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SHAREHOLDER

NEWSLETTER

MARCH 2015

Metallurgical Test Work Results & Navigating Stormy Waters.

Dear Shareholder,

Welcome to the March 2015 Shareholder Update. We're happy to report that we have published the initial metallurgical test work results for the Bayovar12 project. The excellent results outlined a potentially simple process route that can be used for each of the phosphate beds on the project.

We're also pleased to report that we believe we have found a way to move your Company and the Bayovar12 project forward in the face of the strong market headwinds that have rocked the junior resource sector for the last few years.

(Please click [here](#) for the metallurgical testwork release or [here](#) for the recent financing release.)

It's been really tough going for the last few months. The equity markets remain pretty much boarded up unless you're a producer or near-term production story. We are seeing a smattering of small equity financings - a few hundred thousand here and there, often with heavy insider participation - but the bigger raises remain elusive for companies at the more speculative end of the resource spectrum.

Focus' Board has had one eye on the calendar for the last couple of quarters, watching the rapid approach of the February 26th option payment deadline to our Peruvian partner and concession owner, JPQ. Various funding options were pitched to us; everything from equity-backed lines of credit, London AIM listings, mergers with cash-rich shells, and so on none of



which worked out. The simplest way was obviously to arrange a private placement but this has proven very difficult to pull off.

So, a different approach was clearly needed.

We recognised last year that one problem for potential financiers and strategic partners was the ownership structure of the project. We've been finding in our marketing trips, for example when we were in Singapore last year to meet with Asian fertilizer companies, that the earn-in model was confusing. They couldn't understand how we could be marketing something we didn't yet own and wouldn't likely own for another couple of years. Resolving this was therefore quite important. But assuming we made the US\$3m payment to JPQ on time, we would still only be earning in to a 70% share: Focus wouldn't own its 70% until completion of a Pre-Feasibility study, which is at least 9 months away. An earlier trigger point allowing us to be 70% owners of Bayovar 12 now, would make the investment case easier to present to financial institutions.

There was no serious interest from any brokerage houses to raise money for us given the market conditions in Q4 2014, but it did occur to us that buying and owning 70% now might enable us to potentially access debt. It would also allow us to then do a private placement financing at a later date when conditions improve or we have an industry partner involved.

To that end, Focus Board members met with JPQ's management and senior people from JPQ's Peruvian and Ecuadorian owners to flesh out a revised deal structure predicated on an earlier earn-in trigger. These negotiations were successful, a clear sign that JPQ are keen to see the Bayovar12 project move forward and we're very grateful to JPQ's management for their patience and flexibility during the negotiations. The revised deal now calls for a US\$4m payment, which will give Focus 70% ownership.

Obviously this presented us with another problem. If raising US\$3m was tough, how could we raise the larger US\$4m amount? The solution we arrived at has two key parts.

Firstly, instead of an equity raise through issuing shares, we looked at the potential to tap into the resource debt markets. An approach was made to Sprott Resource Lending in Toronto, whose management we know well, which resulted in an offer of a US\$5m loan subject to various criteria and guarantees. The term sheet was signed towards late February triggering a period of due diligence by Sprott. US\$4m of the loan would go to the option payment, and US\$1m was to allocated to working capital and G&A, subject to the G&A component being kept below 25% of our burn rate.

At the same time, Focus was running perilously low on working capital. Various cost-saving measures were put in place including senior management deferring salaries to reduce the burn rate, but key bills had to be paid to keep the project moving forward, in particular costs relating to the PEA study and the bench-scale metallurgical testwork. With the Sprott debt facility under negotiation, and the JPQ negotiations also underway, the equity markets were not an option for us. Both sets of discussions were obviously highly material to the Company's development and we would not be able to market the company transparently without knowing the final outcome of these discussions. So very few options, if any, were left available to us to raise working capital.

The second piece of the puzzle was therefore an offer by Radius Gold Inc. to purchase a 2% Net Smelter Royalty from Focus linked to its future 70% ownership of the Bayovar12 project for the sum of US\$1m; crucially this would include an immediate advance to Focus of \$190k to cover sign-on payments related to the Sprott loan and due diligence process, without which the Sprott deal would likely not proceed.

