)	(1,789,376)
Other income		85,175	134,558	27,059	123,533
Interest received		695,583	151,899	629,576	150,625
Finance costs		(241,196)	(16,187)	(235,960)	(14,693)
Net cash provided by/(used in) operating activities	6(iii)	(1,512,901)	(1,653,813)	(2,053,331)	(1,421,959)
Cash flows from investing activities					
Proceeds from sale of non-current assets		494,932	1,200	-	1,200
Purchase of non-current assets		(4,327,973)	(173,378)	(1,826,663)	(101,085)
Secured short term deposits		(82,877)	(199,055)	(65,197)	(198,304)
Investments		-	-	(5,096,391)	(1)
Loans to related entities		-	-	(19,573,598)	(187,306)
Loans to other entities		-	53,100	-	-
Net cash inflow on acquisition of subsidiary	6(iv)	271,826	35,825	-	-
Purchase of mining tenements		(21,812,782)	(41,120)	(5,000)	(41,120)
Exploration expenditure		(9,117,779)	(776,253)	(8,071,396)	(776,253)
Net cash provided by/(used in) investing activities		(34,574,653)	(1,099,681)	(34,638,245)	(1,302,869)
Cash flows from financing activities					
Proceeds from issue of shares		18,002,500	14,896,000	18,002,500	14,896,000
Share issue expenses		(1,148,539)	(939,114)	(1,148,539)	(939,114)
Proceeds from borrowings		13,250,000	-	13,250,000	-
Borrowing costs		(532,127)	-	(532,127)	-
Repayment of borrowings		-	-	-	-
Net cash provided by/(used in) financing activities		29,571,834	13,956,886	29,571,834	13,956,886
Net increase/(decrease) in cash and cash equivalents		(6,515,720)	11,203,392	(7,119,742)	11,232,058
Cash and cash equivalents at 1 July 2007		12,150,366	946,974	12,123,238	891,180
Cash and cash equivalents at 30 June 2008	6(i)	5,634,646	12,150,366	5,003,496	12,123,238

The accompanying notes form part of these financial statements.

Notes to the 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 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 and 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. Basis of Consolidation

The consolidated financial statements comprise the financial statements of Focus Minerals Ltd and its controlled entities as at 30 June each year (the Group).

The financial statements of the controlled entities are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full. Controlled entities are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

d. Business Combinations

Business combinations occur when control over another business is obtained and results in the consolidation of its assets and liabilities. All business combinations, including those involving entities under common control, are accounted for by applying the purchase method.

The purchase method requires an acquirer of the business to be identified and for the cost of the acquisition and fair values of identifiable assets, liabilities and contingent liabilities to be determined as at acquisition date, being the date that control is obtained. Cost is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control together with costs directly attributable to the business combination. Any deferred consideration payable is discounted to present value using the entity's incremental borrowing rate.

Goodwill is recognised initially at the excess of cost over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. Goodwill on acquisition has been recognised in deferred development expenditure. If the fair value of the acquirer's interest is greater than cost, the surplus is immediately recognised in profit or loss.

e. 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:

i. Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

ii. Rendering of services

Revenue from the rendering of services is recognised by reference to the stage of completion of the contract.

iii. Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

iv. Dividends

Revenue is recognised when the Group's right to receive the payment is established.

v. Rental income

Rental income from investment properties 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. Lease incentives granted are recognised as an integral part of the total rental income

f. Borrowing Costs

Borrowing costs are recognised as an expense when incurred. Borrowing costs directly attributable to assets under construction are capitalised as part of the cost of those assets.

For the Year Ended 30 June 2008

g. 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.

h. 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 Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

i. 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.

j. Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Mining stocks – includes direct materials, direct labour, transportation costs and variable and fixed overheads costs relating to mining activities;

Raw materials – purchase cost on a first-in, first-out basis; and

Finished goods and work-in-progress – cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

k. Impairment of financial assets

The Group assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

i. 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.

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.

ii. 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.

Notes to the Financial Statements

k. Impairment of financial assets (continued)

iii. 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 profit. 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.

l. Exploration and development Expenditure

Exploration and development expenditure related to areas of interest is capitalised and carried forward to the extent that;

- i. Rights to tenure of the area if interest are current; and
- ii. Costs are expected to be recouped through the successful development and exploitation of the area of interest or alternatively by sale; or
- iii. Where activities in the area of interest have not yet 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 are continuing.

Such expenditure consists of an accumulation of acquisition costs and direct net exploration and development costs incurred by or on behalf of the Consolidated Entity, together with an appropriate portion of related overhead expenditure.

Feasibility expenditure represents costs related to the preparation of a feasibility study to enable a development decision to be taken in relation to an area of interest.

When an area of interest is abandoned or the directors decide it is not commercial, any accumulated costs in respect of the area are written off in the year in which the decision was made. Each area of interest is reviewed at the end of each accounting period and accumulated costs written off to the extent they are not expected to be recoverable in the future.

The cost of each asset is amortised over its expected useful life to reflect the continued use of the assets through to the end of the mining or processing period. The mining period is determined for each area of interest with an area of interest defined as an individual orebody.

Amortisation of costs is provided for using the unit of production method. The unit of production basis results in a change proportional to the depletion of estimated recoverable gold ounces contained in proved and probable ore reserves. Under this process, production of a unit commences when the ore is extracted from the ground. Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences. Where a change in estimated recoverable gold ounces contained in proved and probable reserves is made, amortisation is accounted for prospectively.

m. Interest in a jointly controlled operation

The Parent has an interest in a joint venture that is a jointly controlled operation. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A jointly controlled operation involves use of assets and other resources of the venturers rather than establishment of a separate entity. The Parent recognises its interest in the jointly controlled operation by recognising the assets that it controls and the liabilities that it incurs. The Parent also recognises the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the jointly controlled operation.

n. 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 are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

For the Year Ended 30 June 2008

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.

o. Other taxes

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.

p. 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 is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Plant and equipment – over 5 to 15 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

i. 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 in the cost of sales line item. However, because land and buildings are measured at revalued amounts, impairment losses on land and buildings are treated as a revaluation decrement.

ii. Derecognition and disposal

An item of property, 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.

q. Investments and other financial assets

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

Notes to the Financial Statements

q. Investments and other financial assets (continued)

i. Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

All other non-current investments were carried at the lower of cost and recoverable amount.

Recoverable amount

Non-current financial assets measured using the cost basis were not carried at an amount above their recoverable amount, and when a carrying value exceeded this recoverable amount, the financial asset was written down to its recoverable amount.

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.

u. Employee leave benefits

i. Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick 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.

ii. 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

i. 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 14.

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.

For the Year Ended 30 June 2008

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, as described in the previous paragraph.

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. Issued 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 undisclosed 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 retrospectively, with any amounts that would have been written off or provided against under accounting policy for exploration and evaluation immediately written off.

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.

Notes to the Financial Statements

aa. Going Concern

The going concern of the Group is dependant upon the continued mining of the Perseverance Project over the coming 18 months. The Group has established funding facilities totalling \$18.65 million to assist the Group with working capital during the initial phase of development and production – refer note 17.

ab. 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 - Amortisation of Development Costs Determining ore reserves and remaining mine life

The consolidated entity estimates its ore reserves and mineral resources based on information complied 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 are 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 14. 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.

ac. New Standards and Interpretations not yet adopted

The following Australian Standards have been issued or amended and are applicable to the parent and consolidated group but are not yet effective. They have been adopted in preparation of the financial statements at reporting date.

