

Activities Report for the Quarter Ended 31 December 2008

HIGHLIGHTS

CORPORATE & FINANCIAL

- Revenue for the Quarter of **A\$11.1 million** generated from the sale of 10,622 oz of gold at an average received price of **A\$1,044/oz**.
- Cash and bullion of **A\$4.1million** on hand as at 31 December 2008.

GOLD PRODUCTION

- Latest milling campaign completed on 21 December for gold production during the Quarter of **9,007** ounces for a project to date total of **17,445** ounces.
- Current and future milling campaigns to be derived from a blend of Perseverance and Countess ore after development of the Countess deposit during the Quarter.
- Metallurgical recoveries for Perseverance ore continue to improve – running at 96% for December Quarter with mill recovery and throughputs progressively improving by approximately 30% since first gold pour in April 08.
- Average direct cash cost of A\$673.08/oz for the half year to December 2008 which takes into account additional Perseverance stope development expenditure as well as the milling of lower grade ore from the deposit extremities.
- Focus targeting gold production of approximately 50,000 ounces in FY09 through Perseverance stoping and progressive development of adjacent Coolgardie deposits including the Countess deposit.



P +61(0)8 9215 7888
F +61(0)8 9215 7889
focusminerals.com.au

Level 10, Exchange House, 68 St Georges Terrace, Perth, Western Australia 6000 • PO Box Z5422, Perth WA 6831

• Phone: +61 8 9215 7888 • Fax: +61 8 9215 7889

• ABN 56 005 470 799 • admin@focusminerals.com.au • www.focusminerals.com.au

Highlights – continued

EXPLORATION & DEVELOPMENT

- 32% increase in pre-mine Probable Ore Reserve at Perseverance Gold deposit to 100,000 ounces (initial Reserve was 76,000 ounces).
- 28,700 ounces Probable Ore Reserve defined at nearby Countess Deposit.
- Step-out drilling at Perseverance encounters further high-grade intersections, to the south of the existing workings, including **5.91m @ 8.14g/t**, **7.57m @ 8.26g/t**, **1.37m @ 35.47g/t** and **2.39m @ 11.15g/t**, indicating the possible presence of another high-grade shoot.
- Step-out drilling at Countess encounters encouraging intersections at depth and along strike to the north, including **17.21m @ 3.34g/t**, **12.42m @ 4.09g/t** and **9.04m @ 7.51g/t**.
- Work continued on the Scoping Study of a number of nearby open cut projects to take advantage of historically high gold prices. Drilling at one of these projects, the Brilliant deposit, produced good intersections including **23m @ 4.69g/t**, **6m @ 6.53g/t**, **7m @ 5.64g/t** and **11m @ 5.61g/t**.

OPERATIONAL REVIEW

GOLD – COOLGARDIE GOLD PROJECT

Production Update

During the Quarter, Focus completed two milling campaigns (its fifth and sixth overall since production commenced in April 2008) and for the Quarter produced **9,007 ounces** of gold. This increases total gold production to **17,445 ounces** since production began in April 2008.

The most recent completed milling campaign, which commenced on November 18, ran for 34 days and for the first time involved the blending of a small parcel of Countess ore with stoping ore from the Perseverance deposit. Stopping of the Perseverance Deposit commenced late September 2008 and has proceeded extremely well into the December 2008 Quarter. Ground conditions are very competent with mining rates progressively increasing during the Quarter from the 300RL level. Stopping development also commenced on the 275RL level and will contribute to further increases in the mining production rates into the March 2009 Quarter.

The blending of Countess ore represents the first stage in a planned expansion of the project pipeline to include surrounding deposits within the tenement area.

During the Quarter, the Company announced a significant upgrade to the pre-mine ore Reserve for the Perseverance Deposit which now stands at **100,000 ounces**. This represents a **32% increase** on the initial Ore Reserve estimate of 76,000 ounces and provides a substantial boost to the Perseverance mine life, which now extends out to approximately two years.

A summary of gold production for the December Quarter is shown in Table 1 below.

