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Activities Report for the Quarter Ended 30 September 2006**Highlights****Gold – Redemption Joint Venture, Coolgardie**

(Focus Minerals Limited – 80%, Committee Bay Resources Limited – 20%)

- 34% increase in the gold resource for the Greenfields deposit to **1.616 million tonnes at 1.69g/t Au** for **87,251** contained ounces, further enhancing ongoing feasibility studies.
- Committee Bay announces the commencement of a major A\$1.8 million exploration program at the Redemption Joint Venture, including over 8,000m of planned new drilling.
- Major 20-hole 2, 900m in-fill drilling program commenced at the 235,000oz Dreadnought deposit designed to advance the project to full feasibility.
- Four strong conductors identified from ground-based EM at Perseverance and Flagstaff,, associated with massive sulphides containing pyrrhotite, chalcopyrite, sphalerite, galena and high grade gold (historic drill hole TNG 1767RD intersected [18.63m @ 54.2g/t Au](#)).
- 5-hole RC/diamond drilling program commenced at Perseverance, 400m north of established underground infrastructure at Empress. Results anticipated in the December 2006 Quarter.
- Comprehensive VTEM helicopter-borne EM survey completed over the entire 210 sq km Joint Venture area, comprising 1,420 line kilometres at 200m line spacing with 100m in-fill.
- Resource upgrades in progress at the Norris, Bayleys and Tindals areas, including Countess, Tindals, Cyanide and Empress, which are accessible from the Tindals Decline.
- Feasibility studies continued on re-opening the Three Mile Hill plant by treating low-grade stockpiles and other deposits located in close proximity.

Nepean Nickel

(Focus Minerals Limited – 100%)

- Agreement reached with privately owned Kalgoorlie-based mineral processing company, MC Verde Minerals Pty Ltd for the evaluation and potential processing of the mullock dump at the Nepean Nickel Project.
- Testing of the Nepean Waste Dump commenced, including bulk screening for sizing, to be followed by test EM response sorting.

Corporate

- Appointment of Mr Jon Grygorcewicz, a Chartered Accountant with considerable experience in the financial management of listed companies, as Company Secretary.

REDEMPTION JOINT VENTURE

The Redemption Joint Venture has the mineral rights to more than 210km² of under-explored tenements, including Indicated and Inferred Resources totaling 1.421 million ounces of gold, as well as the 1.2mtpa Three Mile Hill processing plant, located in the Coolgardie Gold Field of Western Australia.

Committee Bay Resources Ltd is sole funding A\$8 million of exploration expenditure at Coolgardie in stages over three years to earn a 50% interest. Its first-year minimum expenditure commitment of A\$2.7 million was met earlier this year.

Total exploration expenditure to 30 September 2006 was A\$5.3 million.

On 8 August 2006, Committee Bay formally earned an additional 10% interest in the Redemption Joint Venture, increasing its interest in the Redemption Joint Venture to 20%. Focus Minerals' Joint Venture interest is currently 80%.

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 gold belt.

Greenfields Project

During the quarter, a new resource estimate was completed on the previously mined Greenfields gold deposit, which is located within Mining Lease M 15/154 immediately adjacent to the 1.2mtpa Three Mile Hill gold plant.

The current pit has been mined at various times historically, first in the mid-1980s with three initial cutbacks, and most recently in 2003. A total of 1,376,400 tonnes has been mined to date at an average grade of 1.77g/t Au for 72,470 ounces of gold.

The deposit is hosted by a granophyric dolerite unit within extensional veins and siliceous sulphidised carbonate selvages. Mineralisation consists of arsenopyrite and pyrrhotite, with abundant free gold.

The new resource estimate was prepared by independent consultants Hellman & Schofield Pty Ltd and was based on the results of a successful 13-hole, 1498m in-fill drilling program (announced 22 June 2006), as well as historical drilling and production data. The new resource estimate, based on a 1g/t lower economic cut-off grade, is detailed below:

Measured Resource contained ounces	545,000 tonnes @ 1.77g/t Au for 31,017
Indicated Resource contained ounces	711,000 tonnes @ 1.68g/t Au for 38,408
Inferred Resource contained ounces	360,000 tonnes @ 1.59g/t Au for 18,405
TOTAL RESOURCE 87,251 contained ounces	1.616 million tonnes @ 1.69g/t Au for

This compares with the previous resource estimate, which was in the Inferred category only, of 1.295 million tonnes at 1.4g/t Au for 65,266 contained ounces.