For the Year Ended 30 June 2008

AASB Amendment	Standards Affected	Outline of Amendment	Application Note
AASB 2007-3 <i>Amendments to Australian Accounting Standards</i>	AASB 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i> , AASB 6 <i>Exploration for and Evaluation of Mineral</i> , AASB 102 <i>Inventories</i> , AASB 107 <i>Cash Flow Statements</i> , AASB 119 <i>Employee Benefits</i> , AASB 127 <i>Consolidated and Separate Financial Statements</i> , AASB 134 <i>Interim Financial Reporting</i> , AASB 136 <i>Impairment of Assets</i> , AASB 1023 <i>General Insurance Contracts</i> , AASB 1038 <i>Life Insurance Contracts</i> .	The disclosure requirements of AASB 114: Segment Reporting have been replaced due to the issuing of AASB 8: Segment Reporting in February 2007. These amendments will involve changes to segment reporting disclosures within the financial report. However, it is anticipated there will be no direct impact on recognition and measurement criteria amounts included in the financial report.	First Application Date of Standard is 1.1.2009, with Application Date for the Group being 1.7.2009
AASB 8 <i>Operating Segments</i> AASB 114 <i>Segment Reporting</i>	As Above	As Above	First Application Date of Standard is 1.1.2009, with Application Date for Group being 1.7.2009
AASB 2007-6 <i>Amendments to Australian Accounting Standards</i>	AASB 1 <i>First time adoption of AIFRS</i> , AASB 101 <i>Presentation of Financial Statements</i> , AASB 107 <i>Cash Flow Statements</i> , AASB 111 <i>Construction Contracts</i> , AASB 116 <i>Property, Plant and Equipment</i> , AASB 138 <i>Intangible Assets</i> .	The revised AASB 123: <i>Borrowing Costs issued in June 2007</i> has removed the option to expense all borrowing costs. This amendment will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. However, there will be no direct impact to the amounts included in the financial group as the costs are already capitalised to borrowing costs related to qualifying assets.	First Application Date of Standard is 1.1.2009, with Application Date for the Group being 1.7.2009
AASB 123 <i>Borrowing Costs</i>	AASB 123 <i>Borrowing Costs</i> .	The revised AASB 123: <i>Borrowing Costs issued in June 2007</i> has removed the option to expense all borrowing costs. This amendment will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. However, there will be no direct impact to the amounts included in the financial group as they already capitalise borrowing costs related to qualifying assets.	First Application Date of Standard is 1.1.2009, with Application Date for the Group being 1.7.2009
AASB 2007-8 <i>Amendments to Australian Accounting Standards</i>	AASB 101 <i>Presentation of Financial Statements</i> .	The revised AASB 101: <i>Presentation of Financial Statements issued in September 2007</i> requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity.	First Application Date of Standard is 1.1.2009, with Application Date for Group being 1.7.2009
AASB 101 <i>Presentation of Financial Statements</i> .	AASB 101 <i>Presentation of Financial Statements</i> .	The revised AASB 101: <i>Presentation of Financial Statements issued in September 2007</i> requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity.	First Application Date of Standard is 1.1.2009, with Application Date for the Group being 1.7.2009

The Financial Report was authorised for issue on 1 October 2008 by the Board of Directors.

Notes to the Financial Statements

NOTE 2: REVENUE AND EXPENSES

	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
(a) Revenue				
Gold sales	2,330,910	9,899	1,167,537	9,899
Silver sales	11,259	-	5,630	-
Rental revenue	50,000	98,053	50,000	98,053
Services revenue	217,886	67,511	-	-
Interest received	695,583	151,899	629,576	150,625
	3,305,638	327,362	1,852,743	258,577
(b) Other income				
Net gains (loss) on disposal of property, plant and equipment	(62,645)	(392)	(5,160)	(392)
Other	85,175	134,558	27,059	123,533
	22,530	134,166	21,899	123,141
(c) Expenses				
Finance charges payable under finance leases and hire purchase contracts	8,872	1,494	3,636	-
Interest expense	232,324	14,693	232,324	14,693
Unrealised gold forward contracts mark to market expense	901,020	-	901,020	-
Total finance charges	1,142,216	16,187	1,136,980	14,693
Depreciation of non-current assets	216,618	151,179	139,524	114,948
Amortisation of development expenditure	825,827	-	412,913	-
Amortisation of mine development	369,950	-	184,975	-
Total amortisation and depreciation	1,412,395	151,179	737,412	114,948
Operating lease rental expense	87,088	81,900	87,088	81,900
Loan impairment expense	-	-	255,707	43,277
Other expenses				
Exploration expenditure written-off	-	10,732	-	10,732
Legal fees	57,088	27,613	57,088	27,613
Bank charges and borrowing costs	266,188	2,517	266,008	2,517
Mill operating costs	654,015	563,526	495,219	563,526
Employee payment expense	1,225,984	626,456	1,070,512	626,456
Other	1,730,072	1,071,113	1,729,671	1,024,929
	3,933,347	2,301,957	3,618,498	2,255,773

For the Year Ended 30 June 2008

NOTE 3: INCOME TAX

	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
Income tax recognised in profit or loss				
The prima facie income tax expense on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:				
Accounting loss before income tax	(4,632,498)	(2,089,695)	(4,914,125)	(2,128,873)
Income tax expense				
Income tax expense calculated at statutory income tax rate of 30%	(1,389,749)	(626,909)	(1,474,237)	(638,662)
Sundry non-deductible expenses	86,981	13,713	86,947	13,693
Deferred tax asset relating to tax losses not brought to account	1,302,768	613,196	1,387,291	624,969
Income Tax Benefit	-	-	-	-
Income Statement				
Current tax				
Deferred tax asset relating to tax losses	(1,302,768)	(613,196)	(1,387,291)	(624,969)
Deferred income tax				
Temporary Differences recognised in equity	(148,227)	(79,315)	(148,227)	(79,315)
Relating to origination and reversal on temporary differences	474,596	(253,110)	473,650	(238,431)
Current year tax losses not recognised in the current period	976,399	945,621	1,061,868	942,716
Income tax benefit reported in the income statement	-	-	-	-
Unrecognised Deferred Tax Balances				
Unrecognised deferred tax asset losses	10,665,220	8,746,870	8,362,464	7,078,809
Unrecognised deferred tax asset other	616,692	313,547	652,982	416,530
Unrecognised deferred tax liabilities	(5,106,839)	(5,130,062)	(2,832,818)	(2,921,788)
Net unrecognised deferred tax assets	6,175,073	3,930,355	6,182,628	4,573,551

The deferred tax asset arising from the tax losses has not been recognised as an asset in the balance sheet because recovery is not probable.

The tax benefit of losses not brought to account will only be obtained if

- assessable income is derived of a nature and amount sufficient to enable the benefits to be realised;
- conditions for deductibility imposed by the law are complied with; and
- 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.

Notes to the Financial Statements

NOTE 4: SEGMENT REPORTING

The Group's business segment is the mining and exploration of gold and other minerals and operates in one geographical segment being Western Australia. The business segment is based on the Group's management and internal reporting structure.

NOTE 5: EARNINGS PER SHARE

	Consolidated	
	2008	2007
	Cents per share	Cents per share
<i>Basic earnings per share:</i>		
Total Basic EPS	(0.53)	(0.46)
<i>Diluted earnings per share</i>		
Total Diluted EPS	(0.53)	(0.46)
<i>Basic Earnings per share</i>		
The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:	(4,632,498)	(2,089,695)
Weighted average number of ordinary shares for the purposes of basic earnings per share	866,746,745	455,529,684
<i>Diluted Earnings per share</i>		
The earnings and weighted average number of ordinary shares used in the calculation of diluted earnings per share:	(4,632,498)	(2,089,695)
Weighted average number of ordinary shares for the purposes of diluted earnings per share	925,526,089	474,799,684

Diluted earnings per share is reflected as being the same as basic earnings per share as the result is anti-dilutive in nature.

