## ITEM 1: TITLE PAGE

# REPORT ON THE PITALOZA PROJECT

# HERRERA AND LOS SANTOS PROVINCES

# REPUBLIC OF PANAMA

**UTM COORDINATES**
**844,600 N 535,700 E**
**Zone 17**
**(NAD27)**

**For**

**BELLHAVEN VENTURES INC.**

**202, 837 West Hastings St.**
**Vancouver, B.C.**
**V7C 3N6**

**By**

**Peter G. Folk, P. Eng.**

**July 20, 2004**

## ITEM 2: TABLE OF CONTENTS

## LIST OF PHOTOS



## LIST OF FIGURES



## LIST OF TABLES



## APPENDIX

## ITEM 3: SUMMARY

Located in Herrera and Los Santos Provinces on Panama's Azuero Peninsula, the Pitaloza Exploration Concession consisting of 3,299.4 ha has been applied for by AURUM EXPLORATION INC. (Aurum), a company registered in Panama. The application has been accepted and the Exploration Contract has been signed by Panama's Minister of Commerce and Indusry, but the final ratification by the Controller of the Republic has yet to be received. At Pitaloza a Cretaceous volcanic sequence of dacites and andesites has been intruded by Cretaceous diorite and this sequence has been affected, over a large area, by hydrothermal fluids. Central silica-andalusite (pyrite) alteration by high temperature fluids is progressively bounded by silica-clay, advanced argillic, argillic and propylitic alteration. At the "western drill area", which is the zone of most interest, significant gold values in the superficial oxide zone were tested by chip sampling and trenching in the years 1993 and 1994. Mapping showed that gold values of interest were confined to the silica-andalusite alteration phase. A program of short, vertical diamond core holes followed which demonstrated shallow oxidation levels (from 10 m to 30 m) and confirmed interesting gold values in oxidized, silica-andalusite altered volcanic rocks. Where the holes penetrated into the sulfide zone economically interesting values in gold and copper were discovered. There are indications of supergene copper enrichment below the oxide zone in the area of interest. Although sufficient to preclude the likelihood of a large, oxidized, heap-leachable gold resource, the drill test in 1994 was not sufficiently detailed to allow for the delineation of the size and grade of the sulfidic gold-copper mineralization that was encountered below the oxide zone.

The author concludes that further drill testing of the "western drill zone" by deeper angle holes is warranted in order to determine the geometry and gold-copper grades of the mineralized silica-andalusite alteration zone. An assessment of the existing data also indicates that there are secondary targets such as mapped alteration zones and isolated geochemical anomalies that warrant further examination.

A program of drilling and geochemical prospecting is recommended with a proposed budget of US$519,000 of which US$219,000 is the recommended first phase and US$300,000 is a second phase which is contingent upon success in the first.

## ITEM 4: INTRODUCTION AND TERMS OF REFERENCE

The management of BELLHAVEN VENTURES INC. (Bellhaven) signed a "letter of intent" agreement on Feb. 29, 2004 whereby Bellhaven will acquire, under certain conditions, 100% of the common shares of stock of AURUM EXPLORATION INC. (Aurum), a company registered in Panama. One of the conditions of the agreement is that the exploration concessions in Aurum's portfolio be acceptable to Bellhaven. The author, being "an independent qualified person" under the terms of NATIONAL INSTRUMENT 43-101, was therefore approached by Bellhaven to write an NI 43-101 compliant technical report to describe the Pitaloza property, Republic of Panama, and to make recommendations for further work.

The author has relied upon reports within the Panama City offices of Aurum as the main sources of information in the preparation of this report and these are cited in the "References" section. Especially useful are reports written for Cyprus Minera de Panama, by S.A. by Calloway (1994), and Rogowski (1993).

The author was physically on the property for one day, Feb. 15, 2004, in the company of Carl Nelson of Bellhaven and Ing. Tomas Baxter who has had prior experience on the property and acted as guide for the day.

## ITEM 5: DISCLAIMER

Although the author is not aware of any unusual legal, political, or environmental issues or factors which may negatively impact the project with which this report is concerned, the author, although workably fluent in the Spanish language and reasonably cognizant of Panamanian mining law is not qualified to certify these aspects and cannot guarantee that legal, environmental, or political problems will not arise at some future time. At the time of writing, the process of application for a concession is close to completion, however the author can not state when this process will be successfully concluded.

## ITEM 6: PROPERTY DESCRIPTION AND LOCATION

An application is in the final stages for delimiting a new exploration concession, consisting of 3,299.4 ha located on Panama's Azuero Peninsula primarily in the Province of Herrera, District of Los Pozos. The south-eastern corner of the concession crosses into Los Santos Province, District of Macaracas. A table containing the coordinates of the corner points is shown below, and a map of the area is shown on fig. 2.

| POINTS | LONGITUDE (W) | LATITUDE (N) | DIRECTION | DISTANCE |
|---|---|---|---|---|
| 1 | $80^0\,41^{min}\,29.7^{sec}$ | $7^0\,39^{min}\,14^{sec}$ | | |
| | | | EAST | 5,498.79 m |
| 2 | $80^0\,38^{min}\,30.3^{sec}$ | $7^0\,39^{min}\,14^{sec}$ | | |
| | | | SOUTH | 6,000.23 m |
| 3 | $80^0\,38^{min}\,30.3^{sec}$ | $7^0\,35^{min}\,58.68^{sec}$ | | |
| | | | WEST | 5,498.79 m |
| 4 | $80^0\,41^{min}\,29.7^{sec}$ | $7^0\,35^{min}\,58.68^{sec}$ | | |
| | | | NORTH | 6,000.23 m |
| 1 | | | | |

Table 1. Concession Coordinates

The process of initiating a new exploration concession consists of having the old concession formally cancelled and then making application for a new one. Mineral title to the area concerned was held under Exploration Concession 91-11 (TW Explorations) which had expired and was officially cancelled on 20/04/2004. An application for a new concession 2004-08 was accepted on 21/04/2004 in the name of AURUM EXPLORATION, INC. which is a mineral exploration company registered in Panama.

