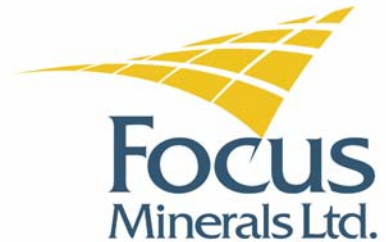


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## Activities Report for the Quarter Ended 30 June 2006

### Highlights

#### Gold – Coolgardie Project

- A 13 hole, 1,498m diamond core and RC drilling program was completed at the Greenfields deposit, returning significantly higher grades compared with previous work, including **7.0m @ 8.69g/t gold, 11.0m @ 2.3g/t, 8.3m @ 4.88g/t and 12m @ 3.22g/t.**
- Upgraded resource estimate being calculated for Greenfields deposit (currently 1.295mt @ 1.4g/t gold for 65,266 ounces) and expected to be announced early in the September Quarter.
- Positive results from initial review of the feasibility of undertaking a cut-back of the existing Greenfields pit as a potential early ore source to underpin re-commencement of gold production.
- Feasibility study on early re-commencement of gold production at Coolgardie progresses, with drilling completed to verify the location and grade of a number of low-grade stockpiles located in close proximity to the Three Mile Hill plant.
- Cost estimates received for upgrading and restarting the Three Mile Hill treatment plant. The proposed scope and cost of works is in line with Focus' early expectations.
- Preliminary results from the feasibility study indicate that a combination of Greenfields ore and low-grade stockpiles is sufficient to provide at least two years of ore feed for the Three Mile Hill treatment plant.
- Feasibility drilling scheduled to commence on the Dreadnought deposit in August 2006 designed to delineate in excess of two years of ore feed to supplement or replace low-grade stockpiles.
- Negotiations commenced with several interested parties seeking toll treatment opportunities at the Three Mile Hill plant.

#### Nepean Nickel

- Additional drilling completed at the Nepean Nickel Mine to further assess the viability of mining the crown pillar and accessing remnant ore.

#### Corporate

- Focus to retain 100% of the nickel rights for the highly prospective Nepean ultramafic sequence after declining a request by Sipa Exploration International for an extension of the deadline to meet their required expenditure earn-in under the existing Joint Venture.

## **1.0 GOLD PROJECTS**

### **1.1 *Coolgardie Gold Project - Overview***

The Coolgardie Gold Project ("CGP") is located in the Coolgardie goldfield district approximately 40 kilometres southwest of Kalgoorlie in Western Australia. Through its Redemption Joint Venture with Canadian-based Committee Bay Resources Ltd, Focus Minerals is the largest landholder in the Coolgardie Gold Belt. Over 2.6 million ounces of gold has been produced from the Coolgardie gold belt alone since 1892.

The Redemption Joint Venture has the mineral rights to more than 210km<sup>2</sup> of under-explored tenements including Indicated and Inferred Resources totalling 1.4 million ounces of gold (Indicated Resource of 5.32 million tonnes at 1.8g/t gold and Inferred Resource of 13.7 million tonnes at 2.5g/t gold) as well as the 1.2mtpa Three Mile Hill processing plant, located in one of the world's most significant gold and nickel mining regions.

Committee Bay is sole funding A\$8 million of exploration expenditure at Coolgardie in stages over three years and have exceeded their first year minimum commitment of A\$2.7 million. The overall objective of the Joint Venture is to define sufficient reserves to enable the Three Mile Hill Plant to operate at full capacity with 5 years of scheduled ore treatment, providing cash flow to further explore the surrounding highly prospective ground. In order to accomplish this objective, a mix of gold grades including high grade gold ore sourced from underground together with lower grade open pit ore will be required. Consequently, the Joint Venture is targeting both open pit and higher grade underground gold targets.

In April 2006, the Redemption Joint Venture announced the commencement of a feasibility study on the proposed early re-commencement of gold production at Coolgardie through initial treatment of existing low-grade stockpiles and a cut back on the Greenfields open pit. This feasibility study is being carried out in parallel with the ongoing intensive gold exploration and Scoping Studies being conducted on the major gold deposits within the consolidated 210km<sup>2</sup> tenement holding.

The decision to commence the feasibility study on re-commissioning the 1.2mtpa Three Mile Hill processing facility has been made by the Joint Venture in light of the strong gold price environment and the potential to generate early cash flow from existing ore stockpiles at Coolgardie while the Joint Venture continues to pursue its broader objectives

### **1.2 *Greenfields Gold Project***

The Greenfields Project is located approximately 3km by road east of Coolgardie, approximately 500m off the Great Eastern Highway within Mining Lease M15/154. The current pit is situated adjacent to the Three-Mile Hill Treatment Plant and has been mined at various times historically, first in the mid-1980s with three initial cut-backs and most recently in 2003. A total of 1,376,400 tonnes has been mined to date at an average grade of 1.77g/tAu for 78,200 ounces.