In the end, arranging the loan and selling the royalty has allowed Focus to retain its key asset and stay in business. Not an ideal choice to be sure but Focus retains the right to buy back 1% of the NSR in the next 12 months, something we'd like to do once we've been able to complete a substantial equity raise. The Company is now well positioned to advance the Bayovar 12 project during 2015.

Technical Update

Metallurgical Testwork

The Preliminary Economic Assessment (PEA) effort recently entered the process design and mine planning stages. Focus anticipates completion of the PEA in Q315, as originally scheduled.

Our bench-scale metallurgical testwork program, underway at Jacobs Engineering Laboratories in Lakeland, Florida since October has returned excellent results. The objectives of the work are to outline the processing route needed to produce a ca. 29% - 30% P₂O₅ concentrate from Bayovar12 rock, and to establish the simplest processing route to produce a Direct Application Phosphate Rock. After consultation with Jacobs, Focus decided to conduct detailed metallurgical testwork on each of the individual phosphate-bearing layers or Capas, rather than a single composite sample from all of the beds. This decision is paying off with promising early results which have exceeded initial expectations.

The preliminary reports from Jacobs indicate that a simple but flexible, process flow-sheet will provide good recovery and grade and yield a commercial phosphate concentrate. Contaminant levels and minor element ratios (MER) appear to be in line with the specifications of phosphoric acid producers. In summary, the results showed that:

- All phosphate beds can be simply processed via washing and flotation; no milling or grinding is required.
- Each bed produced a high-quality phosphate concentrate averaging 29 to 30 per cent P₂O₅ with low impurity levels, which means that they can be readily acidulated and converted to high-analysis fertilizers.
- All beds respond in a similar manner, resulting in a single, versatile flowsheet that will simplify both mining and beneficiation.
- Low levels of minor compounds magnesium oxide and iron oxide, along with low MER and calcium oxide/P₂O₅ ratios, will render the Bayovar 12 suitable for use in producing phosphoric acid and high analysis fertilizers such as DAP and MAP.

The initial results are something of a breakthrough in process design for the Bayovar district. To the best of our knowledge, this is the first time that a flow sheet has been presented for a single plant that can



potentially process material from all individual beds while achieving the desired concentrate grades and, perhaps, an improvement in recovery levels. Prior designs in the district appear to require beds to be separately treated by two different process routes. The Bayovar 12 design incorporates a simple, single flowsheet offering positive implications in mine planning and operations.

What is MER?

MER stands for **M**inor **E**lement **R**atio, the ratio of the concentrations of iron + aluminum and magnesium oxides divided by the concentration of phosphate = $(\text{Fe}_2\text{O}_3 + \text{Al}_2\text{O}_3 + \text{MgO})/\text{P}_2\text{O}_5$

A value of <0.10 is desirable for phosphate rock that's mined for use in phosphoric acid manufacturing. The MER is a good predictor of the quality of the phosphoric acid that can be produced from the ore. An MER > 0.1 significantly increases costs for acid production.

The desired phosphate mineral, called apatite, exists as small pellets. Essentially, what the testwork has shown is that a process that splits the ore into 3 different size fractions by a combination of washing, seiving and attrition scrubbing (essentially rolling the material around in water so it breaks itself into fine particles) produces a commercial grade phosphate concentrate in the medium size fraction. Below a certain size fraction, the material contains low amounts of phosphate and can be discarded to the waste pile. This particle size diameter was determined to be 270 mesh (53 microns) and is termed slimes. Most of the undesired ore contaminants are contained in slimes and are removed by the desliming process.

P₂O₅ recoveries were excellent, averaging 81 per cent for all beds, ranging from 64 per cent in PH08 to 93 per cent in PH03. Low levels of minor compounds MgO and FeO, along with low MER and CaO/P₂O₅ ratios, will render Bayovar 12 suitable for use in producing phosphoric acid and high-analysis fertilizers such as DAP and MAP. The remaining testwork to be completed consists of dilution studies and final concentrate characterization. A final report is expected in March, 2015.

It's important to remember that the test results are preliminary in nature. Future work will include variability testing and pilot plant studies. Furthermore, preliminary tests indicate that recent advances in reagent chemistry could result in improved grade and recovery. Further testing in that area may be warranted.

The full March 2nd news release covering the preliminary results is linked [here](#).