The conversion from Inferred to Measured and Indicated is close to 100% at a higher grade for a substantial increase in contained gold ounces.

Dreadnought

Dreadnought, one of the key deposits within the Redemption Joint Venture, is expected to contribute a significant proportion of the material required to justify re-commissioning of the Three Mile Hill plant.

It currently hosts a JORC-compliant Indicated resource of 970,000 tonnes at 2.5g/t Au for 78,000 ounces and an additional Inferred resource of 2.57m tonnes at 1.9g/t Au for 157,000 ounces of contained gold.

Dreadnought is hosted by diorite and is now believed to be the southern extension of the Tindals/Cyanide/Empress mineralised diorite system, which has produced in excess of 500,000 ounces historically in a combined open pit underground operation.

A major 20-hole, 2,900 metre resource in-fill drilling program commenced at Dreadnought during the quarter and will continue during the December quarter. This represents the first phase of a staged program designed to bring drill hole spacing to 20x20m as the basis for a full feasibility study on the project.

The program to be completed during the December quarter comprises 1,900m of reverse circulation and 1,000m of diamond core drilling targeting the high-grade core of the south-east zone of the Dreadnought deposit over a strike length of 200m.

The deposit will then be re-optimised in preparation for final feasibility drilling.

Perseverance

During the quarter, the Redemption Joint Venture commenced a 5-hole RC/diamond drill program to test the Perseverance prospect, which is located 400m north of established underground infrastructure at Empress.

This program is continuing, with results expected in the December Quarter.

Perseverance is hosted by the Redemption/Burbanks shear zone and is located directly along strike from Empress.

Perseverance and the Flagstaff deposit (Flagstaff is located 200m south-west of Perseverance on a linking structure between the Redemption/Burbanks shear zone and the parallel Dreadnought/Tindals fault) produced approximately 25,000 ounces of gold at a reputed head grade of 16g/t Au principally from the oxide/transition zone.

However, the mines were abandoned in the 1930s due to poor recovery in the sulphide zone. Initially it was thought that the ore was refractory, however the issue was subsequently found to be a grinding problem which the batteries of that era could not overcome.

Previous drilling at Perseverance intersected semi-massive sulphides containing pyrrhotite, chalcopyrite, sphalerite and galena with associated high grade gold ([18.63m @ 54.24g/t Au](#), [12m @ 12.15g/t Au](#), [3.66m @ 18.6g/t Au](#) and [3.83m @ 10.32g/t Au](#) in four separate holes). These holes were only assayed for gold.

As the gold mineralisation is intimately associated with highly conductive sulphides, a surface EM program was designed during the quarter to establish if the mineralisation is conductive and, if so, to resolve the extent of the sulphides through quantitative modeling.

The EM surveys, covering both Flagstaff and Perseverance and comprising four lines of moving loop EM, were completed during the quarter.

The FLTEM surveys successfully defined at least two basement conductors that appear to be associated with gold-bearing sulphide mineralisation. These conductors have a significant size, with a strike length of around 250m and 300m and are open along strike to the north.

The MLTEM survey detected the FLTEM conductors, and also detected two additional conductors. One of these has a basement source and is located along strike from an FLTEM conductor. One of the conductors is located along strike from the Flagstaff workings.

VTEM Air Borne Survey

During the quarter, the Redemption Joint Venture conducted a 1,420 line kilometre VTEM helicopter-borne EM survey of the entire Joint Venture area (210sq km), including the Mount Project.

The survey was carried out at 200m line spacing generally across strike with 100m in-fill along the Redemption Shear covering Perseverance and Flagstaff.

This will provide a benchmark for calibration and comparison of ground EM with significant anomalies and further define the strike length of the Perseverance/Flagstaff anomalies. Data processing is currently in progress, with results expected early in the December Quarter.

This type of EM survey has been highly successful in locating massive-semi massive Nickel Copper-Lead-Zinc-Gold sulphides in Archaean Terrains throughout the world.

Getech's time-domain electromagnetic system (VTEM) utilises modern advances in digital electronics and signal processing along with recent company research in the area of precision electromagnetic measurements. It was designed to have very low-noise characteristics.

This low noise level is as important as the large transmitter dipole-moment in determining the capabilities of the system which are deep penetration (>400m), high spatial resolution, excellent resistivity discrimination and detection of weak anomalies.

Recent surveys over test EM ranges with the Getech system have picked up a number of anomalies left undetected by previous airborne EM surveys. The results of the tests have demonstrated that the Getech VTEM system provides the industry's highest signal/noise ratio and spatial resolution of conductors.