Greenfields is located within the Coolgardie goldfield on the western side of the Archean Menzies -Norseman Greenstone Belt in the Eastern Goldfields Province. The geology of the Greenfields Pit consists of three rock types striking WNW, which are from south to north: dolerite, felsic volcanics and ultramafic.

Gold is principally confined to the quartz dolerite unit within extensional quartz veins and siliceous sulphidized carbonate selvages. Mineralisation consists of pyrite and pyrrhotite, with abundant free gold.

During the Quarter, the Redemption Joint Venture conducted a 13-hole program of reverse circulation (RC) (913 metres) and diamond core (568.4 metres) drilling to confirm previous resource work conducted by MPI/Herald. As part of this program, the historical database was validated for independent audit by Hellman and Schofield and minor quarter core sampling of historical drill holes was conducted.



*Fig 1 Greenfields Location*

The drilling program was designed to in-fill and expand resources beneath and adjacent to the existing Greenfields pit. Best results included 7.0m @ 8.69 g/t gold from 35.0m, 11.0m @ 2.3 g/t gold from 167.2m, 8.3m @ 4.88 g/t gold from 157.0, 12m @ 3.22g/t gold from 62.0m, and 11.0m @ 3.96 g/t gold from 35.0m.

Full results from the Greenfields drilling program have been announced previously.

The results from the drilling have indicated significantly higher gold grades compared with previous work. This new data is currently being incorporated into a revised resource estimate for Greenfields with open pit optimization studies also currently underway.

The Joint Venture has also received positive initial results from a review of the potential to undertake a cut-back of the existing Greenfields pit as an early ore source for re-commissioning of the Three Mile Hill plant to generate early cash flow from existing low-grade stockpiles and other ore sources within close proximity to the plant.

