



VICTOR GONÇALVES

EQUITIES & ECONOMICS

REPORT

Focus Ventures: (V.FCV)

Recent Price: 65 cents

Shares outstanding: 28 million

Fully Diluted: 40 million

Working Capital: \$6 million

I had a chance to catch up with David Cass by phone yesterday, and it is always a real treat. The primary reason for the discussion was to get a little more acquainted with the new property that was recently added to their portfolio.

Before I get to that, I want to talk about the company. With a name like "Focus", you tend to set yourself up for a high level of expectations. After all, you now have to be focused, but on what? It is relatively easy to say you are focused on something vague; a discovery, sale of an asset, and so on, but this is the end goal of EVERY company. The management at Focus has gone much more specific; they are focused on advanced stage, drill ready projects in Peru that can yield the strong potential of a major discovery.

I like this for several reasons. When you focus on one region, you can focus your expertise, which increases your chances of success exponentially. The company is in a very prolific area, but it isn't such a mature mining area that the chances of bagging an "elephant" have all but become extinct. Peru is "elephant" country. It has its challenges, but it is nothing an experienced team can't "cakewalk" through. Peru hosts similar geology to Chile, which is known for mining and is in the top 10 producers of multiple metals annually. For various political reasons, which are mostly a thing of the past, Peru has missed out on the action, but this has created a very good opportunity. The opportunity is to find a major discovery and to do it in an area that is safe.





Focus Ventures has one project, the Nueva California project, and 120 kilometers north of that, they recently acquired a new project, the Chucara project. The Chucara project lies within the La Libertad gold mining district, in north-central Peru, some 45 km southeast of Barrick's Lagunas Norte Mine (12 Million ounce Au resource), and 18 km east of the Comarsa Au-Ag Mine (2 Moz Au). The 700 ha project area covers the majority of the historic Chivilca Ag-Au (Pb-Zn) mine workings and the south-eastern extension of the mineralization, which forms a north-northwest trending corridor at least 2 kilometres in length. It is evident to me that they are focusing on one specific area, which enhances their chances of success.

The Chucara project area covers part of the old Chivilca mine, which is estimated to have produced roughly 176,000 short tons grading 4 oz/t Ag and 6% combined lead and zinc between 1974 and 1981. However, the old Chivilca mine was never tested for gold or explored by drilling. The company has gone and done extensive sampling of the area. They have done over 1,200 samples, including channel, panel and grab samples, on surface and underground, of the veins and host rock, and have come up with an average grade of 2.1 g/t gold, but ranging from 0 to 39 g/t gold.

Of the total samples taken, 269 of them were taken from veins and mineralized structures (this is the stuff that you would be mining anyways). The average grade was 6.1 g/t Au and 330 g/t Ag. Based on the sampling, there is potential for higher grade areas: 50% of the sampling described in this paragraph returned a minimum of 4 g/t Au and 219 g/t Ag and 20% of the samples graded a minimum of 10.3 g/t Au and 587 g/t Ag. Now, this information is relatively meaningless, in the sense that you can't take it and start drawing up conclusions of tonnage and grade, but you can figure out where to drill and have some sort of educated guess as to what areas are going to be higher grade and what could be bulk tonnage. That said, the results are certainly very encouraging and will be the basis of a drill campaign this summer. I presume the first round of drilling will be in the neighborhood of a dozen holes, testing both near surface and deeper targets.

Focus is currently working on the Nueva California Project, and they have confirmed that there is a larger, bulk tonnage target there. They have done a small round of drilling in the past, with another round on the way. The previous round of drilling had returned drill results, such as 69.6 m of 1.84 g/t Au and 22 g/t Ag (DDN-HC-003). Nueva California has a past producing mine. It had a 100 tpd mill on-site and processed around 700,000 tons of ore, which yielded 70,000 ounces of gold and 450,000 ounces of silver. They were going after the higher grade material. Further exploration was needed to determine the true potential of this project, which is what Focus Ventures is doing.





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The management team of Focus is of very high caliber, with such people as David Cass, Simon Ridgeway, Ralph Rushton and Mark Slauenwhite. Their bios can be found at <http://www.focusventuresltd.com/s/Management.asp> and I certainly encourage you all to take some time reviewing their past successes. Look for good news coming from this company in the near future!

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