

LANDMARK A\$28M CAPITAL RAISING TO FUND AGGRESSIVE GROWTH STRATEGY

KEY POINTS

- \$A25M to be raised via the issue of 1,250M shares at an issue price of 2 cents per share to sophisticated investors
- Up to A\$3M to be raised from existing Shareholders under the Share Purchase Plan (SPP)
- \$A18M allocated to refurbish and modernise the 100%-owned 1.2Mtpa Three Mile Hill treatment facility to significantly increase overall milling capacity in conjunction with existing toll treatment agreement with nearby Greenfields mill
- Balance of funds to be allocated to aggressive development and exploration aimed at bringing nearby deposits into production as quickly as possible to take advantage of high gold prices
- Campbell Baird to assume the position of Chief Executive Officer with Peter Williams to be based full-time in Coolgardie to oversee the Three Mile Hill refurbishment in the role of Chief Operations Officer
- Capital raising and personnel changes set to usher in a new era for Focus Minerals at a time of unprecedented opportunities within the gold industry

Australian-based gold producer Focus Minerals Ltd (ASX:FML) (**Focus** or **Company**) is pleased to advise that:

- (a) It has resolved to raise **A\$25 million** through the issue of to 1,250 million ordinary shares at an issue price of \$0.02 per share to sophisticated investors (**Share Placement**); and
- (b) following completion of the Share Placement, it plans to raise up to A\$3 million through the issue of up to 150 million shares to existing shareholders at an issue price of \$0.02 each under the Company's Share Purchase Plan (SPP Offer) using the Company's capacity under Listing Rule 7.1,

Capital Raising

The Share Placement will occur in two tranches as follows:

- (a) 100 million Shares to be issued using the Company's existing capacity under Listing Rule 7.1 to raise **A\$2 million**; and
- (b) subject to Shareholder approval, the issue of up to 1,150 million Shares to raise **A\$23 million**.



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The Capital Raising will allow Focus to accelerate growth and development of the **Coolgardie Gold Project**, where the Company is aiming to establish a long-term sustainable production base of 100,000 ounces per annum.

The decision to undertake the Capital Raising to fast-track the refurbishment and modernisation of the Company's 1.2Mtpa Three Mile Hill treatment facility (**Plant Refurbishment**) follows recent increases in the Company's gold resource base – including a significant upgrade at the Company's Brilliant Deposit and ongoing successful exploration and development programs.

This decision is supported by the current strong gold price environment, which is creating unprecedented opportunities for gold producers to make significant margins. The Board has determined that this strategy represents the best option for the Company in terms of enhancing shareholder wealth, rather than utilizing cash flow from existing operations – which would effectively delay the implementation of this growth strategy by 12-14 months.

Perth-based corporate advisory firm Azure Capital Pty Ltd has been appointed as Corporate Advisor and Lead Manager to all aspects of the Capital Raising and Patersons Securities Limited will act as Broker to the Capital Raising.

Capital Raising

Subject to obtaining the necessary shareholder approval, the Capital Raising comprises of:

- (a) the placement to institutional and "sophisticated" investors 1,250 million shares at an issue price of \$0.02 each to raise \$25,000,000; and
- (b) the offer of up to 150,000,000 shares at an issue price of \$0.02 each to shareholders pursuant to the Company's Share Purchase Plan to raise up to \$3,000,000.

The issue of shares under the SPP Offer will occur after completion of the Share Placement using the Company's capacity under Listing Rule 7.1.

The Share Purchase Plan will be processed in priority of receipt until the allocation has been completed. Details of the SPP Offer and entitlement forms will be mailed to shareholders shortly. Azure Capital have also agreed to place any shortfall arising on the SPP Offer on a best endeavours basis.

USE OF FUNDS

A significant proportion of the funds raised (approximately A\$18 million) will be used to fund the Plant Refurbishment.

Funds raised will also be applied to ongoing exploration across the extensive 210km² tenement holding, whereby Focus currently has an estimated 111,000 ounces of gold in Probable Reserves (depleted basis as at 31 December 2008) at the Perseverance and Countess deposits and approximately 1.8 million ounces in the Measured, Indicated and Inferred JORC-compliant resource contained in several surrounding deposits, including the recently upgraded Brilliant Deposit.

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The breakdown of the allocation of funds is as follows:

- <i>Plant refurbishment</i>	<i>A\$18.0 million</i>
- <i>Resource development</i>	<i>A\$ 4.6 million</i>
- <i>Advanced exploration and definition</i>	<i>A\$ 3.8 million</i>
- <i>Capital Raising Costs</i>	<i><u>A\$ 1.6 million</u></i>
Total	<u>A\$28.0 million</u>

THREE MILE HILL REFURBISHMENT

The Plant Refurbishment will underpin Focus' expansion plans, giving the Company much greater flexibility in combination with the arrangements currently in place with Higginsville Mining's nearby Greenfields processing plant.

With recent upgrades to the Company's overall resource base, including an increase in Probable Reserves at the Perseverance and Countess Deposit, the Board has decided that an increase in processing capacity is required in order to sustain greater levels of production expected in the near future. The re-commissioning of the Three Mile Hill plant is expected to provide an efficient and cost-effective means of ramping up production as new deposits are brought into production.