Table 1 – December 2008 Quarter Gold Production Summary

		Quarter Ended 30 September 2008	Quarter Ended 31 December 2008	TOTAL Half Year to December 2008
Ore Mined	(tonnes)	20,043	68,048	88,090
Grade	grams Au /tonne	6.18	4.12	4.59
Gold Produced *	(oz)	3,982	9,007	12,989
Gold Sold	(oz)	4,281	10,622	14,903
Average Price Received	(A\$/oz)	\$966	\$1,044	\$1,022
Cash Operating Cost #	(A\$/oz)			\$673
Development and Capex	(A\$)			\$4,236,000

**Gold production is 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.

Cash costs increased in the Quarter as mining was directed from the deposit extremities and recovered grade is less than that contained within the central higher grade lodes. It is expected that extraction from the deposit boundary will conclude during January 2009 enabling extraction to commence from the central higher grade zones from February 2009 and will contribute in part to the increased ore feedstock for the February/March 2009 campaign.

Cash costs are expected to reduce in the March 2009 Quarter as mining from the higher grade zones commences.

Production Outlook

Perseverance ore is being processed at the nearby Greenfields Mill under a milling contract with Higginsville Mining Pty Ltd. The next milling campaign is scheduled for approximately 44 days, to conclude at the end of the March Quarter, and will utilise a blend of both Perseverance and Countess ore.

The increased production for the March 2009 Quarter as a result of increased volumes of ore produced through Perseverance stoping. The mine plan currently developed for the Perseverance deposit forecasts an annual production rate for the Financial Year to June 2009 of approximately **50,000 ounces** of gold.

Importantly, Focus has seen steady improvements in the milling process as more knowledge is gained in the metallurgical and chemical properties of the Company's ore. This has been underpinned by an increase in metallurgical recovery rates to 96% due to increasing control of sulphur blends and oxygen levels. Additionally, there has been an increase in mill throughput from 65 tonnes per hour (from the first campaign) to 85 tonnes per hour. **Revenue**

Level 10, Exchange House, 68 St Georges Terrace, Perth, Western Australia 6000 • PO Box Z5422, Perth WA 6831

• Phone: +61 8 9215 7888 • Fax: +61 8 9215 7889

• ABN 56 005 470 799 • admin@focusminerals.com.au • www.focusminerals.com.au

Revenue for the Quarter was **A\$11.1million** generated from the sale of **10,622 ounces** of gold at an average price received of **A\$1,044/oz.**

Countess Deposit – Production Underway

Development of the Countess Deposit has delivered first production ore which was blended with Perseverance ore for the most recent milling campaign. This was subsequent to the Company announcing a Probable Reserve of 28,700 ounces at Countess, which was defined through geological modeling and mining evaluation during the Quarter.

The definition of the gold Reserve at Countess is a milestone achievement for Focus as it is the first gold reserve estimate outside of the Perseverance deposit, providing the Company with a strong pipeline for continued full-scale production.

A Pre-Feasibility Study was undertaken on the Countess Resource in early 2008 which was aimed at determining the economic viability of the new resource and the synergies of potentially mining Countess in conjunction with Perseverance. The Countess Reserve is expected to increase as further drilling is proposed both up and down plunge.

Exploration

Perseverance

During the December 2008 Quarter, further step-out drilling at Perseverance was completed. This drilling targeted depth extensions immediately beneath the current Perseverance mine and the southern extensions of the Perseverance orebody (which had not been closed off). The drilling to test for possible depth extensions was done in time to be included in the reserve update that the Company announced during the Quarter.

The immediate depth potential has now been closed off, however results received from the Reserve update to the south are exciting and indicate the possible presence of another high-grade shoot. Results from this southern area include 5.91m @ 8.14g/t, 7.57m @ 8.26g/t, 1.37m @ 35.47g/t and 2.39m @ 11.15g/t. Additional step out drilling will be done during the March 2009 Quarter to further define this southern area.

Table 2 – Summary of Perseverance step out drill intercepts, October-December 2008