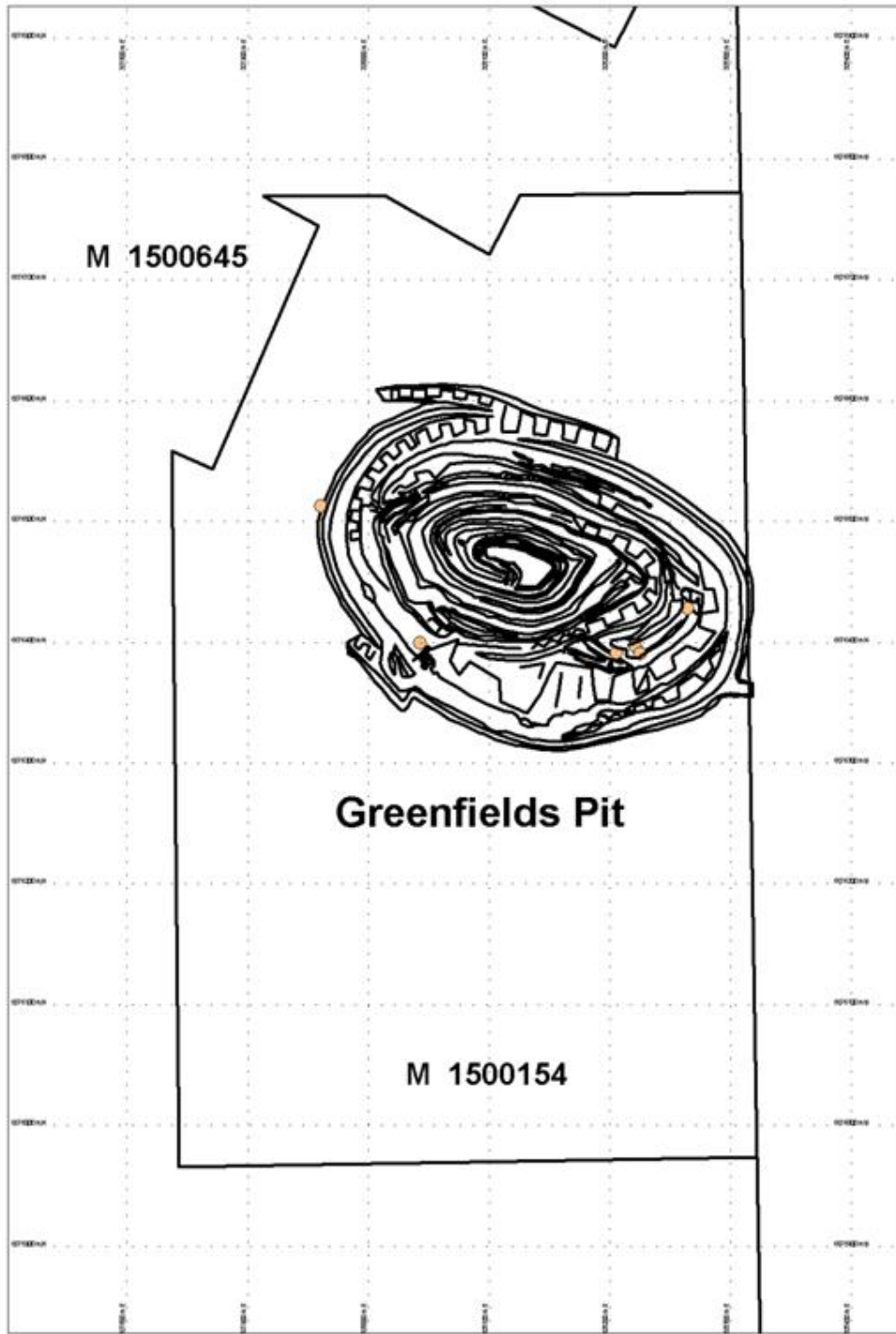


Figure 2: Greenfields – Tenement Outline

### **1.3 *Dreadnought Gold Project***

The Redemption Joint Venture has approved a diamond core and reverse circulation drilling program for the Dreadnought deposit which is scheduled to commence in August 2006. This drilling program marks the beginning of the feasibility phase of this project.

Dreadnought currently hosts a JORC compliant indicated resource of 970,000 tonnes at 2.5 g/t gold for 78,000 ounces and an additional inferred resource of 2,570,000 tonnes at 1.9 g/t gold for 157,000 ounces.

## **2.0 FEASIBILITY STUDY**

### **2.1 *Resumption of Gold Production***

During the Quarter, the Redemption Joint Venture commenced a feasibility study on the proposed early re-commencement of gold production at Coolgardie in Western Australia through initial treatment of existing low-grade stockpiles. The feasibility study is being carried out in parallel with the ongoing intensive gold exploration and Scoping Studies being conducted on the major gold deposits within the consolidated 210km<sup>2</sup> tenement holding.

Perth-based Como Engineers Pty Ltd has been commissioned to carry out the feasibility study, which will review a number of proposed modifications and improvements to the existing plant to accommodate an initial low-grade ore feed, reduce operating costs and increase the operating efficiency of the plant.

Feasibility work continued during the quarter on firming up the low-grade stockpiles as a source of feed for the Three Mile Hill Plant. A drilling campaign was completed in May with the aim of verifying the location and grade of a number of stockpiles within close trucking distance of the mill. This drilling was supplemented with additional survey work and examination of historical records.

The initial ore feed will come from these low-grade stockpiles totaling some 1.6 million tonnes which are located in close proximity to the Three Mile Hill plant and a cut back on the Greenfields open pit. This material will be used to commission the upgraded plant while further studies are conducted to determine the viability of cut backs on several pits also in close proximity to the processing plant. In the mean time work will continue on the development of the Joint Venture's other major deposits such as Dreadnought, Tindals and The Mount.

The results of this work were used to generate a preliminary set of grades and tonnages suitable for financial evaluation as a mill feed source. A final estimation and evaluation of the low-grade stockpiles will be completed in August.

### **2.2 *Three Mile Hill Processing Plant Upgrade***

During the Quarter, the Redemption Joint Venture made further progress on the feasibility work to upgrade and re-commission the Three Mile Hill treatment facility.

Como Engineers has submitted several reports detailing costs, timeframes and strategies for the resumption of milling operations. These reports are now being considered to determine the optimum strategy to fit with the known mill feed sources at Greenfields, Dreadnought and the low-grade stockpiles.

### **3.0 NICKEL PROJECTS**

#### **3.1 *Nepean Nickel Project***

A limited drilling program was completed in early July to determine the depth of oxidized and transitional material to assist in the planning for possible mining of the crown pillar and accessing the remnant ore in the underground workings. Discussions are taking place with a mining contractor with a view to determining the most appropriate mining method.

### **4.0 CORPORATE**

#### **4.1 *Sipa Exploration***

Focus to retain 100% of the nickel rights for the highly prospective Nepean ultramafic sequence after declining a request by Sipa Exploration International for an extension of the deadline to meet their required expenditure earn-in under the existing Joint Venture.

#### **4.2 *Issues of Securities***

During the quarter the Company issued 600,000 shares to nominees of Capital Investment Partners Pty Ltd pursuant to its role as financial and corporate advisor.