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# HRA Journal

**HARD ROCK ANALYST JOURNAL • VOLUME 9, NUMBER 11 • NOVEMBER 2009**

## Focus Ventures Ltd. (FCV-V)

### New Journal Review

This is essentially a new company after having completed a project acquisition and re-financing in September that included a move up to the main TSX-V board. After having generated proof of concept drill results at its Nueva California gold-silver project in Peru, Focus has just announced a placement to continue testing there. The project is a private mining venture that is being tested for its bulk mineable potential. With a still relatively light outstanding shares total FCV could see a fairly rapid price move if the project is living up to that potential, but if a plan B were needed it would still be well structured to move on while retaining a good upside potential. While we expect the company to gear up for a large drill program the financing just announced should leave enough for more project acquisitions if management see something to its liking.

**Accumulate in this range while the financing is being completed, as a speculative buy ahead of the next drill phase in Peru.**

### OVERVIEW

Focus Ventures is a new company formed by a well known resource management group that has booked several wins over the years. It is a one project deal that was built to test a gold project in Peru with a high grade mining history. The premise is that there is a much larger bulk tonnage system surrounding the high grade zones that could make the project a highly salable commodity.

Initial proof of concept drilling has been completed

### Briefing Book

(amounts in \$CAD)

#### Focus Ventures Ltd.

**Listed:** TSXV: FCV  
Qbb: FCVLF

**Share Issue:** 27.2 MM; 37.3 MM F.D.\*

**Share Float:** 24 MM\*

**Working Capital:**

\$ 7 Million, \$ 11.6 MM Fully Diluted\*

**52 Week High-Low:** \$1.05– 0.11

**Recent Price:** \$0.80

**3 mo Av Daily Volume:** 30,000 shs.

**Phone #:** 1-604-688-5288

**E-mail:** info@focusventuresltd.com

**Website:**

<http://www.focusventuresltd.com>

\*Assuming placement completed as announced.

which generated the sort of results management hoped for. A larger drill campaign will start soon, but we expect the company will complete its just announced financing first. The financing may provide a good entry opportunity while its being marketed this month.

This management group is not inclined to throw good money after bad. If the next phase of drilling doesn't deliver we would expect them to regroup and look for a new project. This is the right

thing to do but not popular with the market if it happens. The drill holes recently released make this a less likely outcome however and the financing gives the company a lot more options going forward.

## CORPORATE SUMMARY

Focus was an inactive company in search of a project for several years after being reorganized. That project was found earlier this year when the company inked an agreement to take over the option on the Nueva California project that was held by Radius Gold. Radius is a former HRA company with common management and directors.

Focus raised \$500,000 early this year at 15 cents, and issued shares to clear off debts prior to the project transaction. In order to finance the acquisition and the phase I drill program an additional financing of 4.15 million units at \$0.25 was carried out. The funding and project acquisition allowed Focus to apply to move from the NEX board to Tier 2 on the TSX. This application combined with the non arms-length nature of the transaction lengthened the approval process. The property option and financing were approved in September and drilling began almost immediately.

This program was highly anticipated and the stock performed well from the time its



move to the TSX became official.

