
Bellhaven Releases Sizeable Intercepts From Middle Zone

Bellhaven Copper & Gold Inc. (BHV-V; On Watch List; BUY Rated; No Target Price)

Last Close: \$0.395/share

Market Cap.: \$37 million

Cash Position: \$6 million (estimated)

We are BUYERS of the stock this morning, following the release of some sizeable drill intercepts from the Company's flagship La Mina gold-copper porphyry project in Colombia. **Highlights include a 102m intersection grading 0.71 g/t gold and 0.24% copper.**

These latest assays are from two holes drilled at the Middle Zone prospect at La Mina. A reminder, that the **principal prospect at the project is La Cantera**, for which the Company just recently released a **maiden resource estimate containing 1.6 million gold-equivalent ounces.**

There are 11 different porphyry targets on the project, in addition to La Cantera, and Middle Zone is one of them. It is located roughly 400m to 500m north of La Cantera. The Company has done some previous drilling on this prospect, and these new results have started to demonstrate some size potential at this target.

Discussion of Results

There is now horizontal continuity over 200m going down to a depth of roughly 600m. As a comparison, La Cantera's resource envelope spans an area of 250m x 200m going down to a depth of 550m - so we are starting to see similar dimensions coming into the picture at Middle Zone. However, we do point out that the grades at Middle Zone are slightly lower than at La Cantera, and also that the mineralization seems to be deeper-seated at Middle Zone compared to La Cantera.

One other news of interest from this latest drilling is the discovery of two veins containing potentially significant silver mineralization (grading 10 oz/tonne and 3.4 oz/tonne silver, respectively). It is still early days, and the intercepts were not very wide (at most 2m wide), but it is very exciting to see such high grade veins traversing through the Middle Zone porphyry.

By our estimates, Middle Zone will be the next prospect for which Bellhaven should release the next resource estimate. We expect this resource to come out in mid to late 2012. The Company has drilled roughly 4,500m at the Middle Zone to-date, and we expect another 1,500m to 2,000m of drilling to be completed before year-end.

Investment Thesis - Significantly Undervalued

With an Enterprise Value of \$31 million, and a gold-equivalent resource of 1.6 million oz at La Cantera, Bellhaven is trading at an EV/Resource valuation of under \$20/oz. This is an extremely low valuation for a Company that has a sizeable resource base in a mining-friendly jurisdiction, and has high-quality exploration targets that have the potential to expand the current resource multi-fold in the intermediate term.

The stock has lost roughly 40% of its value in the last three weeks. In mid-September, it was trading at a relative high of \$0.64/share. Currently it is trading at just \$0.395/share. **We believe this is a good time to invest in this name, and we re-iterate our BUY recommendation for BHV.**

Bellhaven Copper & Gold Inc. is on our Mineral Exploration Watch List. We have a BUY rating on the stock however we do not provide a target price for BHV.

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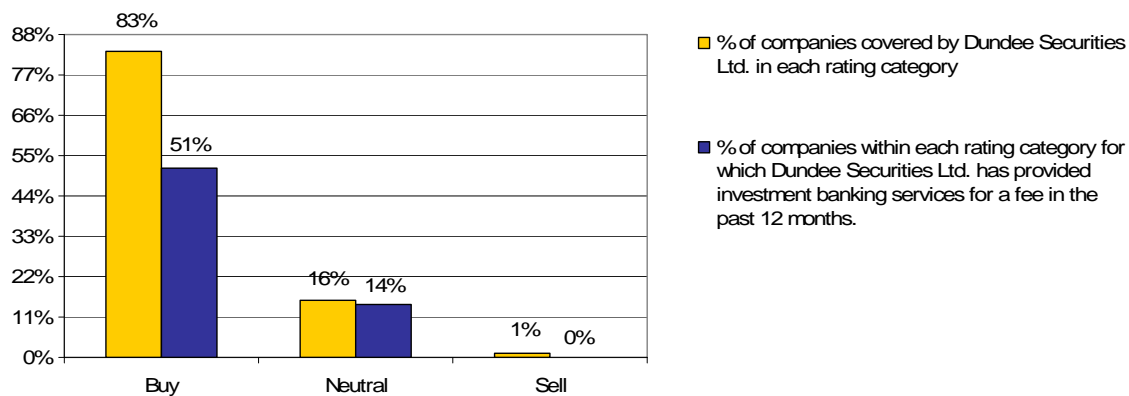
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