THE GLOBAL SPECULATOR

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FOCUS MINERALS MARCH 2009 QTR: MODEST CASH/GOLD SURPLUS ON LOWER PRODUCTION

	Mar Qtr	Dec Qtr	Change
Production (oz)*	9,187	12,989	-29%
Head Grade (g/t)	4.85	4.59	6%
Average Price Received (A$/oz)	**1,048**	**1,022**	**3%**
Cash Operating Cost (A$/oz)	580	673	-14%
Total Cash Cost (A$/oz)	**580**	**673**	-14%
Gross Margin (A$/oz)	**468**	**349**	34%
Operational Investment Activities			
Capital Expenditure (A$/oz) ^	166	326	
Exploration/Evaluation (A$/oz) ^	131	127	
Total Operational Investment (A$/oz)	**297**	**454**	
Corporate Expenditure			
Net Finance Cost (Revenue) (A$/oz) ^	41	30	
General Administration (A$/oz) ^	62	75	
Total Corporate Costs (A$/oz)	**102**	**105**	3%
Cash Surplus (Deficit) (A$/oz)	**69**	**- 210**	133%
Balance Sheet Performance			
Cash Balance (A$m) *	1.1	4.7	-78%
Financial Liability (A$m) #	19.4	22.4	-13%
Share Capital			
Shares Outstanding (m)	1,346.1	1,246.1	-8%
Director Holdings (%)	0.87%	0.94%	
Share Price (A$) (End of Qtr)	0.03	0.022	36%

*** Only 5,687oz were sold during the March Quarter which adversely impacted the Cash Balance. 3,617oz were on hand as at 31 March 09 (not included) .**

^ Capital expenditure, Exploration, Net Finance and General Administration were taken from the Appendix 5B. Please note these costs may not relate specifically to the quarter in question due to timing differences associated with payment.

 # The financial liability includes hedging related liabilities. As at the end of March, 19,378 oz were sold forward.

Focus Minerals (ASX:FML) has generated a cash surplus during the March quarter despite 30% lower production. Improved grades saw lower cash costs. Despite grades of greater than 8g/t over the final 10 days of the milling campaign, higher than expected sulphur levels adversely affected recovery rates. In order to maintain 90% recovery rates, mill throughput had to be reduced by 20%. Gross margins improved 34%, primarily as a result of the lower cash operating costs and a marginally higher average gold price. The average gold price received continued to be adversely impacted by forward sales contracts.

The March quarter has seen significantly less investment in development, strongly contributing to the overall cash/gold surplus. Exploration highlights for the March quarter included:

Perseverance (down-hole intercepts indicating repetition):

- 4.93m @ 31.66g/t or 156 grade metres.
- 3.17m @ 27.84g/t or 88 grade metres.
- 5.01m @ 14.98g/t or 75 grade metres.
- 1.47m @ 19.85g/t or 29 grade metres.

Empress (below deposit confirming open at depth):

- 6.44m @ 10.37g/t or 67 grade metres.
- 4.00m @ 8.25g/t or 33 grade metres
- 4.24m @ 5.28 g/t or 22 grade metres

Corporate expenditure for the March quarter was in line with the previous quarter despite lower production levels. An overall surplus of $69/oz compares favorably to the sizeable deficit of $210/oz for the December quarter.

The 78% fall in the cash balance relates primarily to the 3,617 oz of gold still on hand at the end of March. Looking at the Financial Liabilities section we see a $3m reduction. This comprises a combination of interest bearing debt and forward sales agreements. $2m was raised during the quarter via the issue of 100m shares at $0.02 per share. Another $28m has since been raised via a combination of a share purchase plan and placement. $18m has been earmarked for the refurbishment of the 1.2 Mtpa Three Mile Hill treatment facility. The balance will be used for aggressive development and exploration programs, with the aim of quickly bringing nearby deposits into production.

Focus enjoyed a solid quarter despite lower production levels. Lower expenditure on development ensured an overall cash surplus. The total operational investment forecast for the June Quarter including exploration is A$1.25m. The production forecast is 12,000 – 14,000oz. Using the lower end of this production range implies an investment cost of just over $100/oz next quarter. Accelerated development of the Three Hill treatment facility could of course change all this. We will have to wait and see what transpires.

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