

Bellevue Gold Ltd

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Bellevue Gold's exploration demonstrates further growth potential: Canaccord Genuity

Bellevue Gold Ltd's (ASX:BGL) ongoing drill results are continuing to confirm that the Bellevue Gold Project in Western Australia is a globally significant high-grade gold discovery.

The company has about \$27 million in cash to maintain its ongoing drilling campaign throughout 2019.

Global capital markets group Canaccord Genuity (TSE:CF) has retained its speculative buy recommendation and an 80 cents per share price target for Bellevue.

Following is an extract from Canaccord Genuity's March 14, 2019 company update on Bellevue.

Viago North discovery a welcome development. Step-out drilling to the north of Viago (800kt at 22g/t for 550koz) has resulted in the discovery of a new lode (Viago North), extending the strike length of the deposit by 550m.

The Viago North results exceeded our expectations, and we highlight the similarities in the drill results released today (2.6m at 15.4g/t, 2.4m at 15.4g/t, 4.8m at 14.8g/t, 0.5m at 17.2/t and 0.4m at 19.3g/ t) with the first pass results from the Viago discovery (2.5m at 13.1g/t, 1.4, at 9.6g/t, 0.5m at 16.2g/t and 3.4m at 10.4g/t).

Why the similarity is important, is that Down Hole Electro-Magnetics (DHEM) proved to be a highly effective targeting tool for the second phase of drilling, which culminated in delineating a +20g/t grade Resource on Viago.

BGL has identified a number of high priority DHEM targets at Viago North which will be drill tested immediately, and in our view, could result in further high-grade Resource growth.

Compounding our bullish view on Viago North, is that the discovery is shallower (fault offset) than Viago by 50-100m and closer to the historic Bellevue underground workings.

Viago south extends mineralisation by ~200m. BGL had mixed success with extensional drilling to the south of Viago, with increased geological complexity (bifurcation of the shear zone) and drill hole deviation resulting in a number of DHEM targets not being fully tested.

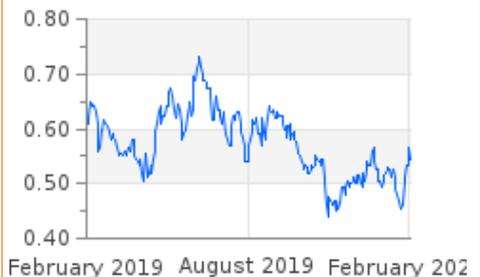
Better results included 1.7m at 34.6g/t and 3.9m at 8.1g/t which demonstrate encouraging potential for further Resource growth.

BGL is currently establishing a more favorably located drill platform, and will integrate downhole navigational tools in the follow-up program (begins early

Price: 0.545

Market Cap: \$310.6 m

1 Year Share Price Graph



Share Information

Code: BGL

Listing: ASX

52 week High Low
0.735 0.43

Sector: Gold & silver

Website: www.bellevuegold.com.au

Company Synopsis:

Bellevue Gold Ltd (formerly Draig Resources) is a West Australian gold exploration company. The Company's core asset is the historic Bellevue Gold Mine in Western Australia which was one of Australia's highest-grade gold mines producing around 800,000oz @ 15g/t gold.

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JunQ'19) to improve targeting.

The total strike length of Viago has now increased from 750m to 1400m.

Tribune growing too. Highlights from the Tribune drilling program included 6m at 24.9g/ t (350m north of the current 600kt at 7.8g/t for 150koz Resource) and 6.5m at 22.2g/ t (50m south of the current Resource).

A significant follow-up drill program around the northern hole is currently underway, and could see the delineation of a new highgrade shoot within the Tribune shear.

Drill testing between the current Resource and the northern hole had limited success, but we note that high grade shoots tend to be controlled by fold axes (within the shear) and success in the north would see analogous fold asymmetry and plunge lineation with the historic Bellevue mine (300m to the east).

Further step-out holes to the south of the existing Resource will also be completed in the short term.

Fully funded to continue exploration. BGL completed a A\$20m placement in Feb 2019, and the company currently has a cash balance of A\$27m.

Four diamond rigs are onsite (20,000m planned for next phase) and the company remains on track for a Resource update late in the JunQ'19.

We continue to see Resource growth toward 2-2.5Moz in the medium term as a realistic expectation.

Valuation and recommendation. We have updated our modelling assumptions to incorporate the recent capital raise, with other key inputs remaining unchanged.

Our valuation is based on a DCF analysis (NPV10%) for the Bellevue gold project, plus nominal exploration value, diluted for future equity raising and net of corporate adjustments.

With an exciting pipeline of news flow expected to culminate in further Resource growth and increased project development merit, we retain a SPECULATIVE BUY recommendation and A\$0.80/sh price target.

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