Bulk Sample

Planning is underway to collect a multi-tonne bulk sample for pilot-plant scale testwork, and to provide sufficient material for agronomic testwork.. The simplest way to do this is likely to develop a small shaft which is how our neighbors, Fospac, collected theirs. Permitting will be required hence we're probably a few months away from starting work. Once we have sufficient material we can complete pilot-plant scale testing

and also generate a few hundred kilos of phosphate concentrate to allow for agronomic growth tests on specific crops.

Agronomic Testing

We've been in contact with various fertilizer institutions and agricultural universities to begin fleshing out a test program to be implemented once we have a suitable amount of phosphate rock concentrate from the bulk sample. The aim would be to test the efficacy of Bayovar12 phosphate concentrate as a Direct Application Phosphate Rock and see how various crops respond to its use in growth tests.

Phase 2 Drilling

A second phase of drilling has been designed with the aims of increasing the confidence category of a portion of the existing resource to Measured, and expanding the existing resource in the area of least cover on the eastern end of the drill grid. We believe that by drilling an additional 40 or so holes across the expanded grid we should be able to approximately double our existing resource, assuming that the same number of beds at similar thicknesses and similar wet and dry specific gravities. The assumptions used in our original resource estimate can be read [here](#). We estimate the cost of the additional drilling and assay work at about \$1m.

Business Development and Marketing

By the time you read this, Focus' management will be back in the office after manning our tradeshow booth at the 2015 PDAC show in Toronto. Attendance at the show was down again this year: no surprise given the state of the junior markets. According to Canaccord *"The number of attendees at the 2015 convention was down 6% year-on-year (y-o-y) after having fallen 16-17% y-o-y in 2014. PDAC attendance has fallen 12% CAGR over past 2 years after having risen 13% CAGR over 12 years to its recent peak in 2012-2013. The changes in PDAC attendance correlate well with the changes in exploration spending."*

Our Peruvian staff spent time at the Peruvian government booth at the conference. Pedro Garcia, who handles permitting and government relations in Peru, introduced himself and the Company to Rosa María Ortiz, the new Peruvian Minister of Mines. Minister Ortiz was appointed on February 17th, 2015. She was previously Director General of Hydrocarbons in the Ministry of Energy and Mines, and has served on several federal government bodies related to energy, gas and investment. Focus' management would like to congratulate Minister Ortiz on her appointment.



Focus' Pedro Garcia with Minister Ortiz at PDAC 2015

David Cass also took the opportunity to catch up with a delegation from Daewoo, our joint venture partner on the Aurora copper project.



Focus President David Cass and Daewoo's PDAC delegation.

Junior Markets: A Tough Slog

It's been a tough few months for the junior fertilizer sector. Share prices have been under pressure along with the rest of the resource juniors. There have also been some high profile corporate mishaps amongst our peers which have added to the negativity.

In New Zealand, Chatham Rock Phosphate -which had been planning to dredge phosphate sediments from the seabed of the Chatham Rise off eastern New Zealand- had its environmental permit application refused with no right to appeal the decision. Chatham's share price collapsed 99% the same day.

In the US, Stonegate Agricom boarded up its Paris Hills project due to financial constraints. The company announced that it has insufficient cash to complete detailed hydrological work needed to finalize the groundwater model for a vital permitting application. Given its current financial position, the company announced that it couldn't afford to complete the work and no longer expects to submit the groundwater model and report in the first quarter of 2015 as planned.

Overall though, whilst it's never good to see companies struggling and failures are always regrettable, Focus' management is encouraged by this Spring Clean of phosphate companies. It reduces the competition for us and makes it easier to stand out from what is now a smaller crowd.

Share Price

Since the update in late October last year, our share has remained on balance roughly at the same level, albeit with a dip down to 16c in December. As we said then, we don't believe this reflects any fundamental issue with Focus' technical story, but rather that we've been dragged down along with the majority of other Venture exchange stocks. The share price took a nice tick upwards when we released the news of the JPQ option exercise and the Sprott debt deal with some investors clearly supportive of our plan.



12 month graph for Focus Ventures

Marketing and Technical Conferences

Focus' Chairman Simon Ridgway and Director Ralph Rushton attended the International Fertilizer Association Crossroads Asia-Pacific 2014 conference in Singapore between October 28-30. The conference turnout was good and we met with a broad cross section of players in the fertilizer industry. In addition to some of the largest Japanese trading houses, we met with Indian fertilizer manufacturers, ship brokers, market intelligence groups and a couple of banks.