It is expected that the Plant Refurbishment will take between 8 and 10 months resulting in an annual milling capacity of 1.68 million tonnes per annum in combination with the Greenfields treatment facility.

DEVELOPMENT PIPELINE

To complement the Plant Refurbishment, Focus will immediately undertake a major resource definition and extension program to ensure resources are brought on line to feed the 1.2Mtpa capacity of Three Mile Hill on its re-commissioning.

Initially, priority will be given to the development of additional resources at the currently producing Perseverance and Countess Deposits, with a drilling programme expected to be completed shortly at Perseverance, targeting southern extensions to the high-grade orebody.

In the medium term, Focus will step up exploration and pre-feasibility studies at other nearby high-grade deposits including Empress (Inferred Resource of 47,000oz at 4.68g/t Au), The Mount (Indicated Resource of 370,000oz at 5.50g/t Au) and Cyanide (Indicated Resource of 65,000oz at 5.54g/t Au). These deposits are targeted for production by the first Quarter of 2010.

Following this, the Brilliant, Dreadnought and Lindsays Deposits will be developed to provide additional ore to feed the Three Mile Hill Plant, which is expected to be in operation from early 2010.

HEDGING AND DEBT

Only a small portion of production (26,000 ounces) remains to be delivered into existing hedge contracts, with the balance being sold into the spot market. It is expected that the outstanding hedge position will be fully closed out by September this year.

Additionally, the Company is expected to be entirely debt free by December 2009, including Convertible Note obligations to Focus' former Joint Venture partner Committee Bay Resources and repayment of an \$A18.6 million debt facility held with Investec Bank (Australia) of which \$A12.25 million is currently outstanding.

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KEY SENIOR MANAGEMENT APPOINTMENTS

As part of Focus' strategic expansion plans, Managing Director Mr Peter Williams has resolved to relocate to Coolgardie in the role of Chief Operations Officer to oversee the Plant Refurbishment, as well as the continuing extensive programme of exploration and development within the various high-priority targets within the Coolgardie Gold Project.

Mr Williams' considerable experience in the management and development of mineral assets, as well as his intimate knowledge of the Coolgardie operation underpinned his decision, which was supported by the Board as an important strategic move to oversee the smooth development of Three Mile Hill.

Mr Campbell Baird, who currently holds the position of Chief Operating Officer, will assume the position of Chief Executive Officer in order to oversee the company's rapid growth into a mid tier gold producer.

For additional background information on Mr Baird, please refer to ASX release dated 14 January 2009.

SUMMARY

The Board has resolved to fast-track the development of the Company's resource base and production profile through the re-commissioning of the Three Mile Hill plant as a result of a number of compelling factors, which are outlined above.

Commenting on the Capital Raising and development plans, Focus Chairman Don Taig said: "These funds will provide Focus with the opportunity to substantially ramp-up production at Coolgardie, elevating us to a new level in terms of our position among gold producers in Australia.

"Our priority now is to ensure that the Three Mile Hill plant is completed on time and within budget and, to this end, the decision by Peter Williams to relocate full-time to Coolgardie was unanimously supported by the Board," he added.

"Peter has undertaken to relinquish his role as Managing Director to concentrate on the task of refurbishing the Three Mile Hill plant as well as bringing near-term ground into production. Peter's vast experience, built up over 30 years in the industry, places him in the best position to undertake this role and I thank him for placing the interests of Focus Minerals above his own personal interests," he said.

"I would also like to welcome Campbell Baird to the position of Chief Executive Officer. Campbell has a wealth of experience and I have no doubt that he will add significant value to Focus with his commercial expertise and attention to detail."

A Notice of Meeting to seek the necessary shareholder approval is currently being prepared and will include an explanatory memorandum. These materials will be distributed to shareholders as soon as practically possible.

ENDS

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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.

The Company commenced maiden commercial gold production in April 2008 through ore sourced from the Company's flagship Perseverance Deposit (Probable Reserve of 100,000oz). Earlier this year, the nearby Countess Deposit (Probable Reserve of 29,000oz) was brought into production with ore from both deposits currently being treated at the nearby Greenfields treatment plant.

Table 1 – Total JORC compliant Resources (Combined Inferred, Indicated, Measured and Probable Reserves)

Tenements	Total Resource (incl. Reserves)		
Current Knowledge	Tonnes	Grade	oz Au
Perseverance	608,500	6.92	135,400
Cyanide (Tyndals east)	367,000	5.54	65,400
Countess	468,000	3.89	58,500
Empress	679,500	2.14	46,800
The Mount	2,090,000	5.50	369,600
Lindsays (open pit & underground)	5,840,000	1.67	314,400
Brilliant	3,074,000	2.43	240,100
Greenfields	1,616,000	1.69	87,800
Dreadnought	3,458,000	1.99	221,000
Norris	1,050,000	2.43	82,000
King Solomon	1,400,000	2.00	90,000
Lord Bob	820,000	1.60	42,200
Other satellite deposits	573,000	2.11	38,800
Total	22,044,000	2.53	1,792,000

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