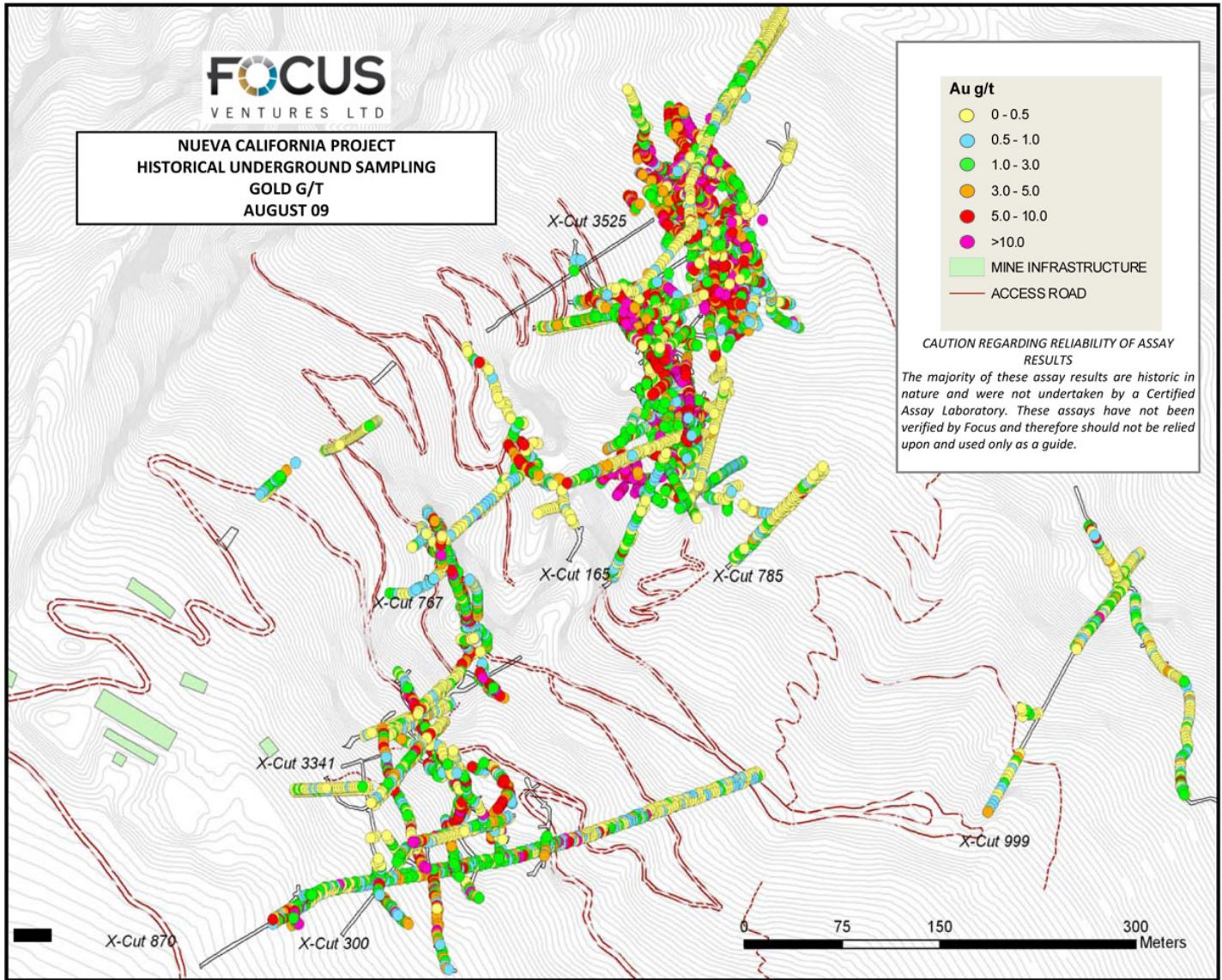
Shares from the 15 cent placement and roughly 2.3 million warrants exercised by placees are now tradable, but volumes have remained relatively light. Shares issued in the 25 cent placement become tradable in late January. Shareholders appear willing to wait for results from a fuller program.

Literally as this issue went to print, Focus announced a private placement of 8 million units at \$0.75 composed of one share and one half a warrant exercisable at \$1.00 for two years. We don't expect Phase II drilling to begin until Focus has completed this raise, but we expect the financing will close before the month of November is out. Whether drilling actually starts before or after the new

year will depend on the speed of the financing. Some placement related selling is inevitable particularly if some of those in the lower priced placements are coming back for more. We don't expect a lot of it however but this may provide the best window of opportunity to accumulate. We would be bidding and not chasing the stock while the financing is getting done.

## MANAGEMENT

Focus is directed by one of Vancouver's better known resource management groups. Board Chairman **Simon Ridgeway** has been instrumental in the founding and management of a number of successful exploration ventures over the past 20 years and is very well-known in the mining investment community. President **Dave Cass** is a professional geolo-



gist who gained wide ranging experience working for AngloGold, including four years was as Senior Geologist in Peru.