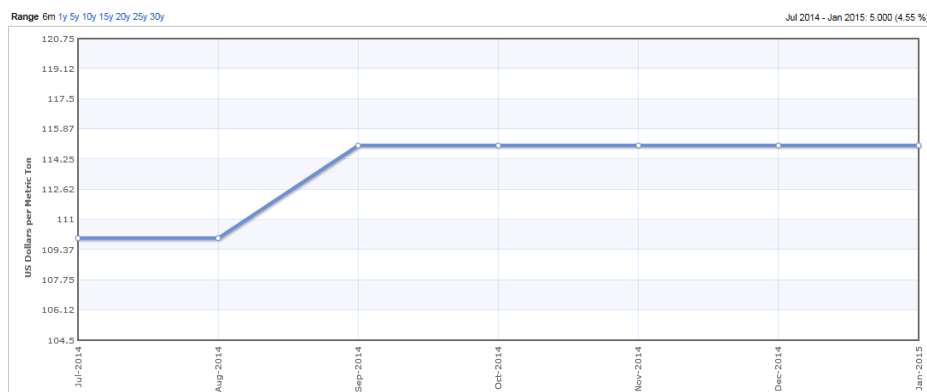
We attended the Mines and Money conference in London in early December and were invited to present at a 1 day phosphate seminar put on by London brokerage house RFC Ambrian, with an invited audience of private equity groups and resource / mining funds.

In January, David Cass presented a technical overview of the Bayovar12 project at the 2015 AME BC Mineral Exploration RoundUp at the Vancouver Convention Centre East, under the sails of Canada Place in the International session.

Coming up, we presented at the Forum for Investors at the 2015 PDAC conference in Toronto. We also had 5 boxes of drill core from the project at the core shack, booth 9N on the Sunday and Monday session. After the PDAC, we're presenting at the CRU's Phosphates 2015 conference at the Marriott Tampa waterside Hotel in Florida, March 23-25th, and the PROEXPLO 2015 conference in Lima, Peru in May 18 - 20. An updated list of events that we plan to attend is maintained on the Events page on our website and be accessed by clicking here. Hope to see you at one of these events.

Phosphate Rock Price

The price of rock phosphate is unchanged since our last update. The price quote for Moroccan phosphate rock is still hovering around \$115 and has been since June. The Index Mundi monthly phosphate rock chart is shown below:



Source: <http://www.indexmundi.com/commodities/?commodity=rock-phosphate>

Corporate

The most recent share structure, unchanged since the last update, is shown below. This will however change once the loan deal with Sprott is closed. We regularly update our share structure on our website to keep pace with warrant exercising or new private placements. The up-to-date structure can be found on the next page or by clicking here.

Revised: July 31, 2014				
FOCUS VENTURES LTD.				
FULLY DILUTED SUMMARY				
Type of Security	No. of Shares	Exercise Price	Expiry Date	Potential Dollar Value
Warrants	2,927,741	\$0.265	April 10, 2015	\$775,851
Incentive Stock Options:				
	200,000	\$0.26	June 4, 2016	\$52,000
	720,000	\$0.19	Jan. 14, 2019	\$136,800
	75,000	\$0.30	June 28, 2021	\$22,500
	25,000	\$0.25	Jan. 16, 2022	\$6,250
	1,380,000	\$0.21	June 19, 2022	\$289,800
	185,000	\$0.21	July 10, 2022	\$38,850
	250,000	\$0.22	Dec. 2, 2022	\$55,000
	2,360,000	\$0.22	Dec. 17, 2023	\$519,200
	45,000	\$0.22	Jan. 14, 2024	\$9,900
	40,000	\$0.26	June 4, 2024	\$10,400
	5,280,000			\$1,140,700
TOTAL OUTSTANDING OPTIONS AND WARRANTS:	8,207,741			\$1,916,551
ISSUED CAPITAL:	76,870,000			
FULLY DILUTED:	85,077,741			

Our draft 20F has been filed and reviewed once by the SEC in the US. we've responded to a first round of questions on the draft filing. Once the 20F has been accepted, US based investors will be able to buy and sell Focus' common shares. We still don't know the exact timing for this but the process is moving forward.

And Finally...

