

Belvedere Resources: nickel miner diversifying into gold production

Belvedere is mining 2,500t/y of nickel in concentrate from its Hitura nickel mine in Finland, and is now focusing on rapidly advancing development of the adjacent Kopsa gold project

The Hitura nickel mine in snow. Inset: grinding machines at Hitura



| Hole | From (m) | To (m) | Interval (m) | Au (g/t) | Cu (%) | Gram (m) |
|-------------|----------|--------|--------------|----------|--------|----------|
| BELKOPDD001 | 31.10 | 69.90 | 38.80 | 2.33 | 0.13 | 90 |
| BELKOPDD002 | 67.60 | 79.60 | 12.00 | 3.31 | 0.32 | 40 |
| BELKOPDD043 | 12.90 | 51.21 | 38.31 | 5.17 | 0.33 | 198 |
| BELKOPDD043 | 58.85 | 100.53 | 41.68 | 2.14 | 0.23 | 89 |
| BELKOPDD060 | 43.36 | 74.22 | 30.86 | 3.52 | 0.13 | 109 |
| BELKOPDD062 | 32.10 | 49.50 | 17.40 | 1.97 | 0.32 | 34 |
| BELKOPDD062 | 60.70 | 67.90 | 7.20 | 1.42 | 0.12 | 10 |
| K66 | 32.50 | 50.10 | 17.60 | 2.61 | 0.13 | 46 |
| KDD001 | 19.60 | 69.80 | 50.20 | 2.51 | 0.29 | 126 |
| KDD004 | 34.10 | 66.05 | 31.95 | 2.23 | 0.12 | 71 |
| KDD004 | 113.1 | 140.7 | 27.60 | 2.74 | 0.25 | 76 |

BELVEDERE was formed in 1997 as a Finland-focused exploration company. It is listed on the TSX Venture Exchange (BEL) and the Frankfurt Stock Exchange (BD4), but is managed from Europe.

HITURA NICKEL MINE

Belvedere reacquired the Hitura nickel mine early this year, and took the mine from care and maintenance into production in five months for a capital cost of only €2 million. To minimise start-up risks, Belvedere secured an initial fixed-price offtake agreement for the first 18 months of production, guaranteeing profitability. Belvedere is now mining approximately 540,000t/y of ore and producing about 2,500t/y of nickel in concentrate.

| Category | Mt | Ni (%) | Cu (%) |
|--|-------|--------|--------|
| Proven Reserves | 0.972 | 0.69 | 0.24 |
| Probable Reserves | 0.350 | 0.62 | 0.23 |
| Total Mineral Reserves | 1.322 | 0.67 | 0.24 |
| Measured Resources | 1.336 | 0.71 | 0.23 |
| Indicated Resources | 1.086 | 0.60 | 0.20 |
| Total Measured and Indicated Resources | 2.422 | 0.66 | 0.22 |
| Inferred Resources | 0.615 | 0.67 | 0.29 |

The Hitura nickel mine was opened by Outokumpu in 1970, initially as an open-pit deposit with a four-year mine life. Forty years on, all production comes from underground, with two years of production in reserves, and a further potential four years in measured and indicated resources (Belvedere Press Release, October 11, 2010), primarily at the 540-580m levels. The exploration potential is very good, with mineralisation known to continue vertically below current development to depths in excess of 700m, and the replacement of reserves is not considered a significant risk by the company.

In reopening Hitura, Belvedere has successfully managed to reduce the cash operating costs to around US\$4.66/lb of nickel produced in concentrate, effectively moving the mine from an upper-quartile nickel producer to a mid-cost nickel producer. This

Aerial view of the nickel mine. Far right: drifting at Hitura



leaves Hitura in a better position for the future, beyond the initial 18-month offtake agreement, as it is less susceptible to fluctuations in the nickel price.

KOPSA GOLD PROJECT

With the nickel mine ramp-up running ahead of schedule, management focused on the next corporate goal, which is to bring the Kopsa gold deposit into production.

Belvedere's aim is to produce 30,000-35,000oz/y from Kopsa; ramping up to 50,000oz/y, with first production in 2012-13. The current plan is to truck the ore from Kopsa to the Hitura mine site for processing, which makes for a less complicated permitting process and substantially reduces the capital cost requirement for Kopsa.

The 100%-owned Kopsa gold project, located only 15km south of the Hitura nickel mine, has a historical low-grade resource of approximately 450,000oz of gold. Development plans are focused on developing the Main Zone mineralisation between the surface and 100m vertical. The Main Zone has a true thickness of 20-70m and dips shallowly to the south. It has now been delineated over a strike length of 600m and remains open in all directions. Further mineralised zones have been intersected to the north and south of the Main Zone, and remain targets for future follow-up drilling.

Belvedere has recently completed a 31-hole (3,195m) drilling programme on the Main Zone, which has returned some very encouraging results, including several intersects of 12-100m at grades of up to 5g/t. These intersects are from a high-grade core to the mineralisation that has now been delineated over a

150m strike length, and occurs from the surface of the bedrock. This near-surface, high-grade material is likely to upgrade the economics of the project significantly.

These results (combined with the results from earlier drilling) are currently being incorporated into an NI 43-101 compliant resource estimate, which is expected to be completed by the year end. The company is also awaiting the results of a detailed metallurgical study that is required for a pre-feasibility study, which is expected in Q1 2010. Belvedere has a number of other advanced gold projects in Finland at various stages of development, and it plans to build on its initial production base at Kopsa by rapidly developing its downstream pipeline of gold projects.

CONTACT



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SHARE INFORMATION

Symbol: BEL; BD4
Share Price: C\$ 0.21
Issued Shares: 120 million
Market Cap: C\$25 million
12-month range: 0.12 - 0.325
Net Cash: €2.5 million
Market: TSX Venture; Frankfurt
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