The new concession will cover only a part of the old Santa Clara Exploration Concession (91-11). In Panama the process of acquiring an exploration concession consists of several steps which include showing financial capacity and sufficient technical expertise. An exploration concession is valid for four years, with extensions available for another four once the contract has been signed by the Minister of Commerce and Industry, countersigned by the Controller General of the Republic, and has been published in the Gazette. At the time of writing the first signature on the new Exploration Contract has been received, but the company is still awaiting the second. There are various reporting requirements on exploration concessions and a tax on the concession area which begins at US$0.50 per ha and increases to US$1.50 per ha in year five.

Portions of the project area contain small villages and are under cultivation or pasture, therefore it is certain that large portions of the surface area are held under some kind of land title. Often in rural areas there may not be clear, written title to the land. It is often held under the right of occupation and may or may not be marked by fencing. This aspect of the project has not been studied, but mineral exploration has been undertaken in the past and it is reasonable to think that it can proceed straightforwardly in the future.

There was, in 1994, a nine-hole diamond drilling program completed on the property and a small amount of trenching and road-work in the same vicinity. Figure 3 shows the locations of these disturbed areas which have not been reclaimed. Therefore a small amount of reclamation work could be considered to be an environmental liability.

Exploration permits are not required in Panama until such time as significant land disruption, such as road-building for drilling, is undertaken. These permits have not been difficult to obtain in the past. The cutting of large trees normally requires the payment of stumpage fees and inspection by ANAM, the environmental ministry, however, at Pitaloza most of the land is under cultivation, or is pasture land with only a few large trees.

## ITEM 7: ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE, AND PHYSIOGRAPHY

Located about 10 km west from the small community of La Mesa, District of Macaracas, in Los Santos State, the property is easily reached by all-weather roads. Within the proposed concession are narrow roads which require a 4-wheel drive vehicle especially during the rainy season from about July to December. Chitré, a small but modern city about two hour's drive away, is the closest major center for normal supplies. A trip by car to the area takes about 7 hours from Panama City, mostly along paved four-lane and two lane highways in good condition.

Climate is humid-tropical with temperatures normally in excess of $25^0$ C with two seasons—wet and dry. The Azuero Peninsula, being far away from the central Cordillera, is normally drier than other parts of Panama, but may receive up to 2 m per year of rainfall. Field work can be undertaken on a year-round basis. Topography is moderate to steep with elevations ranging from about 180m to 550 m above sea level.

Much of the territory is used as grazing land with tropical forest along the rivers and creeks. Photograph 1, below, shows the prime area of interest in the distance, looking from east to west.

Photo 1. Looking west to “Western Drill Area” from the “Eastern Drill Area”

Electricity is available close by, as is labor and mechanized equipment. There is sufficient appropriate space available for any foreseen mining operation. The area of most interest, called Pitaloza, is about 15 km from the Cerro Quema gold property which has production plans in place (Armbrust, 2003). Potentially, if Cerro Quema does go into production, the new infrastructure there may improve the mining economics at Pitaloza.

**ITEM 8: HISTORY**

Small amounts of placer gold have been produced from some of the creeks in the area. Reportedly the gold is fairly coarse and is estimated to be 800 fine (Rogowski, 1993).

Modern exploration started with a United Nations sponsored program in the early 1970’s. This work attracted mining companies to the region with TW Exploraciones, S.A. (Transworld), a company related to Aurum, receiving the Santa Clara Exploration Concession (91-11) in 1991. This concession was one of the properties subject to a joint venture agreement between Cyprus Minera de Panama (Cyprus) and Transworld which was signed in 1990. This joint venture carried out various geochemical, mapping and trenching programs culminating in a nine hole diamond drill program at Pitaloza in

March and April of 1994. In 1995 Cyprus, having established a potentially economic target at the nearby Cerro Quema property withdrew from the Santa Clara project, which then became dormant. The property contains no established mineral reserve or resource.

## ITEM 9: GEOLOGICAL SETTING

Most of Panama consists of island arc assemblages of Cretaceous to Recent age which have resulted from the subduction of the Cocos tectonic plate underneath the Caribbean plate. This has occurred along the Middle America Trench southwest of Panama and Costa Rica (Price, 1997). In general Tertiary and Recent stratigraphy to the north rests on Cretaceous volcanic and intrusive rocks and oceanic basement to the south.

Locally, on the Azuero Peninsula, a large Cretaceous quartz diorite complex has intruded older dacite flows and clastic volcanic rocks (Fig. 2). The Cretaceous Ocu Formation consisting of limestone and tuffaceous volcanic rocks, may unconformably overlie both of the above. The central part of the peninsula is bounded by two major faults. To the southwest the Sona-Azuero Fault separates the Cretaceous rocks described above with Cretaceous basalts and ultramafic rocks which are suggestive of oceanic crust. To the north the east-west trending Ocu fault separates Cretaceous strata from Oligocene volcanics and sediments.