NOTE 6: CASH AND CASH EQUIVALENTS

	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
Cash at bank and on hand	1,426,631	270,366	795,481	243,238
Short-term deposits – secured	1,777,387	1,694,510	1,732,707	1,667,510
Short-term deposits - unsecured	4,208,015	11,880,000	4,208,015	11,880,000
	7,412,033	13,844,876	6,736,203	13,790,748

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 comprise \$1,777,387 (2007 : \$854,223) attributable to the Group for its 100% directly held mining tenements in the Redemption joint venture, and \$nil (2007: \$840,287) attributable to a joint venture partner in the Redemption joint venture. The amount attributable to the joint venture partner is shown as a liability in Note 15 as amount due to joint venture partner totalling \$nil (2007: \$840,287).

For the Year Ended 30 June 2008

NOTE 6: CASH AND CASH EQUIVALENTS continued

	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
(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 investments in money market instruments, 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	7,412,033	13,844,876	6,736,203	13,790,748
Short term deposit – secured	(1,777,387)	(1,694,510)	(1,732,707)	(1,667,510)
Cash and cash equivalents	5,634,646	12,150,366	5,003,496	12,123,238
(ii) Cash balances not available for use				
Short term deposits lodged as security	1,777,387	1,694,510	1,732,707	1,667,510
(iii) Reconciliation of loss for the year to net cash flows from operating activities				
Loss for the year	(4,632,496)	(2,089,695)	(4,914,125)	(2,128,873)
(Gain)/loss on sale or disposal of non-current assets	61,150	392	5,161	392
Exploration expenditure written off	-	10,732	-	10,732
Loan impairment expense	-	-	255,707	43,277
Depreciation expense	619,649	151,179	346,403	141,947
Amortisation expense	825,827	-	412,913	-
Unrealised gold forward loss	901,020	-	901,020	-
(Increase)/decrease in assets:				
Current receivables	412,682	(224,208)	433,098	(178,410)
Inventories	(4,874,110)	-	(2,315,542)	-
Other current assets	(320,218)	272	(313,458)	6,940
Increase/(decrease) in liabilities:				
Current payables	1,653,484	407,143	990,016	586,848
Other current liabilities	2,080,202	48,370	1,301,609	33,189
Rehabilitation costs	1,638,608	111,000	763,804	111,000
Employee benefits	160,051	(3,164)	98,813	(3,167)
Deferred revenue	(18,750)	(45,834)	(18,750)	(45,834)
Non-current payables	(20,000)	(20,000)	-	-
Net cash from operating activities	(1,512,901)	(1,653,813)	(2,053,331)	(1,421,959)

Notes to the Financial Statements

NOTE 6: CASH AND CASH EQUIVALENTS continued

	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
(iv) Net cash on acquisition of subsidiary				
During the year 100% of Redemption Management Pty Ltd (2007 - 50% Underground Drilling Services Pty Ltd) were acquired. The details of the transactions are :				
Consideration paid	30,126,692	-	-	-
Cash consideration	20,000,000	-	-	-
Costs of acquisition	1,518,692	-	-	-
Cash and bank balances acquired	(271,826)	-	-	-
Cash outflow	(21,246,866)	-	-	-
Assets and liabilities held at acquisition date				
Cash and bank balances	271,826	-	-	-
Short term deposit – secured	886,703	-	-	-
Trade and other debtors	59,583	-	-	-
Inventories	307,764	-	-	-
Plant and equipment	436,445	-	-	-
Deferred exploration expenditure	30,143,956	-	-	-
Trade and other payables	(1,449,517)	-	-	-
Financial liabilities	(530,068)	-	-	-
Net Identifiable assets	30,126,692	-	-	-

(v) Non Cash Financing and Investing Activities transactions

The Company issued 140,000,000 ordinary shares at a value of \$6,608,000 and a convertible note for a face value of \$2,000,000 as part consideration for the acquisition of Redemption Management Pty Ltd.

Borrowing costs include the value of issued options for an amount of \$1,404,090.

NOTE 7: CURRENT TRADE AND OTHER RECEIVABLES

	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
Other receivables	131,803	544,485	49,764	482,862

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

For the Year Ended 30 June 2008

NOTE 8: INVENTORIES

	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
At cost				
Spare parts	486,054	243,027	243,027	243,027
Gold bullion	2,025,758	-	1,012,879	-
Mined ore	2,605,325	-	1,302,663	-
	5,117,137	243,027	2,558,569	243,027

NOTE 9: OTHER CURRENT ASSETS

	\$	\$	\$	\$
Other assets	295,838	-	295,838	-
Prepaid expenses	38,915	14,535	25,487	7,867
	334,753	14,535	321,325	7,867

NOTE 10: OTHER FINANCIAL ASSETS (NON-CURRENT)

	\$	\$	\$	\$
Investments in controlled entities – Note 1	-	-	17,005,669	3,301,278
Amounts receivable from controlled entities- Note 2	-	-	23,854,858	4,302,303
Impairment expense	-	-	(300,000)	(300,000)
	-	-	23,554,858	4,002,303
	-	-	40,560,527	7,303,581

Note 1

On the date of effective change of control, 6 March 2008, the Company acquired a direct 100% interest in Redemption Management Pty Ltd ("Redemption"). On acquisition, Redemption held a direct 50% interest in Underground Drilling Services Pty Ltd. On 11 June 2008, Redemption changed its name to Focus Operations Pty Ltd ("Focus Operations").

On 1 April 2007, the Company acquired a direct 50% interest in Underground Drilling Services Pty Ltd ("UDS").

Note 2

The ultimate recoverability of the amount receivable from controlled entities is dependant on the successful and commercial exploitation and or sale of the controlled entity's mining tenements at amounts at least equal to the book value.

* As there is no current intention for the loans to controlled entities to be repaid in the near future, the amounts receivable from controlled entities are treated as investment in controlled entities, for accounting purposes.

Business Combination

Acquisition of Redemption Management Pty Ltd

Focus Minerals Ltd (the Company) announced on 6 March 2008 that it had entered into an agreement with the shareholders of Redemption Management Pty Ltd (Redemption) to purchase all of the issued capital of Redemption. Redemption held a direct 50% joint venture interest in the Redemption Plant and Equipment joint venture and a direct 50% joint venture interest in the Redemption Exploration joint venture and a direct 50% in the issued capital of Underground Drilling Services Pty Ltd.

Notes to the Financial Statements

NOTE 10: OTHER FINANCIAL ASSETS (NON-CURRENT) continued

Focus shareholders, in General Meeting held 14 April 2008, approved the acquisition by authorising the issue of Focus shares and a convertible note.

On 30 April 2008 the Company settled the transaction with the shareholders of Redemption and full ownership was assumed from that date. The effective date of the acquisition was 6 March 2008.

The total cost of the combination was \$30.1 million comprising 140 million Focus shares (fair value 5.9 cents per share at a 20% discount for escrow period restriction = 4.72 cents per share), an 8.25% redeemable convertible note with a face value of \$2 million and \$20.0 million in cash. Other transaction costs on the transaction totalled \$1.52 million.

