

# Blue Cove Capital Corporation Announces Qualifying Transaction: Enters into Letters of Intent for the Acquisition of the Santa Elena Copper and Gold Project and Barranco de Loba Gold and Silver Project, both projects located in Colombia

VANCOUVER, BRITISH COLUMBIA- January 10, 2011

**Santa Elena Copper and Gold Project--** Blue Cove Capital Corporation ("Blue Cove" or "the Company") (TSXV:BCV.H) is pleased to announce it has entered into a Letter of Intent to acquire a 100% interest in the Santa Elena Copper and Gold Project, located near the end of the Andes mountains in Colombia in the Department of Antioquia, (the "Santa Elena Acquisition").

The Santa Elena Acquisition and/or the Barranco de Loba Acquisition (as defined herein), if completed, will constitute the Company's "Qualifying Transaction" under TSX Venture Exchange (the "TSXV") Policy 2.4. The Santa Elena and the Barranco de Loba Acquisitions are arm's length transactions and shareholder approval will not be required.

## Proposed Santa Elena Acquisition

The terms of the Letter of Intent are:

Timing	Payment
• Upon signing LOI	USD\$25,000
• Upon TSXV approval	USD\$250,000
• 3 months after TSXV approval	USD\$250,000
• 14 months after TSXV approval	USD\$500,000
• 26 months after TSXV approval	USD\$1,000,000
• 38 months after TSXV approval	USD\$1,000,000

Additional Payment - of USD \$1,000,000 if and when on proving a measured resource equal to or greater than 300,000 tonnes of copper resource in a "measured category" pursuant to applicable CIMM standards and as reported in an independently prepared National Instrument 43-101 ("NI 43-101") technical report.

Copper Net Smelter Royalty (NSR) - Sliding-scale net smelter royalty varying between 2.0% and 3.0% dependent upon the LME average quarterly copper price.

- Equal to or less than \$3.00/lb 2.0% Royalty
- Greater than \$3.00/lb and equal to or less than \$3.75/lb 2.5% Royalty
- Greater than \$3.75/lb and equal to or less than \$4.00/lb 3.0% Royalty

Other Net Smelter Royalty - (NSR) on all other metals will be 3%

Work Program - of USD\$3,000,000 over 3 years, to include all costs associated with operations and development:

- o \$500,000 Year 1
- o \$1,000,000 Year 2
- o \$1,500,000 Year 3

### **Summary of the Santa Elena Copper and Gold Project**

The Santa Elena Project consists of 2 licenses HGLE-02 and HJIG-02 containing a total of 1,287.5 hectares in the Antioquia district, Colombia. The property lies approximately 140 kilometers north east of Medellin, which is accessible by a paved highway and by air from all major cities in Colombia. Infrastructure around the Santa Elena project is well developed, including paved road access, two hydroelectric plants within 5 km, abundant water supply, with nearby pueblos and supportive population.

The project is near the north end of the Antioquia batholiths, in sequence of Cretaceous marine sediments and basaltic volcanic. The area has historically not supported any large-scale mining operations.

A surface geophysical Transient Electromagnetic Survey ("TEM") at fifty meter intervals was conducted on a selected area of the property with outcropping mineralization by VAL D'OR Geophysics for Noranda Mining and Exploration Inc. The results demonstrated four strong conductors with good vertical extent which remains open to the north. Two of the conductors are coincident with outcropping volcanogenic massive sulphide (VMS) beds, Azufral and Arroyo. The VMS mineralization is primarily composed of pyrite, pyrrhotite and chalcopyrite and the VMS deposit is classified as a Beshi-Type VMS, based on geological and geochemical characteristics. Average copper grades across the four anomalies is estimated at 1.8% Cu based on assays from surface sampling of the outcrops and underground workings with some individual samples from Azufral grading up to 6.5% Cu and 2.2 gpt Au.

A historical resource estimate was developed by Minerales de Ensenada S.A. in August 1998. The Resource estimate was based on the TEM of the Santa Elena property conducted by Val D'Or Geofisica (dated Jan & April & July, 1998), the basis of these results were used to determine the possible resource potential. The non compliant NI43-101 resource is estimated at 27,816,000 tonnes at 1.88% Cu, which is equivalent to 524,123 tonnes of Cu.

For the purpose of the resource calculation:

Each of the four VMS zones have strike lengths and depths based on the TEM. The thickness of the two (Azufral, Arroyo) VMS zones were determined by measuring the thickness of the mineralized outcrop. TEM 3 is assumed to have the same thickness and grade as Azufral and TEM 4 is assumed to have the same thickness and grade as Arroyo.