Rock types on the property consist of a sequence of more or less flat lying Cretaceous volcanic rocks which have been intruded by younger, but still Cretaceous, diorite bodies and Tertiary dykes. The stratigraphic column was modified from Calloway,(1994).

**Qal** Quaternary Alluvium
**Qc** Quaternary Clays (formed from weathered outcrops)
**Ta** Tertiary(?) Andesite and Basalt Dykes, generally strongly weathered or altered
**Kdr** Cretaceous Diorite, equigranular hornblende diorite
**Kdc** Cretaceous Dacite, distinguished from andesite by the presence of “quartz eyes”
**Ka** Cretaceous Andesite, generally containing variable amounts of pyrite
**Kam** Cretaceous Meta-Andesite, probably Ka which has been thermally altered by Kdr
**Kv-un** Cretaceous undifferentiated volcanics, probably andesite

The area containing the most intense alteration (and mineralization) exhibits abundant, predominantly northwest-southeast steeply dipping structures.

The volcanic lithologies and to a lesser extent the intrusive rocks have been subjected to structurally controlled acid-sulfate type hydrothermal alteration which has been divided into seven phases and mapped by Calloway,(1994).

**A-0** Unaltered rock
**A-1** Propylitic alteration, chlorite, pyrite, hydrated mafic minerals, clays on fractures
**A-2** Argillic alteration, important amounts of kaolin or other clays replacing feldspars
**A-3** Advanced argillic alteration, all feldspars are converted to kaolin, pyrophyllite, diaspore and alunite

**A-4** Sericitic alteration, similar to A-3 with appreciable sericite
**A-5** Silica/Clay alteration, contains greater than 60% silica with a 10-20% matrix of white to greenish clay
**A-6** Silica/Andalusite, almost pure anhedral silica and up to 25% subhedral pyrite
**A-7** Silicification, localized cryptocrystalline silica flooding and replacement, found only in drill holes

With the unusual exception of the occurrence of andalusite, the alteration is typical of low pH high sulfate volcanic hosted hydrothermal systems. Detailed petrographic work on samples of core (Skerstupp, B., and Scheer, C., 2000) suggest that the silicic part of an early high sulfate system has been brecciated and mineralized by overpressured mesothermal fluids (greater than $350^0$ C) to form the assemblage andalusite-pyrophyllite-quartz-pyrite. They also suggest that redox boundary, where pyrite was oxidized to hematite and goethite, may be important in the concentration of gold within the siliceous structures.

This author suggests that the noted concentration of gold above a the redox boundary is a recent chemical reaction related to intense tropical weathering. Commonly in the alternating wet and dry, hot Panamanian climate, the superficial character of lithologies is completely changed by near surface chemical reactions. A shallow level of oxidation at Pitaloza, between about 10 m to 30 m deep, is indicated by the drill holes. At creek levels sulfides can be detected in outcrop, suggesting that the level of oxidation does not descend to levels below the present water table.

## ITEM 10: DEPOSIT TYPES

Except for the presence of andalusite within the gold-bearing parts of the system the geological setting is similar to the Cerro Quema acid-sulfate type epithermal gold deposit about 15 km to the east. The higher temperatures of formation indicated by petrographic work (Skerstupp, B., and Scheer, C., 2000), imply that the system may have some aspects of mesothermal gold systems, or is an intermediate type of mineralization between epithermal and porphyry style. Therefore exploration may be warranted to greater depths. The presence of mesothermal fluids is consistent with the presence of significant copper-gold values which have been observed in drill core from below the level of superficial oxidation.

## ITEM 11: MINERALIZATION

UTM coordinates 535700 E, 844650 N occupy the central part of the area of most interest which is called the “Caracucho Area”, or the “Western Drill Area”. An intensely hydrothermally altered hill consists of Cretaceous andesite underlain by Cretaceous dacite in what is probably a flat lying sequence. Small outcrops indicate that apophyses of diorite have intruded the volcanic lithologies 100 m southeast of the zone, and this proximity has caused the volcanic rocks to be contact metamorphosed. The most important mineralization so far encountered is at the “Western Drill Area” where an arcuate band of silica-andalusite (pyrite) alteration more than 150 m long and up to about

40 m wide trends northwest-southeasterly cutting through the contact-metamorphosed volcanic stratigraphy. Work has been insufficient to allow for a clear understanding of the geometry and continuity of the anomalous zone. Trenching and diamond drilling have shown that the silica-andalusite alteration zone carries gold values and is enclosed by an envelope of advanced argillic alteration. Probably the alteration has followed, in part, pre-existing steeply dipping northwest-southeasterly trending faults.

Structurally, the environment is extremely complex and it appears that post-mineral faulting has disrupted the zone at both ends. The total length of this particular zone is therefore not known and neither is the depth since the diamond holes were short, reaching depths of between 21.95 m and 41.46 m.

Oxidation levels as detailed in the diamond drill logs are not deep, ranging from about 11m to 30m (Calloway, 1994). This range of depths to sulfides is likely related to local topography.

Although it has been reported that gold can be panned from the local streams, gold has been seen neither in outcrop nor in the petrographic and mineralogical studies that have been undertaken. Table 3 shows that potentially important assays of copper and gold occur in the sulfide zone at the end of hole PZD-94-02 (7.32 m grading 0.35% Cu, 0.41 g/t Au from 32.62m to the end of the hole at 39.94 m), and PZD-94-03 (7.31 m grading 0.32% Cu, 0.58 g/t Au from 34.15 to the end of the hole at 41.46 m). A "sooty, unidentified sulfide" mineral described in the log of PZD-94-02 is probably chalcocite.