The fair value of identifiable assets and liabilities of Redemption as at the date of acquisition were:

	Recognised on acquisition \$	Carrying value \$
Cash and cash equivalents	271,826	271,826
Secured deposits	886,703	886,703
Receivables	31,917	31,917
Inventories	307,764	307,764
Property, plant and equipment	436,446	436,446
Deferred exploration expenditure	13,877,733	13,877,733
Other assets	27,665	27,665
	<u>15,840,054</u>	<u>15,840,054</u>
Payables	(1,298,336)	(1,298,336)
Financial liabilities	(530,068)	(530,068)
Provisions	(40,181)	(40,181)
Rehabilitation costs	(111,000)	(111,000)
	<u>(1,979,585)</u>	<u>(1,979,585)</u>
Fair value of identifiable net assets	13,860,469	
Goodwill on acquisition	16,266,223	
	<u>30,126,692</u>	
Cost of combination		
Shares issued at fair value	6,608,000	
Convertible note	2,000,000	
Cash paid	20,000,000	
Direct costs of the acquisition	1,518,692	
Total cost of the combination	<u>30,126,692</u>	

The cash outflow on acquisition is as follows:

Net cash acquired with the subsidiary	271,826
Direct costs of the acquisition	(1,518,692)
Cash paid	(20,000,000)
Net cash outflow	<u>(21,246,866)</u>

The goodwill arising on the Redemption transaction pertains to the Directors' assessment of the commercial benefit to be obtained from the commercial development of the Perseverance Project. Good will has been recognised in Deferred Development expenditure.

For the Year Ended 30 June 2008

NOTE 11: OTHER RECEIVABLES

	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
Other receivable	-	-	-	277,941
Impairment expense	-	-	-	(43,277)
Other receivables	-	-	-	234,664

Other receivables were to an external party on minimum fixed repayment amounts and were non interest bearing.

NOTE 12: PLANT AND EQUIPMENT

	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
Mining plant & equipment				
At cost	5,219,618	1,216,077	2,806,921	918,274
Less accumulated depreciation	(1,211,718)	(413,302)	(719,330)	(376,416)
	4,007,900	802,775	2,087,591	541,858
Movements in carrying amounts				
Balance at 1 July	802,775	584,312	541,858	584,312
Additions	3,944,410	165,559	1,897,297	101,085
Acquired on acquisition of subsidiary company	436,446	205,674	-	-
Disposals	(556,082)	(1,591)	(5,161)	(1,591)
Depreciation expense	(619,649)	(151,179)	(346,403)	(141,948)
Balance at 30 June	4,007,900	802,775	2,087,591	541,858

The useful life of the mining plant and equipment was estimated as follows for both 2007 and 2008:

Plant and equipment - 5 to 15 Years

Notes to the Financial Statements

NOTE 13: DEFERRED EXPENDITURE

	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
a) DEFERRED EXPLORATION EXPENDITURE – at cost				
Exploration and evaluation phase – at cost				
Balance at beginning of year	17,100,208	16,293,567	9,739,294	8,932,653
Sale of tenements	-	-	-	-
Purchase of tenements	5,000	41,120	5,000	41,120
Acquired on acquisition of controlled entity	30,143,956	-	-	-
Exploration expenditure incurred	9,117,779	776,253	8,071,397	776,253
Transfer to Development Expenditure	(23,605,363)	-	(3,669,572)	-
Expenditure written off	-	(10,732)	-	(10,732)
Total exploration expenditure	32,761,580	17,100,208	14,146,119	9,739,294
b) DEFERRED DEVELOPMENT EXPENDITURE – at cost				
Balance at beginning of year	-	-	-	-
Transfer from Exploration Expenditure	23,605,363	-	3,669,572	-
less Accumulated Amortisation	(825,827)	-	(412,913)	-
	22,779,536	-	3,256,659	-

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 14: SHARE BASED PAYMENTS

During the year, the Company issued 40,000,000 options in accordance the Facility Agreement with Investec Bank (Australia) Limited for the establishment of a borrowing facility with the Bank.

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 year ended 30 June 2008.

	2008	2007
Volatility (%)	79%	-
Risk free interest rate (%)	7.0%	-
Expected life of option (years)	3 yrs	-
Exercise price (cents)	6.875	-
Weighted average share price at grant date (cents)	6.5	-
Imputed value of issued options	\$1,414,090	-

For the Year Ended 30 June 2008

NOTE 14: SHARE BASED PAYMENTS continued

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.

Total number of issued and unexercised options at 30 June 2008 are:

Issuing Entity	Number of Options	Exercise Price Cents per Share	Expiry Date
Focus Minerals Ltd	2,140,000	12.00	6/12/2009
	2,140,000	14.50	6/12/2009
	2,140,000	17.00	6/12/2009
	4,925,000	5.00	30/11/2010
	4,925,000	6.00	30/11/2010
	40,000,000	6.875	30/4/2011
Total Options Issued	56,270,000		

NOTE 15: TRADE AND OTHER PAYABLES

	Consolidated		Parent	
	2008 \$	2007 \$	2008 \$	2007 \$
Current				
Trade payables (i)	2,171,786	518,302	1,490,939	500,923
Sundry creditors and accrued expenses	3,180,120	267,631	2,353,514	219,617
Employee benefits	194,591	34,540	133,353	34,540
Amount due to joint venture partner	-	840,287	-	840,287
	5,546,497	1,660,760	3,977,806	1,595,367
Non Current				
Other parties	40,000	60,000	-	-

(i) 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 16: PROVISIONS

	Consolidated		Parent	
	2008 \$	2007 \$	2008 \$	2007 \$
Non Current				
Rehabilitation costs				
Balance at 1 July	111,000	-	111,000	-
Increase during the period	1,638,608	111,000	763,804	111,000
Balance 30 June 2008	1,749,608	111,000	874,804	111,000

Notes to the Financial Statements

NOTE 17: FINANCIAL LIABILITIES

	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
Current				
Bank loans – Note A	13,250,000	-	13,250,000	-
Less borrowing costs				
Establishment costs	(775,405)	-	(775,405)	-
Share option expense – refer Note 14	(1,414,090)	-	(1,414,090)	-
	(2,189,495)	-	(2,189,495)	-
Borrowing costs expensed	243,278	-	243,278	-
	(1,946,217)	-	(1,946,217)	-
Net Bank loans	11,303,783	-	11,303,783	-
Gold forward sales payable	909,020	-	909,020	-
Finance lease –refer Note 21	29,599	11,347	25,167	-
Convertible note – Note B	2,000,000	-	2,000,000	-
	14,242,402	11,347	14,237,970	-
Non - current				
Finance lease	59,883	25,252	45,467	-

Note A - Bank Loan

At 30 June 2008, the Group had established borrowing facilities with Investec Bank (Australia) Limited. The Facility commenced on 1 May 2008 and expires on 31 October 2009.

The Facility provides working capital for the Company and in particular, the development costs of the Perseverance Gold Project. 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

The Facility is comprised of the following:

30 June 2008

	Drawn	Undrawn	Facility Limit
Cash Facility	10,500,000	3,750,000	14,250,000
Convertible Facility	2,750,000	-	2,750,000
Contingent instruments	-	1,650,000	1,650,000
Total Facility Limit	13,250,000	5,400,000	18,650,000

For the Year Ended 30 June 2008

NOTE 17: FINANCIAL LIABILITIES continued

The Facility Agreement requires that the Company must comply with certain financial covenants including the following:

Historic Debt Service Cover Ratio	exceeds 1.25
Forward Debt Service Cover Ratio	exceeds 1.25
Loan Life Ratio	exceeds 1.40
Project Life Ratio	exceeds 1.80
Cash Flow Tail Ratio	exceeds 15%.

Note B - Convertible Note

The Company has issued a redeemable 8.25% convertible note at a face value of \$2,000,000 as part consideration for the acquisition of Redemption Management Pty Ltd. It is unsecured and ranks equally with all other unsecured creditors of the Company. Interest is payable on the convertible note at the rate of 8.25%pa payable on the maturity date, 30 April 2009.

At any time prior to maturity the Company can redeem the convertible note at its face value together with any interest payable.

If the Company has not elected to redeem the convertible note, the note holder can, within one month of the maturity date, elect to convert the note to issued shares in the Company at an issue price of 7.5 cents per share. If the holder does not make an election to convert the convertible note the Company will repay, on 30 April 2009, the face value of the note together with any interest payable.