Hole Number	Northing	Easting	RL	Azimuth	Dip	Total Depth	From (m)	To (m)	Width (m)	Grade (g/t Au)
PEGC0179	9907	5400	273	299	-35	121	95.00	96.00	1.00	3.22
							98.83	99.19	0.36	7.42
PEGC0181	9918	5406	273	299	-30	120.12	97.90	99.40	1.50	6.30
PEGC0182	9824	5342	272	281	-36	155	102.00	103.00	1.00	1.06
							132.44	136.05	3.61	4.71
PEGC0183	9824	5342	272	281	-44	135	102.37	102.68	0.31	9.99
PEGC0184	9824	5342	271	281	-57	180	120.20	122.00	1.80	11.61
							128.00	129.00	1.00	1.93
PEGC0185	9824	5343	272	295	-42	155	96.00	100.00	4.00	7.35
							127.00	131.00	4.00	1.38
							134.00	137.13	3.13	2.67
							147.00	155.00	8.00	1.37
PEGC0188	9851	5366	272	299	-41	145	97.45	98.12	0.67	31.76
							99.55	100.95	1.40	7.74
							104.41	106.54	2.13	7.82
PEGC0190	9869	5378	272	299	-45	160.34	98.27	100.80	2.53	5.87
							102.76	103.83	1.07	8.51
PEGC0192	9885	5387	272	299	-41	130.44	109.10	109.60	0.50	2.18
PEGC0193	9902	5397	273	299	-45	146.4	113.00	114.00	1.00	1.09
PEGC0196	9748	5267	288	334	-27	135.1	71.00	73.17	2.17	7.68
							107.70	108.00	0.30	149.26
PEGC0197	9748	5267	287	334	-38	140	72.00	75.00	3.00	2.68
							77.80	83.71	5.91	8.14
							87.00	88.00	1.00	9.11
PEGC0201	9748	5266	288	318	-22	120	59.63	64.13	4.50	1.98
							101.87	103.87	2.00	5.54
PEGC0202	9748	5266	287	318	-37	125	67.82	73.87	6.05	5.54
							116.50	117.00	0.50	6.10
PEGC0204	9747	5266	290	300	24	125.08	90.87	91.74	0.87	4.81
							108.00	109.56	1.56	3.98
PEGC0205	9747	5266	289	300	5	110.27	81.96	86.00	4.04	2.30
PEGC0206	9747	5266	289	300	-15	115	90.68	91.00	0.32	11.18
PEGC0208	9747	5266	287	300	-45	140	67.97	75.54	7.57	8.26
							81.00	82.37	1.37	35.47
PEGC0212	9747	5266	287	300	-54	150	76.84	79.23	2.39	11.15
							83.23	83.56	0.33	6.23
							91.96	93.15	1.19	4.98

Level 10, Exchange House, 68 St Georges Terrace, Perth, Western Australia 6000 • PO Box Z5422, Perth WA 6831

• Phone: +61 8 9215 7888 • Fax: +61 8 9215 7889

• ABN 56 005 470 799 • admin@focusminerals.com.au • www.focusminerals.com.au

Countess

Drilling at the Countess Deposit towards the end of 2008 was undertaken to assess the potential at depth and to the north of the defined Reserve (which the Company released during the December 2008 Quarter). In addition, several in-fill holes were completed up dip of the defined Reserve.

While the three in-fill holes indicate that there is little potential up dip from the Reserve, the step-out drill holes at depth and along strike to the north of the defined reserve however were most encouraging, and indicate that the mineralisation is still open at depth and along strike to the north.

Best results from the step out drilling include **17.21m @ 3.34g/t**, **12.42m @ 4.09g/t** and **9.04m @ 7.51g/t**. Additional step out drilling is planned to be conducted during the June 2009 Quarter. (See Table 3 below for all assay results.

Table 3 – Summary of Countess infill and step out drill intercepts, October-December 2008

Hole Number	Northing	Easting	RL	Azimuth	Dip	Total Depth	From (m)	To (m)	Width (m)	Grade (g/t Au)
COGC0009	9321	5096	178	47	-16	140.58	119.82	120.19	0.37	6.99
COGC0010	9321	5096	177	49	-3	131.68	111.87	112.87	1.00	3.71
COGC0011	9320	5097	178	71	-3	170	104.13	107.81	3.68	1.83
							116.54	124.73	8.19	1.37
COGC0012	9306	5198	124	27	-24	85.01	26.70	28.99	2.29	1.98
							61.60	74.02	12.42	4.09
COGC0013	9306	5159	125	18	-10	104.5	25.94	29.48	3.54	3.02
							79.00	82.00	3.00	1.29
COGC0018	9304	5160	124	60	-54	80	55.02	72.23	17.21	3.34
COGC0022	9306	5160	125	45	-61	88.7	76.02	78.86	2.84	8.25
COGC0023	9305	5160	123	32	-47	97.7	72.00	81.04	9.04	7.51

Brilliant

A re-interpretation of the Brilliant Deposit - located 1.5km south east of Coolgardie - during the September 2008 Quarter highlighted a number of potential targets. During the December Quarter a program of Reverse Circulation (RC) drilling was conducted across these targets. Encouraging results have been received from this drilling program and include **23m @ 4.69g/t**, **6m @ 6.53g/t**, **7m @ 5.64g/t** and **11m @ 5.61g/t**.