In addition to the mineralization in the silica-andalusite alteration zone Rogowski (1993) reports that a late stage set of generally small quartz-pyrite veins contains anomalous gold values. He also reports that "wherever chalcopyrite was observed, there was also anomalous gold."

Other known areas of interest include the "Eastern Drill Area" where strong silica alteration was drill-tested by 4 holes with generally poor results, and the "Cemetery Zone" which was tested by four trenches. A large silica-andalusite zone centered about 400 m south of the "western drill area" was mapped in 1994, but apparently received no further attention. This zone, which may be related to Au-Cu anomalies to the west in outcrops near the main creek, warrants further work.

**ITEM 12: EXPLORATION**

The issuer has conducted no exploration on the property; the following is a summary of historical exploration in the area of most interest.

Starting in the year 1990 Cyprus Exploration conducted reconnaissance mapping and geochemical surveys which quickly outlined the Pitaloza area as the main area of interest (Fig. 3). Road-cut mapping, channel sampling, ridge and spur soil sampling, and detailed geological and alteration mapping, and small soil sample grids were followed by a 9 hole diamond drill program completed in 1994. In 1995 Cyprus moved its focus to the west to

locations which are not within the current concession and thereafter abandoned the project to concentrate its efforts at nearby Cerro Quema.

Clearly the zone of most interest, which is best illuminated by the detailed alteration map (Calloway, 1994), is centered in the Pitaloza area. Figure 4 is a reproduction of the Cyprus alteration map with the diamond drill hole locations added.

WESTERN DRILL AREA

The "western drill area" or "Loma de Caracucho", which is the critical area, is further detailed on figure 5 which also details the significant trench and road cut assays. It should be noted that the road-cuts were made after the trenches as a preparation for drilling therefore destroying parts of the trenches. Table 2 is a summary of significant surface samples using Cyprus data with intervals re-calculated by the author using a 0.5 g/t cut-off grade. B.J. Price in 1997 resampled a portion of "Road Cut B" and his results are also included in the table (Price, 1997).

| | **Width (m)** | **Assay (g/t Au)** |
|---|---|---|
| Trench 1 | 45 | 1.10 |
| Trench 2 | 40 | 2.24 |
| Trench 3 | 40 | 1.09 |
| Trench 4 | No assays greater than 0.5 g/t | |
| Road Cut A | 25 | 0.84 |
| Road Cut B (Price, 1997) | 42 | 1.202 |
| Road Cut B | 30 | 2.97 |
| Road Cut B, Vertical Sample #1 | 4 | 6.08 |
| Road Cut B, Vertical Sample #2 | 1 | 2.32 |
| Road Cut B, Vertical Sample #3 | 2 | 0.75 |
| Road Cut C | 45 | 1.19 |

Table 2. Surface Samples, "Western Drill Area"

In 1994 Cyprus drilled nine shallow HQ-3 sized diamond core holes at Pitaloza, five of which were in the "Western Drill Area". A summary of the results follows in Table 3.

| **Hole #** | **From (m)** | **To (m)** | **Interval (m)** | **Au (g/t)** | **Cu %** | **Comment** |
|---|---|---|---|---|---|---|
| PZD-94-01 | 12.50 | 15.85 | 3.35 | 2.09 | --- | Oxide |
| PZD-94-02 | 6.10 | 32.62 | 26.52 | 0.70 | --- | Oxide |
| | 32.62 | 39.94 (E.O.H.) | 7.32 | 0.41 | 0.35 | Sulfide |
| PZD-94-03 | 18.9 | 34.15 | 15.25 | 1.80 | --- | Oxide |
| | 34.15 | 41.46 (E.O.H.) | 7.31 | 0.58 | 0.32 | Sulfide |
| PZD-94-04 | | No Sig. Results | | --- | --- | |
| PZD-94-06 | 25.00 | 34.00 | 9.00 | 0.20 | 0.25 | Sulfide |

Table 3. Significant Drill Results "Western Drill Area"

Section B—B[1] (fig. 6 )which has been taken from Calloway (1994) and modified slightly, is a representation of a section through PZD-94-02 and PZD-94-06 which is thought to be more or less perpendicular to the dominant structural direction. The section shows the alteration sequence, oxidation level and drill-hole assays. The width of the mineralized zone partially penetrated in PZD-94-2 is shown to be almost 40 m. This would be close to the maximum indicated true width. Two other silica-andalusite zones about 10 m wide each are also indicated. Plainly the section demonstrates that the vertical holes were drilled more or less down what are thought to be vertical structures.