The Sechura Desert Fox

Focus' Bayovar12 project is located at the northern end of a narrow strip of coastal desert that stretches roughly 2,000km along the coast of Peru- the most extensive desert strip on the western coast of South America. The desert strip reaches between 20-100km in from the coast to the foot hills of the Andes. Just north of Bayovar, near the city of Piura, the Sechura Desert transitions to the Tumbes-Piura tropical-dry forests ecoregion.

This is one of the most arid regions on the planet. Total rainfall levels are typically less than 10cm a year and as a result there's precious little in the way of vegetation. Our project area is cut by a number of prominent sand dune fields that migrate with the prevailing winds. Summer (December through March) is warm and sunny with temperatures that average over 24°C (75°F). Winter (June through September) is cool and cloudy with temperatures that vary from 16°C at night to 24°C during the day.

The land is at or close to sea level across much of the region, and Vale's Bayovar phosphate mine is actually below sea level which presents some risk of flooding during heavy El Niño years. Bayovar12 lies between 5m to 25m above sea level.

Not much can survive the extreme climate. The Sechura Desert Fox (*Pseudalopex sechurae*) is one creature that's adapted well and is hardy enough to be a common sight as you drive through the region.



A Sechura Desert Fox – as tough a creature as you could hope to meet, and not good with kids.

First identified in the Sechura desert, this particularly small fox lives in southwestern Ecuador and western Peru, at elevations from sea level to at least 1,000 metres (3,300 ft), and possibly much higher. It has been reported from the western foothills of the Andes down to the coast, inhabiting deserts, dry forests, and beaches. The fox is nocturnal, and spends much of the daylight hours in a den dug into the ground although we saw them quite regularly during daylight hours as we drove the main road; possibly because they are intelligent and curious enough to have recognized humans as a potential source of food scraps. They are generally solitary, although occasionally seen travelling in pairs.

The fox is an opportunistic feeder, and its diet varies widely depending on the season and local habitat. It has been found to feed on seed pods as well as some fruits, and is capable of surviving on an entirely herbivorous diet when necessary. More commonly, however, it also eats insects, rodents, bird eggs, and carrion as a part of its diet. It can probably survive for long periods of time without drinking, subsisting on the water in its food.

Sources:

http://en.wikipedia.org/wiki/Sechura_Desert,
<http://www.eoearth.org/view/article/155957/>
http://en.wikipedia.org/wiki/Sechuran_fox

Contact Us

Unable to attend the shows and have questions? Please feel free to contact us. We'd be happy to answer shareholder questions or address any comments you may have.

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Focus is also active on Twitter and Facebook. Our Twitter account is part of the broader Gold Group Twitter feed, which can be followed at [@TheGoldGroup](https://twitter.com/TheGoldGroup). Our new Facebook page is [Focus Ventures Ltd](#), under Mining/Metals. We'll be regularly posting articles of interest, photos and some additional background on the Bayovar 12 project.

Forward Looking Statements *This Newsletter may contain forward-looking statements including, but not limited to, comments regarding the timing and content of upcoming work programs, geological interpretations, receipt of property titles, potential mineral recovery processes, and other related matters. Forward-looking statements address future events and conditions and therefore involve inherent risks and uncertainties. Focus Ventures Ltd.'s projects are at an early stage and all estimates and projections are based on limited and possibly incomplete data. More work is required before the mineralization and the projects' economic aspects can be confidently modeled. Actual results may differ materially from those currently anticipated in this presentation. No representation or prediction is intended as to the results of future work, nor can there be any promise that the estimates and projections herein will be sustained in future work or that the project will otherwise prove to be economic.*

Qualified Person *Mr. David Cass B.Sc., M.Sc., P.Geo., President of Focus Ventures, is a member of the Association of Professional Engineers and Geoscientists of British Columbia, and a "Qualified Person" in accordance with National Instrument 43-101. He has reviewed the technical information contained in this newsletter. Mr. Cass has an MSc degree in Mineral Exploration and Mining Geology from the United Kingdom, and 25 years international exploration and mining industry experience. He has worked in many countries including the America's, Australia, Turkey, Iran, South Africa and Eastern Europe. His career to date has included 15 years with Anglo American, one of the world's largest mining companies, including 6 years as Anglo's Exploration Manager for North America, and 4 years managing exploration programs for gold and base metals in Peru.*