An upgrade of the Inferred Resource commenced at the end of the December 2008 Quarter and is expected to be completed early in the March 2009 Quarter. The updated resource will form the basis for the ongoing Scoping Study to determine the feasibility of bringing this deposit into production in the near future.

The results of the Scoping Study will help direct future drill programs so that the full potential at Brilliant can be realised.

Table 4 – Summary of Brilliant drill intercepts, October-December 2008

Hole Number	Northing	Easting	RL	Azimuth	Dip	Total Depth	From (m)	To (m)	Width (m)	Grade (g/t Au)
TNDC0001	6572380	326516	412	250	-58	60	38.00	43.00	5.00	3.12
TNDC0003	6572395	326515	411	250	-58	76	13.00	18.00	5.00	5.19
							56.00	57.00	1.00	4.29
							59.00	60.00	1.00	11.83
TNDC0005	6572421	326517	411	250	-60	60	33.00	34.00	1.00	2.15
							36.00	37.00	1.00	1.56
							46.00	51.00	5.00	2.55
TNDC0007	6572440	326509	410	250	-60	82	36.00	37.00	1.00	1.61
							40.00	41.00	1.00	1.18
							43.00	46.00	3.00	6.14
							49.00	50.00	1.00	2.07
TNDC0010	6572480	326499	410	250	-60	52	33.00	35.00	2.00	4.89
							37.00	41.00	4.00	6.88
							43.00	44.00	1.00	1.32
							13.00	14.00	1.00	1.78
TNDC0011	6572495	326487	410	250	-58	72	16.00	19.00	3.00	2.93
							29.00	30.00	1.00	1.18
							31.00	32.00	1.00	1.19
							14.00	15.00	1.00	1.35
TNDC0012	6572526	326540	414	250	-60	76	20.00	21.00	1.00	5.39
							35.00	36.00	1.00	1.96
							53.00	56.00	3.00	3.39
							65.00	66.00	1.00	2.02
TNDC0014	6572540	326505	413	250	-60	45	3.00	4.00	1.00	1.06
							6.00	7.00	1.00	1.98
TNDC0016	6572565	326495	414	250	-60	68	44.00	45.00	1.00	6.34
							59.00	61.00	2.00	10.26
TNDC0024	6572945	326192	407	70	-60	45	3.00	5.00	2.00	1.14
							20.00	27.00	7.00	1.64
TNDC0025	6572960	326195	407	250	-55	25	5.00	8.00	3.00	1.55
TNDC0026	6572965	326205	407	250	-55	40	19.00	23.00	4.00	1.71
TNDC0030	6571880	326461	417	275	-60	31	14.00	20.00	6.00	1.22
TNDC0031	6571900	326466	417	270	-60	32	13.00	16.00	3.00	2.08
TNDC0032	6571915	326480	418	270	-60	40	28.00	33.00	5.00	1.26
TNDC0033	6571935	326473	417	270	-60	30	10.00	11.00	1.00	4.49
							18.00	19.00	1.00	1.17
TNDC0034	6571945	326495	418	270	-60	55	11.00	12.00	1.00	2.20
							34.00	37.00	3.00	1.15
							41.00	43.00	2.00	3.01
TNDC0039	6572004	326525	410	250	-80	80	24.00	34.00	10.00	2.85
							37.00	38.00	1.00	1.10
							62.00	63.00	1.00	1.48
TNDC0048	6572975	326300	406	160	-60	64	24.00	47.00	23.00	4.69

Level 10, Exchange House, 68 St Georges Terrace, Perth, Western Australia 6000 • PO Box Z5422, Perth WA 6831