EASTERN DRILL AREA

Similar in nature to the "Western Drill Area", the "Eastern Drill Area", or "Pitaloza Arriba" is shown on figure 4. A zone of anomalous silica-andalusite alteration about 50 m by 25 m in extent is contained within an extensive envelope of silica-clay and advanced argillic alteration. The zone was discovered utilizing soil and rock sampling and was tested with four diamond holes.

| **Hole #** | **From (m)** | **To (m)** | **Interval (m)** | **Au (g/t)** | **Cu %** | **Comment** |
|---|---|---|---|---|---|---|
| PZD-94-05 | 28.62 | 29.62 | 1.00 | 1.23 | 0.61 | Sulfide |
| | 33.62 | 35.37 | 1.75 | 1.43 | 0.12 | Sulfide |
| PZD-94-07 | 0.91 | 3.66 | 2.75 | 1.15 | --- | Oxide |
| PZD-94-08 | 5.18 | 6.71 | 1.53 | 1.88 | --- | Oxide |
| PZD-94-09 | | No Sig. Results | | --- | --- | |

Table 4. Significant Drill Results "Eastern Drill Area"

CEMETERY ZONE

The "Cemetery Zone", shown on figure 3, is centered at 536,000 E 845,050. Chip samples from a road cut near the cemetery returned values of 0.2 to 0.3 g/t Au (Rogowski, 1993). Four hand trenches were then cut over an east-west trending altered zone which is about 150 m by 25 m in extent. About 300 linear metres of trenching and assaying resulted in one 25 m section which averaged 1.28 g/t Au.

OTHER AREAS

An extensive silica-andalusite alteration zone was mapped about 150 m south of the "Western Drill Area". This area may be related to Cu-Au anomalies in the creek to the west and warrants further examination.

Various isolated soil and rock samples yielding anomalous values can be found within the extensive database of geochemical results. Although it seems clear that the "Western Drill Area" should be the focus of further work these isolated anomalies should be re-examined.

## INTERPRETATION

A sizeable area of altered rock ranging in grade from propylitic to silica-andalusite indicates that a large hydrothermal system has been active over time in an area of complex, steeply dipping, structure. Cretaceous diorite has intruded the dacite flows and clastic volcanics at Pitaloza and has itself undergone hydrothermal alteration, however the known mineralized centers are within the volcanic stratigraphy. Drilling has not anywhere penetrated the intrusive-volcanic contact.

The geochemical signature of the sulfide-rich mineral system is Cu-Au-Ba with lesser As and weak Hg-Sb. Since most of the analyses are from the oxide zone, where copper has been dispersed, a statistical analysis performed by Calloway (1994) does not show a good Au-Cu correlation. It is, however, abundantly clear from a brief examination of the small amount of drill data that there is a strong Cu-Au relationship in the sulfide zone. Important amounts of Cu-Au are restricted to the silica-andalusite cores of the alteration system in what are interpreted to be the highest temperature regimes, possibly in excess of $350^0$ C. The presence of sooty Chalcocite in the sulfide zone indicates that processes of supergene copper enrichment have been active below the oxide-sulfide transition. It has been suggested (Skerstupp, B., and Scheer, C., 2000) that a process of gold enrichment has been active in the oxide zone, and this seems to be the case judging from the small amount of drill data that is available.

Although it has not been explicitly stated, one can surmise that the purpose of the Cyprus program at Pitaloza was to test for significant tonnages of oxide gold-bearing material amenable to heap-leach processing. Results show that this type of deposit is unlikely. There remain, however, good indications of sulfide Cu-Au mineralization at shallow depths and these have not been tested. The cross-section shown on figure 6 illustrates that the shallow holes were probably drilled along more-or-less vertical structures and therefore that the size and geometry of the Cu-Au sulfide zones remains essentially unknown.

It would be considered important to test the depth extensions of the Pitaloza zone by utilizing angle holes as illustrated in figure 6.

## DISCUSSION OF RELIABILITY

There is nothing about the data, the reporting, or the exploration site that would indicate the presence of significant flaws in the reported results. As far as is known the work at Pitaloza was carried out with the direct supervision of geologists from Cyprus using Transworld personnel. Work was well documented and the author has verified that easily accessible portions of the geological work, sampling and diamond drill hole locations are correct. Assaying was done by CONE GEOCHEMICAL INC., in Lakewood, Colorado, which was considered to be a very reliable laboratory at the time. Assay certificates for the work are appended to the geological reports written at the time of the work (this material is available in the offices of AURUM EXPLORATION INC. in Panama City)

Unfortunately the author was not able to ascertain the whereabouts of the diamond drill core and has not been able to confirm the drill results by check assay.

## ITEM 13: DRILLING

A nine-hole HQ3-sized diamond core drilling program was completed by Cyprus in 1994 (Calloway, 1994). The results of the exploration drilling program have been summarized in the preceding chapter.

The following table is a listing of the drill collar coordinates and hole depths. It should be noted that the local grid coordinate 10,000 N 10,000 E is located at the collar of PZD-94-1. All holes were drilled vertically.

| Hole # | Northing (m) | Easting (m) | Hole depth (m) |
|---|---|---|---|
| PZD-94-1 | 10,000 | 10,000 | 41.46 |
| PZD-94-2 | 9,995 | 10,055 | 39.94 |
| PZD-94-3 | 9,929 | 10,098 | 41.46 |
| PZD-94-4 | 9,985 | 10,150 | 21.95 |
| PZD-94-5 | 9,820 | 10,550 | 35.06 |
| PZD-94-6 | 9,870 | 10,020 | 38.72 |
| PZD-94-7 | 9,807 | 10,362 | 38.11 |
| PZD-94-8 | 9,932 | 10,464 | 27.44 |
| PZD-94-9 | 9,805 | 10,391 | 33.84 |

Table 5. Drill Collar Coordinates and Hole Depths

It is the author's opinion that vertical drilling utilizing short holes in a geological setting of steeply dipping structures has done little to delineate the geometry, grade and true thickness of the mineralized zones. Very little is therefore known of the extent of mineralization, especially within the sulfide zone.

