

Chairman's Supplementary Address 2010

Focus Minerals Limited AGM

I have been Chairman of our Company now, since 2004.

When I reflect back on the journey from junior explorer to mid- tier gold producer, it is with a certain sense of satisfaction that we have achieved so much, in such a relatively short time.

The domestic and international back-drop has also been quite challenging for a Company with finite resources- we have had the challenges over the years of a record high gold price, rising energy costs, tight employment market and significant environmental / heritage challenges attached to some of our ground, to name but a few. We have always come through.

I mentioned to you last year that we would focus on managing those issues, which we could either control, or have an influence upon. World crises of one form or another have their impact, but there is little we can do, other than to play our part to overcome them. I reconfirm to you today that we will continue with this approach. It has been one of the reasons for our recent success.

I know from talking to some of you at different times during the year that rising production costs worry you. The management team has been doing its best to address this and I'm happy to say that unit costs continue to reduce both at the mining level and particularly within the milling department.

There is only so much that can be done on the mining front in a contractor scenario as we are, versus owner operators. Our contract with Barmenco is actively managed to ensure its terms are appropriately enforced by all parties. We will soon be able to evaluate the two production systems with a recent decision to proceed on an owner operator basis for The Mount project, where the type of operation conceived will provide lower operating costs this way compared to mobilising contractors. On the milling front, we are now operating at cost levels in today's dollars that equate to the feasibility study for the capital expenditure proposal approved by the Board back in 2009. This speedy move down the cost curve is a real credit to the milling team and the leadership group.

In Campbell's presentation to you in a moment, you will see how we have been managing the production cost issue. Equally there is no doubt that the strong gold price has helped us maintain a strong margin over our costs, which has enabled record levels of expenditure to



be ploughed back into developing the future upside of the business. The trade off between incurring costs associated with necessary mine development versus ore production exacerbates the problem and confuses the message. With the almost universal view that the future gold price will remain at least at current levels, with a strong view towards uplift by many international and domestic forecasters, the great challenge for the Company will be to prioritise its upside development for the greatest effect on the Company's ability to generate profit and cash flow going forward.

We have embarked upon expansion programs at the Tindals Mining Centre- the source of our initial production of gold- and now a ramp-up of the staged development of The Mount to underpin our target objectives for growth in ounces produced. Yesterday's market announcement of further high grade results to our next phase of rock chip sampling, on the back of our previous positive announcement bodes well for the future of the Lake Cowan project as a potential production source.

Whilst a decision to mine at Lake Cowan is a significant number of months, dollars and interpretive hours of work away, the recent and current results of our initial work says that the project must be in the priority mix for positive impact on the Company.

We do not have all of the answers to the conundrum yet, but we will and work continues at a pace in this new financial year- a year of further challenge and unparalleled opportunity. A year I also hope, will be reflected in an up-turning share price and due recognition of the underlying fundamentals of the Company.

I'm now going to call on our CEO Mr Campbell Baird to take you and our on-line shareholders through a presentation which will give you a good understanding of the journey thus far, the work on our cost base and the challenges of the myriad opportunities before us.

Thank you very much for your attention.