

Wednesday 6<sup>th</sup> April, 2011

Dear Shareholders

### **Capital Raising to Accelerate Growth and Production**

I am pleased to advise that, following a landmark \$39.3 million capital raising announced to the market today, Focus Minerals has embarked on an aggressive growth path that is set to transform the Company into one of the largest gold producers in WA's Eastern Goldfields over the next few years.

Long-term shareholders will know that Focus has established a strong track record of delivery on its core growth objectives. This began three years ago with our transition from explorer to producer, followed by the refurbishment and commissioning of the Three Mile Hill processing plant in Coolgardie and three years of profitable gold production.

Focus is a growth business, with a wealth of organic expansion opportunities with the potential to deliver significant value for shareholders. In the current strong gold price environment, we believe we have a clear window to rapidly accelerate our growth plans and build significant long-term value for shareholders, in far shorter order than could be achieved without the capital raising.

When reviewing the appropriateness of the Strategic Plan and the options for funding it, the Board was very mindful of the trade-off between the dilution effect of an equity raising and the speed with which the Strategy could be implemented organically and still achieve the increase in shareholder value that we were seeking. The continuing strong gold price and the potential for uncertainty in other sectors of the world economy, influenced the Board's view towards speed and at a price that did not contain an excessive, or unreasonable discount to the volume weighted average price (VWAP) used by the market for such transactions.

Focus is aiming to increase annual gold production to 130,000oz in calendar 2012, and to position the Company with exceptional growth opportunities through 2013 and beyond. These include the exciting Treasure Island Gold Project, where we have recently commenced drilling.

To this end, as part of our three-year growth plan, the Board has resolved to raise \$39.3million through a \$32.3 million share placement to institutional and sophisticated investors and a Share Purchase Plan (SPP) to all existing shareholders to raise up to \$7 million. This will ensure that Focus has the required funds necessary to execute this plan.

The placement also enables Focus to introduce a number of new international and domestic institutional investors to our share register and I warmly welcome them and thank them for their support. The raising was considerably over-subscribed.

The funding will underpin the following key growth initiatives:

#### **1. Accelerate Exploration at the Treasure Island Gold Project**

The Treasure Island Gold Project at Lake Cowan is a truly unique greenfields gold project in Australia. Sitting at the bottom of the Boulder-Lefroy fault, the project has been untouched by previous explorers and is reminiscent of what the goldfields would have been like 100 years ago with visible surface gold. Current surface sampling, mapping and aeromagnetism have highlighted a significant exploration opportunity and we recently commenced our first drilling exploration programme to test under the lake. We expect to have results from the first drilling campaign by the beginning of May.

Our goal is to aggressively expand our exploration capabilities at the project and build a resource and reserve base that we hope will unlock significant value.

## **2. Expand Production & Development at The Mount Underground Mine**

The commencement of ore production at The Mount last month is a major achievement for Focus. The management team has built the mine for approximately \$4.5million sourced from internal cash flow, establishing an important new source of high-grade production for the Company.

As our second production platform, The Mount is expected to lift the Company's annual production rate by approximately 40-60,000 ounces per annum and has a significant mine life potential. In parallel with the commencement of production, we have already started an exploration cross-cut to test up to 15 structures which run across the 300m by 600m known footprint that is open in all directions and at depth. This provides substantial upside for additional high-grade reserves to move into production and will be a major focus of our capital expenditure programme.

## **3. Tindals Mining Centre Expansion**

The Tindals Mining Centre in Coolgardie has been the mainstay of our gold production over the past few years, providing the business with a reliable source of ore from the five main underground ore bodies. Later this month, we will commence stripping at a number of the prospective open pits which will upgrade our production profile at the Tindals Mining Centre to a rate of around 85,000oz per annum by the end of the year. Our ability to expand our reserves and resources across the Tindals Mining Centre has been limited by production priorities, and we will be pursuing a targeted campaign to expand our reserves at the Centre.

## **4. Explore and Develop Greater Coolgardie**

Finally, it is important for shareholders to understand the significant number of opportunities Focus has within its Greater Coolgardie tenements. There are multiple targets for mining in the area, including the Greenfields open pit operation next to our Three Mile Hill processing plant, which already has over one million tonnes of potential production in reserve. We are implementing a focused programme of expanding reserves in this region to provide us with the option to bring further resources into production in the near future. The capital raising gives us the flexibility to do this simultaneously with developing our production and near-production activities.

Funds raised through the placement and SPP will also be used for general working capital purposes.

### **Share Purchase Plan**

Existing shareholders will have the opportunity to participate in this capital raising by acquiring up to A\$15,000 worth of shares at an issue price of \$0.076 each through the Company's Share Purchase Plan (SPP) to raise approximately \$7million. I encourage you to participate in the Share Purchase Plan. I know I will be.

Please read through the SPP documents, which will be mailed to you shortly and follow the instructions if you wish to participate in this opportunity.

I thank you for your continued support and look forward to embarking on this next exciting phase in the Company's growth and keep you abreast of how things are proceeding with your Company.

Yours sincerely

DON TAIG  
Chairman