## ITEM 14: SAMPLING METHOD AND APPROACH

In the Pitaloza area 169 reconnaissance rock chip samples from an area of approximately 8 $km^2$ were analyzed in 1993. This was followed in 1994 by detailed trench sampling consisting of about 220 samples normally representing 5 m of trench length. The nine hole drill program completed in 1994 resulted in the assaying of approximately 368 core samples representing various core lengths.

Core recoveries noted in the drill logs (Calloway, 1994) range from 0 to 100% with the best core recoveries noted below the level of oxidation. Core recovery in the oxide zone was not uniformly good which is an unavoidable and not quantifiable source of error. Otherwise, there is no reason to think that any of the sampling reported by Cyprus is in any way faulty.

The rock type of interest is the silica-andalusite alteration phase which occurs in Cretaceous volcanic rocks, probably along steeply dipping structures. The maximum indicated width of this unit is about 40 metres (Fig. 6), but the average width is probably much less. Some portions of this zone contain economically significant quantities of Au-Cu mineralization (see the trench and drill hole assays detailed in section 12), however data is insufficient to predict the true geometry of the zones of interest or their average grades.

## ITEM 15: SAMPLE PREPARATION, ANALYSES AND SECURITY

Reports do not give detailed descriptions of the sampling protocol and security system invoked by Cyprus. The author cannot therefore make comment on these aspects of the data except to say that the data is well presented and is consistent with what can be observed on the property. The certification, if any, of Cone Geochemical in the years 1993 and 1994 when the exploration was undertaken at Pitaloza is not known to this author.

## ITEM 16: DATA VERIFICATION

The quality control measures and data verification procedures used by Cyprus to generate the company's data are not stated in the available reports and are not known. The author has, however, verified the data relied upon in this report by:

1. visiting the property and confirming the geology as reported on the various maps relied upon
2. checking the locations of three of the nine drill holes completed in 1994
3. re-sampling the trenches in the vicinity of hole PZD-94-2

The author cut four continuous three metre channel samples in the vicinity where Cyprus reported 30 m grading 2.97 g/t Au. The new results are summarized below and the assay certificate is included in the appendix.

| Sample Number | Sample Length (m) | Assay (g/t Au) |
|---|---|---|
| Pitaloza 1 | 3 | 0.05 |
| Pitaloza 2 | 3 | 0.23 |
| Pitaloza 3 | 3 | 3.27 |
| Pitaloza 4 | 3 | 2.84 (average of two samples) |

Table 6. Verification Assays

The samples clearly verify at least some of the pre-existing data.

An unfortunate aspect of the project is that the location of the drill core is not known, therefore it was not possible to completely verify any of the drill hole assays or geology.

## ITEM 17: ADJACENT PROPERTIES

While not adjacent to the subject property, the Cerro Quema gold deposit is only 15 km away and has certain similarities to Pitaloza such as:

1. volcanic host rocks with typical acid-sulfate alteration assemblages grading from silica-pyrite through clay-pyrite and propylitic.
2. gold values are restricted to the central silica-pyrite zone
3. the sulfide zone contains supergene copper mineralization.

Cerro Quema does not have any reported andalusite in the mineralized zone like that at Pitaloza and the oxidation level at Cerro Quema is far more profound.

Publicly disclosed information available on SEDAR, (Armbrust, 2003) which has been disclosed by the owner of Cerro Quema states that proven and probable mineral reserves are 6,344,000 Tonnes grading 1.178 g/t Au. A recovery of 186,500 oz of gold are expected utilizing an agglomerated heap leach process. At the time of the writing of this report plans are being made for the Cerro Quema to begin production, however construction of the mine infrastructure has not started.

There is no relationship between BELLHAVEN VENTURES INC. and the authors of the above report. Furthermore **the information stated above is not necessarily indicative of the mineralization on the Pitaloza property** and the author has not verified the above information.

## ITEM 18: MINERAL PROCESSING AND METALLURGICAL TESTING

No mineral processing or metallurgical testing has been carried out on material from Pitaloza.

## ITEM 19: MINERAL RESOURCE AND MINERAL RESERVE ESTIMATES

No mineral resource or reserve estimates have been calculated for Pitaloza.

## ITEM 20: OTHER RELEVANT DATA AND INFORMATION

The author believes that all relevant data necessary to make this report understandable has been already included.

## ITEM 21: INTERPRETATION AND CONCLUSIONS

Cretaceous, probably flat-lying andesite and dacite volcanic and volcaniclastic lithologies are intruded by younger Cretaceous diorite bodies and this sequence has been disrupted by steeply dipping faults trending northwest-southeasterly and east-west. An alteration assemblage which would be typical of an acid-sulfate hydrothermal system, except that it contains a silica-andalusite phase at its core, has affected the volcanic terrain most

strongly. Alteration grades from silica-andalusite (pyrite) outwards through silica-clay, advanced argillic, argillic, and propylitic. A significant volume of rock has been affected. Mapping and geochemistry point to the "western drill area" which contains an arcuate band of silica-andalusite alteration with a maximum width of about 40 m and a mapped length of about 150 m. This zone has been trenched and drill tested with five short holes. Results show that the oxide-sulfide boundary is relatively shallow at between 10 m and 30 m below surface probably depending somewhat on local topography. The best of these holes, PZD-94-03, contained 15.25 m grading 1.80 g/t Au in the oxide zone and 7.31 m grading 0.58 g/t Au and 0.32% Cu in the sulfide zone. The hole ended in mineralized sulfide-bearing volcanic rocks containing chalcocite which suggests that a process of supergene copper enrichment has been active.