NOTE 18: ISSUED CAPITAL AND RESERVES

Authorised Capital

The Company does not have an Authorised Capital.

	Consolidated Group		Parent Entity	
	2008	2007	2008	2007
<i>Issued Capital</i>	\$	\$	\$	\$
1,246,143,210 (2007 - 778,824,986) fully paid ordinary shares	68,068,793	44,606,832	68,068,793	44,606,832

(a) Ordinary shares

On issue at the beginning of reporting period	778,824,986	778,824,986	778,824,986	778,824,986
Shares issued during the year	-	-	-	-
- 17 April 2008	254,545,454	-	254,545,454	-
- 24 April 2008	72,772,770	-	72,772,770	-
- 30 April 2008	140,000,000	-	140,000,000	-
On issue at reporting date	1,246,143,210	778,824,986	1,246,143,210	778,824,986

On 17 April 2008 the Company issued 254,545,454 ordinary shares at 5.5 cents per share under a placement of shares as approved by shareholders in a General Meeting held 14 April 2008.

On 24 April 2008 the Company issued 72,772,770 ordinary shares at 5.5 cents per share under a Share Purchase Plan.

Share issue costs totalling \$1,148,539 were incurred in the issue shares by placement and the Share Purchase Plan.

Notes to the Financial Statements

NOTE 18: ISSUED CAPITAL AND RESERVES continued

On 30 April 2008 the Company issued 140,000,000 ordinary shares at 5.9 cents as part consideration to acquire Redemption Management Pty Ltd whose primary asset is a 50% direct interest in the Redemption Joint Venture. Shareholders approved the issue of shares in a General Meeting held 14 April 2008.

At each shareholders' 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.

Capital Management

Management controls the capital of the group in order to maintain a good debt to equity ratio and ensure the group can fund its operations and continue as a going concern.

The group's debt and capital includes ordinary share capital, redeemable convertible notes 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 and 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 group has entered into a finance facility with Investec Bank (Australia) Limited to fund the development of the Perseverance Project and bring it into commercial production. The gearing ratios for the group are as follows:

	Consolidated		Parent	
	2008 \$	2007 \$	2008 \$	2007 \$
Total borrowings	21,638,390	1,887,109	19,136,045	1,725,117
Less Cash and cash equivalents	(5,634,646)	(12,150,366)	(5,003,496)	(12,123,238)
Net debt/(net cash)	16,003,744	(10,263,257)	14,132,549	(10,398,121)
Total equity	50,906,352	30,662,797	50,580,711	30,618,784
Total capital	66,910,096	20,399,540	64,713,260	20,220,663
Gearing ratio	24%	0%	22%	0%

Reserves

Option Reserve

Movements in the option reserve as a result of equity settled transactions were as follows:

	Consolidated		Parent	
	2008 \$	2007 \$	2008 \$	2007 \$
Balance 1 July	561,007	561,007	561,007	561,007
Employee share options issued	-	-	-	-
Other options issued	1,414,090	-	1,414,090	-
Balance 30 June	1,975,097	561,007	1,975,097	561,007

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.

NOTE 19: 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 2008 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 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 unutilised 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 19(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 for fixed prices.

Notes to the Financial Statements

NOTE 19: 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 group has also purchased gold put options to secure a floor price for a portion of the group's project gold production. The forward gold contracts are at varying fixed prices for deliveries at fixed delivery dates. The put options are at a fixed rate of \$850 per oz gold.

The accounting policy in regard to forward gold contracts is detailed in Note 1.

At balance date, the details of outstanding forward gold sale contracts are:

	Average Gold Price A\$/oz							
	Consolidated Group		Parent Entity		Consolidated Group		Parent Entity	
	2008 \$	2007 \$	2008 \$	2007 \$	2008 \$	2007 \$	2008 \$	2007 \$
Sell Gold								
Settlement								
Less than 6 months	5,431,207	-	5,431,207	-	966	-	966	-
6 months to 1 year	19,091,187	-	19,091,187	-	985	-	985	-
1 – 2 years	7,053,727	-	7,053,727	-	1,007	-	1,007	-
	31,576,121	-	31,576,121	-	987	-	987	-
Gold Put Options								
Less than 6 months	5,121,250	-	5,121,250	-	850	-	850	-
6 months to 1 year	6,022,250	-	6,022,250	-	850	-	850	-
1 – 2 years	1,989,000	-	1,989,000	-	850	-	850	-
	13,132,500	-	13,132,500	-	850	-	850	-

At 30 June 2008 the group has forward gold contracts for a total of 32,000 ozs gold and 15,450 ozs of gold put options.

For the Year Ended 30 June 2008

NOTE 19: FINANCIAL INSTRUMENTS continued

ii. Maturity Analysis

	Average Effective Interest Rate %	Floating Interest Rate \$	Fixed Interest Rate \$	Non Interest Bearing \$	Total \$
Consolidated 30 June 2008			Payable within 1 year		
<i>Financial assets</i>					
Cash	6.28%	7,178,298	232,435	1,300	7,412,033
Trade receivables	-	-	-	131,803	131,803
Total financial assets		7,178,298	232,435	133,103	7,545,836
<i>Financial liabilities</i>					
Trade payables and other payables	-	-	-	8,050,534	8,050,534
Bank loan	11.5%	-	13,250,000	-	13,250,000
Convertible note	8.25%	-	2,000,000	-	2,000,000
Obligations under finance leases	9.65%	-	89,482	-	89,482
Employee entitlements	-	-	-	194,591	194,591
Total financial liabilities		-	15,339,482	8,245,125	23,584,607
Consolidated 30 June 2007					
<i>Financial assets</i>					
Cash	6.27%	1,964,876	11,880,000	-	13,844,876
Trade receivables	-	-	-	544,485	544,485
Total financial assets		1,964,876	11,880,000	544,485	14,389,361
<i>Financial liabilities</i>					
Trade payables and other payables	-	-	-	956,933	956,933
Amount due to joint venture partner	4.85%	840,287	-	-	840,287
Obligations under finance leases	8.70%	-	36,599	-	36,599
Employee entitlements	-	-	-	34,540	34,540
Deferred revenue	-	-	-	18,750	18,750
Total financial liabilities		840,287	36,599	1,010,223	1,887,109

Notes to the Financial Statements

NOTE 19: FINANCIAL INSTRUMENTS continued

	Average Effective Interest Rate %	Floating Interest Rate \$	Fixed Interest Rate \$	Non Interest Bearing \$	Total \$
Parent					
30 June 2008			Payable within 1 year		
<i>Financial assets</i>					
Cash	6.26%	6,547,398	187,755	1,050	6,736,203
Trade receivables		-	-	49,764	49,764
Total financial assets		6,547,398	187,755	50,814	6,785,967
<i>Financial liabilities</i>					
Trade payables and other payables	-	-	-	5,628,275	5,628,275
Bank loan	11.5%	-	13,250,000	-	13,250,000
Convertible note	8.25%	-	2,000,000	-	2,000,000
Obligations under finance leases	9.65%	-	70,634	-	70,634
Employee entitlements	-	-	-	133,353	133,353
Total financial liabilities		-	15,320,634	5,761,628	21,082,262
Parent					
30 June 2007					
<i>Financial assets</i>					
Cash	6.27%		1,910,748	11,880,000	13,790,748
Trade receivables	-		-	482,862	482,862
Receivables	-		-	4,236,967	4,236,967
Other financial assets (non-current)	-		-	3,301,278	3,301,278
Total financial assets			1,910,748	19,901,107	21,811,855
<i>Financial liabilities</i>					
Trade payables and other payables	-		-	831,540	831,540
Amount due to joint venture partner	4.85%		840,287	-	840,287
Deferred revenue	-		-	18,750	18,750
Employee entitlements	-		-	34,540	34,540
Total financial liabilities			840,287	884,830	1,725,117

For the Year Ended 30 June 2008

NOTE 19: FINANCIAL INSTRUMENTS continued

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

	2008		2007	
	Carrying Amount \$	Net Fair Value \$	Carrying Amount \$	Net Fair Value \$
Financial assets				
Receivables	131,803	131,803	544,485	544,485
Financial liabilities				
Bank loans	11,303,783	13,250,000	-	-
Gold forward contract payable	909,020	909,020	-	-
Finance leases	89,482	101,615	36,064	44,064
Convertible note	2,000,000	2,000,000	-	-
	14,302,285	16,260,635	36,064	44,064

Fair values are materially in line with carrying values. A discount rate of 9.65% (2007- 8.7%) has been applied to all non current borrowings to determine fair value.

iii. Sensitivity Analysis

Interest Rate Risk, Gold Price Risk

The group has performed a sensitivity analysis relating to its exposure to interest rate risk, foreign currency risk and 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.