Other board members include **Tim Osler**, owner of a mining consulting company and operations manager for Radius Gold and **Mario Szotlender**, a South American businessman now based in Vancouver. Mario has been involved with a number of successful exploration ventures in South America, including Mena Exploration, an

HRA list company prior to its takeover by Rusoro Mining.

Exploration in country is directed by VP Exploration **Mark Slauenwhite** who has several years of direct experience in Peru working for Barrick Gold and was involved in the discovery of the Pierina and Alto Chicama mines.

### PROJECT SUMMARY

#### Regional Potential

Northern Peru has been a mainstay of exploration for

large scale gold projects since it opened up in the mid '90s. Long term HRA subscribers will remember most fondly the Pierina deposit that saw Arequipa Resources taken over by Barrick Gold after underground exploration and nine confirmatory holes. That deposit could be a 9 million oz producer before it closes in a few years. The one Focus project is located about 45 km (30 miles) north of Pierina, and while it may not be of quite the same scale we hope it could be as simply dealt with.

## Nueva California

This has been a private mining operation, taking underground vein material to a small heap leach set up, for several decades. The owner is ready to retire, and Focus has taken an option to purchase 100% of the project for US\$3 million over 2 years. FCV is focusing its testing on the bulk tonnage potential.

The mining operation has generated a lot of data that includes a 7,500 sample inventory of results that does include a lot of sampling away from high-grade that was mined. While this cannot be used formally since it comes from the operation's uncertified lab, it does provide a strong outline of how to test the project. The vendor's average grade from this work was 4 g/t gold plus silver, and the median result was 1.7 g/t which may be more pertinent to the FCV focus.

The deposits are an epithermal gold-silver system with relatively high silver/gold ratio, which is typical of the region. It is however atypical in several regards. One is being hosted by intrusive rock, which contains a series of large included blocks of shale that appear to be important to generating high grade. This is probably near the top of the magma mass that cooled into the intrusive rock, and it may be increased fracturing associated with this contact will aid the bulk ton-

nage concept.

The other unusual detail is that, based on what can be seen at this point, the system is broad rather than strike extensive. The known extent is some 800 metres. The known strike extent is 200-250 metres, though there are some workings away from this area that indicate the trend continues in some form. The workings are split into Upper and Lower zones, of which the latter are more extensive.

The lowermost working has a recorded average of 224 metres at 3 g/t gold & 44 g/t silver. This is a single cross cut of the system at this depth that may have been extended beyond the higher grade shoots as an exploration exercise. Bearing in mind these samples are not certified, what stands out is the long section of higher grades near the portal, which could represent a readily accessed bulk tonnage zone. There are a number of other higher grade areas indicated elsewhere in the lower zone.

Focus has tested the upper zone area with four drill holes, in part to assess the amount of gravel cover on top of it. The best results from this were 69.6 metres of 1.84 g/t gold & 22 g/t silver, and 38.2 m of 1.7 g/t gold & 20 g/t silver. All four holes cut significant mineralization, and all four bottomed in altered intrusive rock after going through faults though to have shifted the upper

zone into its current position. FVC has also done an IP survey that indicates a disseminated conductive source at depth that will be tested in the next program. The intention is to grid drill the workings area and test the 150 metres from surface down, with a few deeper holes to get a better handle on the geology and see what is causing the deep geophysical anomaly.

This a case were it seems obvious there will be a resource of some sort outlined by the drill testing. The form and quality of that resource will be the main result of the drill testing. Given the scale of the target and the tenor of past sampling, there is a potential for several million gold oz within a simple setting with good mining infrastructure. That indicates a large upside potential if the next round of drilling is indicating reasonable continuity at historic grades.

Focus will also be doing broader targeting within the project, which has seen limited past work due to its overburden cover. The company has been looking at a number of projects in Peru, and with cash in hand after the placement is now positioned to make deals. This is the right market for a new venture working in this target rich environment.



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