• Phone: +61 8 9215 7888 • Fax: +61 8 9215 7889

• ABN 56 005 470 799 • admin@focusminerals.com.au • www.focusminerals.com.au

TNDC0049	6572956	326315	406	160	-60	55	31.00	38.00	6.00	4.93
TNDC0050	6572960	326305	406	160	-60	50	13.00	15.00	2.00	4.70
							30.00	36.00	6.00	6.53
TNDC0052	6572909	326362	406	340	-60	90	49.00	64.00	15.00	2.31
TNDC0060	6572942	326396	405	250	-60	82	60.00	62.00	2.00	3.51
							67.00	68.00	1.00	2.21
							71.00	73.00	2.00	1.59
TNDC0061	6572966	326348	406	160	-60	85	45.00	47.00	2.00	2.07
							50.00	51.00	1.00	1.37
							54.00	61.00	7.00	5.64
							63.00	65.00	2.00	2.04
TNDC0062	6572963	326331	406	160	-60	76	72.00	74.00	2.00	2.72
							15.00	16.00	1.00	1.28
TNDC0063	6572960	326318	406	250	-60	52	56.00	63.00	7.00	3.58
							21.00	32.00	11.00	5.61
TNDC0064	6572977	326320	406	240	-60	64	19.00	20.00	1.00	1.12
							34.00	44.00	10.00	3.82

Ground EM Targets

Five of the high priority targets from the extensive ground Electro-Magnetic (EM) survey (conducted during the March 2008 Quarter) over the Redemption corridor and the Tindals Area were also drilled during the December 2008 Quarter.

Three of the holes intersected a number of silicified zones of interest within basalt with results including **1m @ 6.39g/t, 2m @ 4.12g/t and 3m @ 2.91g/t** (see table below).

Associated within these zones were varying percentages of pyrrhotite and pyrite (either disseminated or as veinlets) as well as quartz and/or quartz-carbonate veining. The other 2 holes didn't have any significant intercepts; however, one had a zone of strongly altered felsic porphyry with associated carbonate veins and pyrite veinlets, while the other intersected a deeply weathered fault within talc chlorite schists.

Down Hole Electro-Magnetic (DHEM) surveys are to be conducted on all of the holes in the June 2009 Quarter before further drilling of these targets is undertaken.

Table 5 – Summary of EM Target drill intercepts, October-December 2008

Hole Number	Northing	Easting	RL	Azimuth	Dip	Total Depth	From (m)	To (m)	Width (m)	Grade (g/t Au)
TNDC0054	6571450	326249	417	108	-60	100	61.00	62.00	1.00	1.45
TNDC0055	6571372	326148	425	150	-60	298	23.00	24.00	1.00	6.39
							27.00	30.00	3.00	2.91
							214.00	215.00	1.00	1.00
							288.00	289.00	1.00	1.23
TNDC0056b	6571283	325986	418	150	-60	300	107.00	109.00	2.00	4.12
							237.00	238.00	1.00	1.05
							284.00	286.00	2.00	3.05

Level 10, Exchange House, 68 St Georges Terrace, Perth, Western Australia 6000 • PO Box Z5422, Perth WA 6831

• Phone: +61 8 9215 7888 • Fax: +61 8 9215 7889

• ABN 56 005 470 799 • admin@focusminerals.com.au • www.focusminerals.com.au

CORPORATE

Cash and Bullion

As at the end of the December Quarter, the Company had available cash and bullion for a value of approximately **\$4.1 million**.

ENDS

Released by:
Nicholas Read/Jason Cunningham
Read Corporate
Telephone: (+61-8) 9388-1474
www.readcorporate.com.au

On behalf of:
Peter Williams, Managing Director
Focus Minerals Ltd
Telephone: (+61-8) 9215-7888
Web: www.focusminerals.com.au

COMPETENT PERSON'S STATEMENT

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

BACKGROUND INFORMATION – FOCUS MINERALS LTD

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

Focus Minerals is the largest landholder in the Coolgardie Gold Belt located in Western Australia, 560km east of Perth and 35km west of the 'Super Pit' in Kalgoorlie-Boulder. More than 2.6 million ounces of gold has been produced from the Coolgardie gold belt alone since 1892. Focus holds the mineral rights to more than 210sq km of tenements including an extensive inventory of Measured, Indicated and Inferred gold resources as well as the 1.2mtpa Three Mile Hill processing plant.

Level 10, Exchange House, 68 St Georges Terrace, Perth, Western Australia 6000 • PO Box Z5422, Perth WA 6831

• Phone: +61 8 9215 7888 • Fax: +61 8 9215 7889

• ABN 56 005 470 799 • admin@focusminerals.com.au • www.focusminerals.com.au