Interest Rate Sensitivity Analysis

At 30th June 2008, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	Consolidated		Parent	
	2008 \$	2007 \$	2008 \$	2007 \$
Change in profit				
- Increase in interest rate by 2%	(39,945)	-	(39,945)	-
- Decrease in interest rate by 2%	39,945	-	39,945	-
Change in equity				
- Increase in interest rate by 2%	(39,945)	-	(39,945)	-
- Decrease in interest rate by 2%	39,945	-	39,945	-

Gold Price Risk Sensitivity Analysis

At 30 June 2008, the effect on profit and equity as a result of changes in the price risk, with all other variables remaining constant would be as follows:

Change in profit				
- Increase in gold price by \$200/oz	493,000	-	246,500	-
- Decrease in gold price by \$200/oz	(493,000)	-	(246,500)	-
Change in equity				
- Increase in gold price by \$200/oz	493,000	-	246,500	-
- Decrease in gold price by \$200/oz	(493,000)	-	(246,500)	-

The above interest rate and gold price risk sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

Notes to the Financial Statements

NOTE 20: 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 2 years with no renewal option included in the 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:

Office accommodation	Consolidated		Parent	
	2008 \$	2007 \$	2008 \$	2007 \$
Within one year	101,848	69,295	101,848	69,295
After one year but not more than five years	70,000	10,129	70,000	10,129
More than five years	-	-	-	-
	171,848	79,424	171,848	79,424

Finance lease and hire purchase commitments - Group as lessee

The Group had finance leases for various items of plant and machinery. These leases had 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:

	2008		2007	
	Minimum lease payments \$	Present value of lease payments \$	Minimum lease payments \$	Present value of lease payments \$
CONSOLIDATED				
Within one year	38,636	29,599	14,468	11,347
After one year but not more than five years	62,979	59,883	29,596	25,252
Total minimum lease payments	101,615	89,482	44,064	36,599
Less amounts representing finance charges	(12,133)	-	(7,465)	-
Present value of minimum lease payments	89,482	89,482	36,599	36,599
PARENT				
Within one year	31,770	25,167	-	-
After one year but not more than five years	48,093	45,467	-	-
Total minimum lease payments	79,863	70,634	-	-
Less amounts representing finance charges	(9,229)	-	-	-
Present value of minimum lease payments	70,634	70,634	-	-

The weighted average interest rate impact of the leases for both the Group and the Parent at 30 June 2008 is 9.65%(2007: 8.7%)

For the Year Ended 30 June 2008

NOTE 20: COMMITMENTS AND CONTINGENCIES continued

Mining tenement expenditure commitments

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 (2007: \$1,694,510), with the Department of Industry and Resources.

	Consolidated		Parent	
	2008 \$	2007 \$	2008 \$	2007 \$
Within one year	1,582,420	1,517,380	1,582,420	1,517,380
After one year but not more than five years	-	-	-	-
More than five years	-	-	-	-
	<u>1,582,420</u>	<u>1,517,380</u>	<u>1,582,420</u>	<u>1,517,380</u>

Notes to the Financial Statements

NOTE 21: INTEREST IN JOINTLY CONTROLLED OPERATION

a. Redemption joint ventures

The Group has a 100% (2007 - 50%) interest in the Redemption Plant and Equipment joint venture, which is involved in management and operation of the plant and equipment held by the Redemption joint venture.

The Group has a 100% (2007: 90%) interest in the Redemption Exploration joint venture, which is involved in the exploration of the tenements comprising the Coolgardie Gold Project located in the vicinity of Coolgardie, Western Australia.

The share of the assets, liabilities, revenue and expenses of the jointly controlled operations, which are included in the consolidated financial statements, are as follows:

	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
Current assets				
Cash and cash equivalents	-	113,490	560,589	113,490
Trade and other receivables	-	446,768	28,551	446,768
Inventories	-	243,027	2,558,568	243,027
Total current assets	-	803,285	3,147,708	803,285
Non-current assets				
Receivables	-	277,942	-	277,942
Property, plant & equipment	-	428,870	1,839,771	428,870
Deferred Exploration Expenditure	-	2,269,856	5,607,475	2,269,856
Total Non-current assets	-	2,976,668	7,447,246	2,976,668
Current liabilities				
Trade and other payables	-	396,666	5,468,117	396,666
Financial liabilities	-	-	8,865	-
Deferred Revenue	-	18,750	-	18,750
Total current liabilities	-	415,416	5,476,982	415,416
Non-current liabilities				
Financial liabilities	-	-	28,832	-
Rehabilitation cost	-	111,000	111,000	111,000
Total Non-current liabilities	-	111,000	139,832	111,000

For the Year Ended 30 June 2008

NOTE 21: INTEREST IN JOINTLY CONTROLLED OPERATION continued

	Consolidated		Parent	
	2008 \$	2007 \$	2008 \$	2007 \$
Revenue	-	129,122	1,287,237	129,122
Cost of sales	-	-	(953,082)	-
Depreciation and Amortisation	-	(94,242)	(673,232)	(94,242)
Administrative expenses	-	(606,804)	(561,756)	(606,804)
Loan impairment	-	-	(255,707)	-
Finance cost	-	-	(298)	-
Profit before income tax	-	(571,924)	(1,156,838)	(571,924)
Income tax expense	-	-	-	-
Net Profit	-	(571,924)	(1,156,838)	(571,924)

Refer to Note 19 for details on capital commitments and guarantees. There were no impairment losses in the jointly controlled operation.

NOTE 22: CONTROLLED ENTITIES

The consolidated financial statements include the financial statements of Focus Minerals Ltd and the subsidiaries listed in the following table.

Name	Country of Incorporation	% Equity Interest		Investment	
		2008	2008	2008 \$	2007 \$
Austminex Pty Ltd	Australia	100%	100%	3,301,276	3,301,276
Focus Operations Pty Ltd	Australia	100%	-	13,704,391	-
Underground Drilling Services Pty Ltd	Australia	100%	50%	2	2
				17,005,669	3,301,278

On 1 April 2007, the Company acquired a controlling interest in Underground Drilling Services Pty Ltd.

On 30 April 2008, the Company acquired a controlling interest in Redemption Management Pty Ltd. - refer business combinations note 10.

On 11 June 2008 this company changed its name to Focus Operations Pty Ltd.