The low noise level makes it particularly efficient in weathered terrains such as those in Western Australia.

Resource Upgrades

During the quarter, data validation and resource modeling was initiated on the Norris/Grossmount deposit (inferred 808,000t @ 2.55g/t Au for 66,464 contained ounces of gold).

Development of Grossmount, in particular, has been restricted by the location of the Norris CIP plant, which was situated directly above the down-dip extension of the Norris/Grossmount ore body, therefore preventing drill access and the ability to complete a cut back of the deposit.

The plant has now been removed, allowing drill access.

On completion of the data validation and modeling, a drill program will be developed for initial feasibility drilling.

The Baileys Mine historically has produced over 500,000 ounces from several underground lodes over a strike length in excess of 1.5km. However, surface drilling and exploration on the up-dip and up-plunge extensions has, in the past, been severely restricted by tailings and

other mine infrastructure. In addition, historical underground areas were not mined due to water problems which can now be resolved from a technical perspective.

Data validation, together with a 3D mine model, is currently being constructed from historical stope plans. This will enable modeling to be carried out both up- and down- plunge of high

grade shoots and up-dip to establish the potential for open pit mining of a portion of the deposit, which has not previously been assessed.

The Tindals Mine – which includes the Empress, Tindals, Countess and Cyanide areas – has historically produced in excess of 500,000 ounces of gold from a combined open-pit/underground operation.

The extensive underground infrastructure at Tindals is currently on care and maintenance, but provides excellent access for underground drilling of all three areas which the Joint Venture is targeting. This area has the potential to deliver higher-grade, lower-cost ounces for blending with lower-grade open pit material.

Resource upgrades are currently underway and drill programs are being prepared to test both down-dip and down-plunge positions from these major ore shoots.

Nepean

During the quarter, Focus reached agreement with a privately owned Kalgoorlie-based mineral processing company, McVerde Minerals Pty Ltd, for the evaluation and potential processing of the mullock dump at the 100%-owned Nepean Nickel Project, located 25km south of Coolgardie in Western Australia.

The Nepean Project is centered on the historic Nepean Nickel Mine, which produced 32,303 tonnes of nickel metal over a 17-year period between 1970 and 1987 at a recovered grade of 2.99% Ni. The mullock dump from this operation is believed to contain a significant quantity of nickel which was inadvertently mixed with the waste during mining.

Under the agreement, McVerde has agreed to pay a licence fee of \$10,000 to Focus, giving it a 6-month period in which to evaluate the mullock dump and, at its discretion, proceed with processing of the material. All costs and risks associated with the venture are to be borne by McVerde, with Focus to receive 30% of the cash surplus from the sale of any nickel concentrate produced from the mullock dump after the recovery of McVerde's costs.

McVerde Minerals Pty Ltd commenced sampling of the mullock dump during the quarter.

Samples have been selected from visually different ore types, and transported to Sydney for testing through a test production rig to assess conductive responses. Assays of the various high, medium, and low response samples have indicated that an upgraded sorted product of approximately 4% nickel could be achieved.

Fifteen test slots (5-6m in depth) have been dug on the surface of the dump, while an additional sample has been obtained from an identifiable low-grade ore stockpile.

The material from the slots has been screened at various sizes and has been transported off site for ore sorting trials to be completed in the December Quarter.

New Developments

On 25 September 2006 the Company acquired a 100% direct interest in Exploration Licence EL 26/79. The acquisition was funded through the issue of 400,000 fully paid ordinary shares issued at 4.5 cents each.

EL26/79 is located 5km South-south-east of Jubilee Gold mine, 2.6km east of Golden Hope Gold Mine, 1.3km east of White Hope Gold Mine and 5km due north of Long Nickel Mine. The rectangular block is 5.5km long by 1.7km wide covering approximately 9.3 square kilometers.

The lease has been pending for 9 years, consequently no exploration work has been conducted during that period. The area is highly prospective for both Nickel and gold, as the lease area hosts parts of the Kambalda ultramafic suite which hosts the majority of the Kambalda nickel deposits.

A detailed air borne magnetics program, due to commence during the December Quarter, will enable the identification of potential areas and anomalies for follow up field geochemistry.

COMPETENT PERSON'S STATEMENT

The information in this report relating to Resources and Reserves are based on work supervised by Mr Chuck McCormick who is a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM). Mr McCormick 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 reported on. Mr McCormick is Executive Exploration Director of Focus Minerals Ltd. and consents to the inclusion of the material in the form and content in which it appears.