Since the drilling utilized vertical holes to test a zone which likely is steeply dipping, a good appreciation for the geometry of the mineralized zone has not been gained with the work to date. It would be considered important to test the zone with deeper angle holes in order to expand the knowledge of the sulfide-zone mineralization at some depth.

Other nearby alteration zones warrant further examination, especially one which has been mapped about 400 m south of the "western drill area". The "cemetery" zone may also be of interest. Existing data also contains various isolated anomalies that should be re-examined.

## ITEM 22: RECOMMENDATIONS

It is the author's opinion that the character of the property is of sufficient merit to justify the following recommended program.

Prospecting utilizing soil and rock geochemistry is warranted to detail the area 400 m to the south of the "western drill area" and other areas which can be defined in the existing data. However the main recommendation consists of a six-hole angle diamond drill program to test underneath the "western drill area". The concept is illustrated on figure 6. This drilling is not contingent on the prospecting program. A second phase, contingent upon good results in the first, would consist of a series of drill fences to define the mineralization to depth and along strike. The proposed budget also includes an item for community relations and social programs which is considered necessary in Latin America.

BUDGET in $US

It is the nature of mineral exploration that it is impossible to exactly predict what the results, best methods and expenditures will be, these being entirely dependant on factors at the exploration site, the timing of the work, and various contract costs at the time. For the best results it will be necessary to employ experienced and qualified field geologists to carry out the work recommended here.

PHASE 1

| | | |
|---|---|---|
| Chief Geologist | 60 days @$200/d | 12,000 |
| Project Geologist | 60 days @ $125/d | 7,500 |
| Labourers | 4@ $10/d x 60 days | 2,400 |
| Food and lodging | | 6,000 |
| Vehicles | 60 days @ $100/d | 6,000 |
| Assays | 1000 @ 17.50 | 17,500 |
| Sample shipping | 1000 @ 5.00 | 5,000 |
| Field supplies | | 5,000 |
| Administration, telephone, computer, internet | | 4,000 |
| Air fare and other travel | | 5,000 |
| Drafting, computer services | | 5,000 |
| Report writing | | 5,000 |
| Community relations, social programs | | 10,000 |
| Diamond drilling-six holes | 1000 metres@ 100/m | 100,000 |
| | | 190,400 |
| Contingency @ 15% | | 28,600 |
| | TOTAL | US$219,000 |

PHASE 2, contingent on the results of phase 1

| | | |
|---|---|---|
| Diamond drilling, all inclusive | 2,000 metres @ $150/m | US$300,000 |

**GRAND TOTAL** **US$519,000**

_____

Peter G. Folk, P.Eng

## ITEM 23: REFERENCES


Armbrust, (2003); Mineral Reserve Audit, Quema Project Republic of Panama. Report filed on SEDAR for RNC Gold Inc., dated June 3, 2003.

Calloway, V., (1994); Pitaloza/Caracucho Project. Final Summary/Results of Exploration Mapping and Drilling. Private report to Cyprus Minera de Panama, dated May 9, 1994.

Cook, K. Brent, (1993); Summary Report: Reconnaissance Evaluation of the Filo Cabuyo Prospect, Santa Clara Concession, Panama. Private Report to Cyprus Minerals Company, dated March, 1993.

Gonzalez, Arcenio,(1995); *Informe de Perforacion, Cerro Viejo, Concesion Santa Clara, Panama.* Private report, in Spanish, to Cyprus Minera de Panama, dated May, 1995.

Price, B.J., (1997); Pitaloza Gold Property, Santa Clara Concession, Herrera Province, Republic of Panama. Report for Sundown Holdings Ltd., dated September 30, 1997.

Rogowski, J. P., (1993); Geologic Assessment, Pitaloza Area, Herrera Province, Panama. Private Report for Cyprus Metals Exploration, dated March 22, 1993.

Skerstupp, B., and Scheer, C., (1999); Project Pitaloza—Caracucho (Panama). Petrographic and Mineralogical Studies of Borehole No. PZD-94-03. Private Report for Transworld Exploraciones, S. A., dated October 14th, 1999.

Skerstupp, B., and Scheer, C., (2000); Project Pitaloza—Caracucho (Panama). Final Report: Petrographic and Mineralogical Studies of Borehole No. PZD-94-03. Private Report for Transworld Exploraciones, S. A., dated April 17, 2000.

Weyl, D. C. (1980); Geology of Central America, 2nd Edition; Gebruder Borntraeger, Berlin, 400 pp.

Wleklinski, S.,(1969); United Nations Development Programme, Mineral Survey of the Azuero Area; Gold Deposits of Northern Veraguas, Republic of Panama.