Notes to the Financial Statements

NOTE 23: RELATED PARTY DISCLOSURE

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year (for information regarding outstanding balances at year-end, refer to note 10 and note 21):

Related party		Sales to related parties \$	Purchases from Related Parties \$	Amounts Owed by Related parties \$	Amounts Owed to Related parties \$
Consolidated					
Joint ventures in which the parent is a venturer:					
Redemption joint venture	2008	50,304	-	-	-
	2007	111,964	-	111,964	-
Being recharges of salaries and expenses provided to the joint venture					
Parent					
Related party					
Austminex Pty Ltd	2008	-	-	4,320,003	-
	2007	-	-	4,302,303	-
Underground Drilling Services Pty Ltd	2008	-	-	60,136	-
	2007	-	-	-	-
Focus Operations Pty Ltd	2008	-	-	15,494,913	-
	2007	-	-	-	-
Joint venture in which the parent is a venturer:					
Redemption joint venture	2008	-	-	-	-
	2007	111,964	-	111,964	-
Being recharges of salaries and expenses provided to the joint venture					

Joint venture in which the entity is a venturer

From 30 April 2008, the Group has a 100% interest in the assets, liabilities and output of the Redemption Plant & Equipment joint venture (2007: -50%).

From 30 April 2008, the Group has a 100% interest in the assets, liabilities and output of the Redemption Exploration joint venture (2007: - 90%).

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 2008, the Group has not made any allowance for doubtful debts relating to amounts owed by related parties due to solid payment history (2007: \$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.

Azure Capital Pty Ltd

Mr Hendricks is an Associate Director of Azure Capital Pty Ltd (Azure) which acted as lead manager to the capital raising undertaken during April 2008. For these services Azure received a retainer and underwriting fees totalling \$924,000. In addition, Azure acted as lead manager to the finance facilities provided by Investec Bank (Australia) Limited. For these services Azure received a fee totalling \$139,875.

For the Year Ended 30 June 2008

NOTE 24: AUDITORS' REMUNERATION

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

	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
<i>Amounts received or due and receivable by Grant Thornton (WA Partnership) for:</i>				
An audit or review of the financial report of the entity and any other entity in the consolidated group	28,453	22,475	28,453	22,475
Other services in relation to the entity and any other entity in the consolidated group	11,995	8,033	11,995	8,033
	40,448	30,508	40,448	30,508
<i>Amounts received or receivable by other auditors of subsidiaries and joint ventures for:</i>				
An audit or review of the financial report of any other entity in the consolidated group	-	5,562	-	5,562
Other services in relation to any other entity in the consolidated group	-	-	-	-
	-	5,562	-	5,562

NOTE 25: DIRECTORS AND EXECUTIVE DISCLOSURES

a. Details of Key Management Personnel

i. Directors

Donald Taig	Chairman (executive)
Peter Williams	Chief Executive Officer
Phillip Lockyer	Director (non-executive)
Christopher Hendricks	Director (non-executive) – appointed 11 January 2008
Geoff Rasmussen	Director (non-executive) – resigned 11 January 2008
Charles McCormick	Director (executive) – resigned 17 August 2007

ii. Executives

K. Jon Grygorcewicz	Company Secretary and Chief Financial Officer
Darren Gibcus	Operations Manager
Gary Adams	Geology Manager
Charles McCormick	Business Development Manager

There were no other changes of the board or key management after the reporting date and the date the financial report was authorised for issue.

Director and key management remuneration has been included in the Remuneration Section of the Directors' Report.

b. Compensation options: Granted and vested during the year

During the financial years ended 30 June 2008 and 2007, 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.

Notes to the Financial Statements

NOTE 25: DIRECTORS AND EXECUTIVE DISCLOSURES continued

c. Option holdings of Key Management Personnel (Consolidated)

30 June 2008	Balance at beginning of period 1/07/07	Granted as remuneration	Options exercised	Net change Other #	Balance at end of period 30/06/08	Vested as at 30 June 2008		
						Total	Exercise -able	Not Exercisable
Directors								
Donald Taig	-	-	-	-	-	-	-	-
Peter Williams	6,950,000	-	-	-	6,950,000	6,950,000	3,475,000	3,475,000
Phillip Lockyer	-	-	-	-	-	-	-	-
Christopher Hendricks	-	-	-	-	-	-	-	-
Jon Grygorcewicz	-	-	-	-	-	-	-	-
Charles McCormick	5,900,000	-	-	-	5,900,000	5,900,000	3,450,000	2,450,000
Darren Gibcus	-	-	-	-	-	-	-	-
Gary Adams	-	-	-	-	-	-	-	-
Total	12,850,000	-	-	-	12,850,000	12,850,000	6,925,000	5,925,000

30 June 2007

Directors

Donald Taig	-	-	-	-	-	-	-	-
Peter Williams	6,950,000	-	-	-	6,950,000	6,950,000	3,475,000	3,475,000
Geoff Rasmussen	-	-	-	-	-	-	-	-
Charles McCormick	5,900,000	-	-	-	5,900,000	5,900,000	3,450,000	2,450,000
Jon Grygorcewicz	-	-	-	-	-	-	-	-
Total	12,850,000	-	-	-	12,850,000	12,850,000	6,925,000	5,925,000

Includes forfeitures

For the Year Ended 30 June 2008

NOTE 25: DIRECTORS AND EXECUTIVE DISCLOSURES continued

d. Shareholdings of Key Management Personnel

	Balance 1 July 2007		Granted as Remuneration		Net other changes		Balance 30 June 2008	
30 June 2008	Ord	Options	Ord	Options	Ord	Options	Ord	Options
Donald Taig*	8,591,730	-	-	-	363,636	-	8,955,366	-
Peter Williams	503,614	6,950,000	-	-	360,909	-	864,523	6,950,000
Phillip Lockyer	253,614	-	-	-	90,909	-	344,523	-
Christopher Hendricks	-	-	-	-	190,909	-	190,909	-
Jon Grygorcewicz	553,614	-	-	-	909,091	-	1,462,705	-
Charles McCormick	20,506,657	5,900,000	-	-	-	-	20,506,657	5,900,000
Darren Gibcus	-	-	-	-	-	-	-	-
Gary Adams	-	-	-	-	-	-	-	-
	30,409,229	12,850,000	-	-	1,915,454	-	32,324,683	12,850,000

	Balance 1 July 2006		Granted as Remuneration		Net other changes		Balance 30 June 2007	
30 June 07	Ord	Options	Ord	Options	Ord	Options	Ord	Options
Donald Taig*	8,377,274	-	-	-	214,456	-	8,591,730	-
Peter Williams	250,000	6,950,000	-	-	253,614	-	503,614	6,950,000
Phillip Lockyer	200,000	-	-	-	53,614	-	253,614	-
Geoff Rasmussen	4,696,599	3,000,000	-	-	53,614	-	4,750,213	3,000,000
Charles McCormick	20,746,246	5,900,000	-	-	(239,589)	-	20,506,657	5,900,000
Jon Grygorcewicz	-	-	-	-	553,614	-	553,614	-
	34,270,119	15,850,000	-	-	889,323	-	35,159,442	15,850,000

* Mr Taig is a director of Tizon Pty Ltd and Lugano Enterprises Pty Ltd and accordingly has an indirect interest in the shares.

Directors' Declaration

1. In the opinion of the directors:

- a. the financial statements and notes of the company and of the consolidated entity are in accordance with the Corporations Act 2001 including:
 - i. giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year then ended; and
 - ii. complying with Accounting Standards and Corporations Regulations 2001; and
- b. 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. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2008.

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



Christopher Hendricks

Director

Dated this 1st October 2008

Independent Audit Report



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 balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes 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 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. In Note 1, the directors also state, 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. These Auditing Standards require that we 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. 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.

