

**Focus Minerals LTD**  
**Chairman's Supplementary Statement**  
**AGM 25th November 2008**

Ladies and Gentlemen,

In January 2008, Focus completed a feasibility study of the Perseverance gold project. This analysis showed that a profitable operation could be commenced at Coolgardie. It is now eight months since the commencement of gold mining at the Perseverance gold mine. We are currently mining ore for our sixth gold production campaign. Perseverance is producing at higher extraction rates than earlier, due to the position we've reached underground and the knowledge of the ore body we now possess.

As you would expect, we have reconciled our current position up to campaign six, which says that we have actually mined 67,641 tonnes of ore @ 6.66 gm/t for 14,478 ounces versus a predicted 64,117 tonnes of ore @ 6.40 gm/t for 13,203 ounces – an outcome your Board is very pleased with.

We haven't set out necessarily to beat our targets, but we have been concerned very much with achieving what we have said we would.

There is inherent risk involved in mining, particularly given the great timeframes often required to bring projects to fruition. The market changes rapidly, project design cannot resolve everything that needs to be known and sometimes surprises arise that need to be dealt with on the run. We are no different to other companies in this regard. We have had our fair share of surprises, but I'm pleased to say they have been greatly weighted to pleasant surprises.

At the time of beginning gold production in April this year, I remember saying to a number of you and some analysts that were interested in following our progress, that I hoped and expected that we would be rerated, once we were a producer and our share price would reflect this positively. Clearly mine and the Company's expectations have not been delivered in this regard. Our share price languishes and continues to defy a reasonable degree of logic.

This is disappointing for all of the people involved in Focus Minerals – shareholders, the Board and employees and staff alike. I'm sure all would have shared my belief concerning the upside expectations.

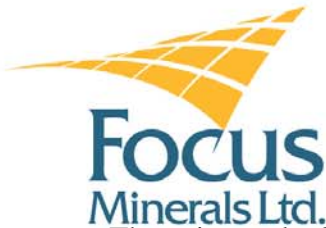
In our most recent Annual Report, I touched very briefly upon global volatility. If World War I was the "war to end all wars", then surely this world wide economic debacle, will be the mother of all downturns. I believe we are a number of years away from major, sustainable improvements in this area. Yet in an Australian context, things could be much worse.

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There is no doubt the international gold price denominated in US dollars, has been a little volatile and will continue to be until world interest rates settle to a sustainable new floor.

The Australian gold price though has been comparatively stable, and recent currency rate movements have supported this outcome. Most of Focus's gold production is currently open to the spot gold price, which continues to have a positive impact on our cash flow and future bottom line. The resource sector per se has been hit by the European and North American recession and the slowing of demand in both China and India. Relative resilience in our part of the globe should shield Australian companies somewhat, but all will be affected in some way. The major question will be the depth and length of the affect. There is no doubt that the FML share price has been caught up in the general downturn in the resources sector and any other fundamentals that should be used in the judgement, shelved in that regard.

I'm also fervently of the belief that we cannot blame our current share price entirely on the world economic situation.

It is clear that this influences investor choices, but we need to concentrate on our own issues as well. We are still clearly seen by the market as having not yet provided it with a sustainability platform. We are judged on what we are right now and what the Perseverance mine will contribute to the Company.

No value is placed upon the balance of the ground we have, nor on the fact that we have learnt a lot about our nickel holdings, where we can begin to mine that as soon as the price and demand returns to sustainable economic levels.

I and the rest of the Board are of the view that we can do little to influence the outcome of the global issues that impact the Company and the sector in which we work.

We believe it best to focus our attention on those matters where we can have an impact, tell and retell the story of our current and future development and position ourselves to take advantage of the many opportunities ahead.

You are probably sitting there saying yes it sounds fine, but what does it mean for our company in reality? Well clearly we need to do something to have the market better understand our longevity, the resources at our disposal and the opportunities ahead.

On the longevity issue, we have been undertaking a major review of our Perseverance and close-by potential ore bodies – Countess, Tindals and Cyanide.

We had hoped to be in a position to make a detailed announcement today. We are close, but need some further final definition before doing so. Whilst this is not far away, our current expectation is that the final definition will indicate an increase in the tonnes available, the reserve and the number of ounces to be extracted from Perseverance. We expect therefore to see an increase in our mine life. Adjacent ore bodies - particularly at Countess are anticipated to also underpin and add to this outcome, with an expectation that we will be mining some of the ore bodies simultaneously.

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Work is also being undertaken at the moment to evaluate the use of short development drives underground from the existing old workings to connect Empress, Countess and Tindals thereby shortening the development timeframe. We are also undertaking a life of mine study over the ground covered by Perserverance, Tindals and Cyanide. We will announce this as soon as it is completed, but we remain buoyed by early findings.

On the question of resources – particularly human resources – Focus has tended to be relatively conservative, hiring the best available, but limiting our hire to only what we need today. With limited cash flow in the past, we have chosen to put as much of it in the ground as possible. Right now though, many companies across Australia, in nearly every sector are announcing that they will be shedding people. We intend to buck that trend somewhat by saying to you, that now is the right time to bring additional horse power into the Company to focus on current and future opportunities and provide for future succession.

We have been lucky to secure the services of Mr. Campbell Baird who will join us as Chief Operating Officer. Campbell has had a stellar career in mining, joining us from Vulcan Resources. He is a mining engineer specialising in open pit, underground and narrow vein mining operations and in addition, has a Masters Degree in International Finance. Campbell will report to Peter Williams and will be a significant resource in the area we can do something about - existing and future opportunities.

We have also sought your approval to increase the quantum available for the director's fees pool. The potential of the future opportunities may see the need to judiciously expand the Board for expertise seen as important at the time. In addition, five years ago, your directors took a decision to hold their fee levels at 2003 levels until the Company achieved its gold production ambitions. We are now well behind other companies in fee levels and we will raise them shortly, but the board has agreed that such increase will be in line with current community expectations and will not seek to catch up for the past. We do need however, to be competitive and in a position to attract quality Board members, when the need arises.

The downturn is definitely going to put into play a number of opportunities to grow your Company significantly and put to an end, any questions concerning its future. I expect the problem will be more of a question as to which opportunity to chase, rather than there not being enough to choose from. We have defined our priorities for the next two years as concentrating on gold. This will clearly be in Coolgardie, but as opportunities arise, we will also be prepared to evaluate projects across Australia and in certain parts of Asia. The latter opportunities will need to have some quantifiable advantage over further investment in Australia.

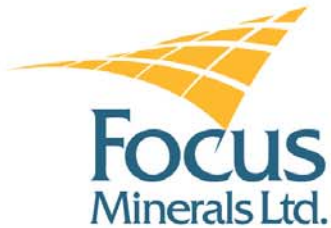
Other commodities will not be out of the question, but will once again need to stack up against a list of key indicators internally. We want to participate in these opportunities, and the Board is a firm believer in it now being the right time to improve the number and quality of the resources we have at our disposal. Your Board will continue to be hands on as it has been to date.

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Campbell's arrival will also allow Peter Williams, and where appropriate, myself, to increase the marketing of your Company to the broader market and to ensure people understand what we are trying to achieve. I am therefore hopeful that all of these initiatives will result in a sustained improvement in the share price and an underpinning of your Company.

Thank you for your attention.

We'll now work our way through the rest of the AGM, Agenda items.

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