**PETER G. FOLK, P.ENG.**

*petergfolkpeng@hotmail.com*

Republic of Panama

Tel: 011-507-987-0012

## CERTIFICATE OF AUTHOR

I, Peter G. Folk, P.Eng. do hereby certify that:

1. I am an independent consulting geological engineer and Canadian citizen residing in the Republic of Panama. Mailing address: #PTY-8579, NW 97th Ave.
   P.O. Box 025207
   Miami, Florida 33102-5207
2. I hold a B.A.Sc. in Geological Engineering conferred by the University of British Columbia in 1971.
3. I am a member, in good standing, of the Association of Professional Engineers and Geoscientists of the Province of British Columbia, Canada.
4. I have been practicing my profession related to mining and mineral exploration for over 30 years in a wide variety of locations in North, South, and Central America and China.
5. I fulfill the requirements to be an "independent qualified person" as defined under "National Instrument 43-101".
6. I visited the Pitaloza property on February 15, 2004. I am entirely responsible for the report entitled "REPORT ON THE PITALOZA PROJECT, HERRERA AND LOS SANTOS PROVINCES, REPUBLIC OF PANAMA for BELLHAVEN VENTURES INC." dated July 20, 2004.
7. I have not had any prior involvement with the property that is the subject of the technical report.
8. I am not aware of any material fact or material change with respect to the subject matter of the technical report which is not reflected in the technical report, the omission to disclose which makes the technical report misleading.

9. I am independent of BELLHAVEN VENTURES INC. and AURUM EXPLORATION INC. applying all of the tests in section 1.5 of National Instrument 43-101.
10. I have read National Instrument 43-101 and Form 42-101F1, and this Technical Report has been prepared in compliance with that instrument and form.
11. I consent to the filing of the Technical Report with any stock exchange and other regulatory authority and any publication by them for regulatory purposes, including electronic publication in the public company files on their websites accessible by the public, of the Technical Report.

Dated this 20th day of July, 2004

_____

Signature of Qualified Person

Seal of Qualified Person

_____

Peter G. Folk, P. Eng.

# APPENDIX
# Assay Certificate

From ACME ANALYTICAL LABORATORIES LTD. 852 E. HASTINGS ST. VANCOUVER BC V6A 1R6 PHONE(604)253-3158 FAX(604)253-1716 @ CSV TEXT FORMAT
To Bellhaven Ventures Inc.
Acme file # A400678 Received: FEB 26 2004 * 14 samples in this disk file.
Analysis: GROUP 1D - 0.50 GM
HG GROUP 1C - ANALYSIS BY COLD VAPOUR AA AND SUBJECT TO SE INTERFERENCE.
AU** BY FIRE ASSAY FROM 1 A.T. SAMPLE.

| ELEMENT | Mo | Cu | Pb | Zn | Ag | Ni | Co | Mn | Fe | As | U | Au | Th | Sr | Cd | Sb | Bi | V | Ca |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| SAMPLES | ppm | ppm | ppm | ppm | ppm | ppm | ppm | ppm | % | ppm | ppm | ppm | ppm | ppm | ppm | ppm | ppm | ppm | % |
| PITALOZA 1 | 2 | 74 | 50 | 44 | 0.3 | <1 | <1 | <2 | 4.74 | 18 | <8 | <2 | <2 | 16 | <.5 | <3 | 10 | 24 | <0.01 |
| PITALOZA 2 | 3 | 46 | 46 | 23 | 0.3 | <1 | <1 | <2 | 4.8 | 15 | <8 | <2 | <2 | 23 | <.5 | <3 | 4 | 13 | <0.01 |
| PITALOZA 3 | 54 | 750 | 34 | 10 | 0.6 | 3 | 4 | 8 | 14.6 | 55 | <8 | <2 | <2 | 30 | <.5 | <3 | 9 | 56 | <0.01 |
| PITALOZA 4 | 35 | 348 | 16 | 7 | 1 | <1 | 2 | <2 | 5 | 57 | <8 | 3 | <2 | 22 | <.5 | <3 | 8 | 3 | <0.01 |
| PITALOZA 4 | 35 | 350 | 18 | 7 | 0.9 | <1 | 2 | <2 | 5.02 | 59 | <8 | 4 | <2 | 22 | <.5 | 4 | <3 | 3 | <0.01 |
| STANDARD | 12 | 139 | 23 | 131 | 0.3 | 24 | 12 | 747 | 2.93 | 19 | <8 | <2 | 3 | 46 | 5.3 | 5 | 6 | 59 | 0.7 |

| ELEMENT | P | La | Cr | Mg | Ba | Ti | B | Al | Na | K | W | Hg | Au** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| SAMPLES | % | ppm | ppm | % | ppm | % | ppm | % | % | % | ppm | ppb | gm/mt |
| PITALOZA 1 | 0 | 2 | 29 | <0.0 | 111 | <0.0 | <3 | 0.34 | <0.01 | <0.0 | <2 | <10 | 0.1 |
| PITALOZA 2 | 0 | <1 | 32 | <0.0 | ### | <0.0 | <3 | 0.18 | <0.01 | <0.0 | <2 | <10 | 0.2 |
| PITALOZA 3 | 0 | <1 | 81 | <0.0 | 969 | <0.0 | <3 | 0.42 | <0.01 | <0.0 | <2 | 15 | 3.3 |
| PITALOZA 4 | 0 | <1 | 18 | <0.0 | ### | <0.0 | <3 | 0.1 | <0.01 | <0.0 | <2 | <10 | 2.6 |
| PITALOZA 4 | 0 | <1 | 18 | <0.0 | ### | <0.0 | <3 | 0.1 | <0.01 | <0.0 | <2 | <10 | 3.1 |
| STANDARD | 0.1 | 12 | 179 | 0.6 | 137 | <0.0 | 16 | 1.95 | 0.03 | 0.1 | 4 | 100 | 3.4 |


Ms Wai Szeto
Acme Analy Laboratories
Tel: -604 253-3158
Fax: -604 253-1716
E-mail: wsze [2]