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Independent Audit Report

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

Electronic Presentation of Audited Financial Report

This auditor's report relates to the financial report of Focus Minerals Limited for the year ended 30 June 2008 included on Focus Minerals Limited's web site. The company's directors are responsible for the integrity of the Focus Minerals Limited's web site. We have not been engaged to report on the integrity of the Focus Minerals Limited's web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

Independence

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

Auditor's Opinion

In our opinion:

- (a) the financial report of Focus Minerals Limited's is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of their 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 Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 5 to 7 of the directors' report for the year ended 30 June 2008. 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.

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Independent Audit Report

Auditor's Opinion

In our opinion the Remuneration Report of Focus Minerals Limited for the year ended 30 June 2008, complies with section 300A of the *Corporations Act 2001*.

Grant Thornton (WA) Partnership

GRANT THORNTON (WA) Partnership
Chartered Accountants

P. Warr

P W Warr
Partner

Perth, 1st October 2008

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ASX Additional Information

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 29 September 2008.

SPREAD OF HOLDERS

Spread of Holdings	Shareholders
1 - 1,000	40
1,001 - 5,000	139
5,001 - 10,000	519
10,001 - 100,000	2,781
100,001 - and over	1,613
Total Number of Holders	5,029

Number of shareholders holding less than a marketable parcel: 1,012

SUBSTANTIAL SHAREHOLDERS

At 30 June 2008 the substantial shareholder disclosed to the Company was :

Registered Holder	Beneficial Holder/s	Number of shares	Percentage of Issued Shares
Matador Mining Pty Ltd	Committee Bay Resources Inc	140,000,000	11.23%
	Matador Exploration Inc.		
	791837 Alberta Ltd		
	Toro Drilling Services Pty Ltd		
	Toro Mining Pty Ltd		

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 1,246,143,210 ordinary shares.

Ordinary Shares in Voluntary Escrow

At 30 June 2008 140,000,000 ordinary shares were restricted until 30 April 2009.

ASX Additional Information

TWENTY LARGEST SHAREHOLDERS OF EACH CLASS OF QUOTED SECURITIES ORDINARY FULLY PAID SHARES AT 29 SEPTEMBER 2008

No.	Shareholders	Number of shares	Percentage of Capital
1	Matador Mining Pty Ltd	140,000,000	11.23
2	Citicorp Nominees Pty Limited	55,332,231	4.44
3	ANZ Nominees Limited - (Cash Income A/C)	44,363,815	3.56
4	HSBC Custody Nominees (Australia) Limited	36,378,702	2.92
5	Surfboard Pty Ltd - (ARW Super Fund No. 1 A/C)	20,000,000	1.60
6	Dr Salim Cassim	12,000,000	0.96
7	Broadarrow Goldmines Pty Ltd	11,644,332	0.93
8	Zero Nominees Pty Ltd	10,000,000	0.80
9	122 Dean Street Pty Ltd - (Gavin Mackenzie S/F A/C)	9,348,242	0.75
10	Ramsa Pty Ltd - (The Bailey Superfund A/C)	8,563,636	0.69
11	Mr John Sutton Hewson + Mrs Rosemary Ann Hewson (Hewson Super/Fund A/C)	8,000,000	0.64
12	Blackmort Nominees Pty Ltd - (41496 Account)	7,450,623	0.60
13	KRN Construction Services Pty Ltd - (KRN Retirement A/C)	7,322,228	0.59
14	Klip Pty Ltd - (Beirne Super Fund A/C)	6,926,877	0.56
15	Peter Erman Pty Limited - (Superannuation Fund A/C)	6,902,660	0.55
16	Abdul Aziz Bin Mohamed Hussain	6,440,777	0.52
17	Anthony Barakat Equities Pty Ltd - (The AB No. 3 A/C)	6,000,000	0.48
18	L & S Davies Pty Ltd - (Davies International A/C)	5,963,313	0.48
19	Broadarrow Goldmines Pty Ltd	5,291,005	0.42
20	Klip Pty Ltd (Beirne Super Fund A/C)	5,150,000	0.41
		413,078,441	33.13%

HOLDERS OF SECURITIES OF AN UNQUOTED CLASS OPTIONS

Option Holder Name	Options Expiring 31/7/2008	Options Expiring 6/12/2009	Options Expiring 30/11/2010	Options Expiring 30/4/2011
Broadarrow Goldmines Pty Ltd	-	3,000,000	-	-
Catherine Hobbs	-	3,000,000	-	-
Jaguar Enterprises Pty Lt	-	210,000	-	-
Susan Ruth Panza	-	210,000	-	-
Azure Capital Pty Ltd	3,000,000	-	-	-
Peter Arthur Williams	-	-	6,950,000	-
Charles McCormick	-	-	2,900,000	-
Investec Bank (Australia) Limited				40,000,000
	3,000,000	6,420,000	9,850,000	40,000,000

ASX Additional Information

Table of Departures and Explanations (from the Recommendations of the ASX Corporate Governance Council)

During the reporting period from 1 July 2007 to 30 June 2008, the Company has complied with each of the eight Corporate Governance principles and corresponding Best Practice Recommendations as published by ASX Corporate Governance Council and as detailed in the Company's Corporate Governance Statement. In regard to the following matters the Company departed from those principles and recommendations:

<i>"Recommendation" Ref ("Principle No" Ref followed by Recommendation Ref)</i>	Departure	Explanation
2.2	The Chairman should be an independent director.	During August 2007, the independent Chairman assumed a limited executive role limited to corporate development and investor relations. The role is a temporary appointment to assist executive management in accelerating the development of the Group's mining prospects.
2.4	A separate Nomination Committee has not been formed.	The board comprises four members each of who have valuable contributions to make in fulfilling the role of a nomination committee member. A director will excuse himself where there is a personal interest or conflict.
8.1	There has been no formal disclosure of the process for performance evaluation of the board, committees, individual directors and key executives. No formal review has been undertaken.	Given the size of the company and the involvement of all directors a policy has not been required to date. The directors continually monitor, review and discuss performance and implement changes as necessary.

ASX Additional Information

INTEREST IN MINING TENEMENTS: FOCUS MINERALS LIMITED – 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

GOLDEN WEB

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

NORRIS

M15/391
M15/632
M15/1302
M15/1115
M15/1374
P15/3207
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
L15/175
L15/193
L15/194

KANGAROO HILLS

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

LONDONDERRY

P15/4915
P15/4914
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

TINDALS

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

BULDANIA

M63/177*4
P63/1063*4
P63/1070*4

WIDGIEMOOLTHA

BONNIEVALE

M15/277
M15/595
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
P15/4141
P15/4142

COOLGARDIE

M15/73
M15/121
M15/150
M15/151
M15/152
M15/154
M15/156
M15/176
M15/299
M15/410
M15/491
M15/594
M15/630
M15/636

M15/645*

M15/646*
M15/647
M15/660
M15/677
M15/725
M15/1293
M15/1294
M15/1432
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

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
P15/3201*4

RAINBOW

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

TYCHO

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

ASX Additional Information

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 License
- P = Prospecting License
- M = Mining Lease
- L = Miscellaneous License

COOLGARDIE GOLD PROJECT

Royalty Agreements

The Parent Entity has entered into 7 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 & treated.
M15/645	\$1.50/tonne mined (after 85,000 tonnes mined).
M15/646	\$0.25/tonne mined & 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	
P15/3462	\$1.00/tonne mined & 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).

ASX Additional Information

COOLGARDIE GOLD PROJECT continued

Tenements	Royalty
P15/2617	\$1.00/tonne crushed & treated.
P15/2774	2.50% 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).
P5/2775	
P15/2943	
P15/2955	
P15/3200	
P15/3201	
M15/365	
M15/662	
M15/711	
M15/1384	
MLA15/769	
MA15/770	
MLA 15/852	
MLA15/857	
MLA 15/981	
GML15/6897	
P15/2869	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).
P15/2919	
P15/2920	
MLA15/781	
MLA15/827	

Notes



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