Ten channel samples over one meter lengths were taken (perpendicular to stratigraphy) on the Azufral outcrop, the average copper grade was 2.03% with a range from 1% to 3%.

The specific gravity 4.33 was measured at Azufral and used for all VMS targets.

For the Arroyo zone three channel samples were taken over one meter length (perpendicular to stratigraphy) on the Arroyo outcrop, the average copper grade was 1.65% with a range from 1.2% to 2% Cu.

The Knapp tunnel located 300m east on strike of the Azufral VMS underground workings has exposed mineralized, sheared and brecciated ore with up to 50% sulphides, assays range from 1 to +3% copper, 1.4% zinc, along with anomalous gold and silver values. The ore is more than 50 meters below surface and is located on the eastern flank of the Azufral outcrop and coincident with the (TEM) geophysics anomaly. (Assay results from the tunnel were not used as part of the resource calculation and were only used to validate continuation of the mineralization underground).

The practice of using a TEM to calculate resource estimates is very common. The results are very reliable when ore bodies have high grades of iron which is the case at Santa Elena averaging 20% Fe.

In all cases the VMS resource calculation is calculated as a simple horizontal, rectangular block, in the plan of the dip. The calculation is strike length x dip length x thickness x density = tonnes

**CAUTIONARY NOTE: A qualified person has not done sufficient work to classify the historical estimate as current mineral resources, the Company is not treating the historical estimate as current mineral resources and the historical estimate should not be relied upon.**

VMS Zone Name	TEM Conductor	Strike Length (M)	Down-Dip (M)	Thickness (M)	Density (s.g.)	tonnes	Average Cu %	Tonnes Contained Copper
Azufral	TEM-1	550	400	11	4.33	10,479,000	2.03%	212,724
Arroyo	TEM-2	650	280	8	4.33	6,304,000	1.65%	104,016
TEM-3	TEM-3	500	280	11	4.33	6,668,000	2.03%	135,360
TEM-4	TEM-4	450	280	8	4.33	4,365,000	1.65%	72,023
TOTAL						27,816,000	1.88%	524,123
Contained Copper estimated at 1,153,070,600 lbs								

The immediate work program will include geological mapping and systematic sampling over the entire area and a continuation of the geophysical survey to the north where it remains open so as to define the extent of the exhalite horizon. Although the Azufral and Arroyo zones are drill ready it is the Company's intent to clearly identify all the anomalies and full potential of the property before commencing an extensive diamond drill program.

**Barranco de Loba Gold and Silver Project:** The Company is also pleased to announce it has entered into a Letter of Intent to acquire a 100% interest in the Barranco de Loba Gold & Silver Project, located in the Department of Sur de Bolivar, in the historical gold district of "Serrania San Lucas" in Northern Colombia (the "Barranco de Loba Acquisition").

### **Proposed Barranco de Loba Acquisition**

The terms of the Letter of Intent are:

<b>Timing</b>	<b>Payment</b>
• Upon signing LOI	USD\$25,000
• Upon TSXV approval	USD\$100,000 and 1,000,000 shares
• 90 days after TSXV approval	USD\$225,000
• 6 months after TSXV approval	USD\$250,000
• Payment of Canons upon TSXV approval	USD\$53,000

Additional Payment: For every one million ounces of gold developed from the Barranco de Loba concessions during the term of the agreement in a 'measured resources' category NI 43-101 compliant independent report, Blue Cove will issue to the vendors or its designee, 1,000,000 Blue Cove common shares and pay USD\$1,000,000 (up to a maximum of 10,000,000 shares and USD\$10,000,000). In the event that less than one million ounces but greater than 500,000 ounces of gold is developed, the Company will pay USD\$500,000 and issue 500,000 shares.

### **Summary of the Barranco de Loba Gold & Silver Project**

The Barranco de Loba Project consists of 3 licenses IEV-15551, IEV-16061 and KLM-11471 containing a total of approximately 6,640.7 hectares in the San Lucas gold district, Colombia. The property lies 220 kilometers northwest of Bucaramanga, the capital city of the department of Santander, and 35km kilometers southwest of the city of El Banco, which is accessible by a paved highway and by air from all major cities in Colombia.

The San Lucas gold district is believed to be one of the most prolific in Colombia and has been artisanally mined for over 200 years. There are currently more than 5,000 small scale miners working in the San Lucas district however very little modern or systematic

exploration work has been carried out. AngloGold Ashanti, and Mineros S.A., the largest mining company in Colombia, have conducted regional studies in the area and have reported bonanza grades for both gold and silver. The implementation of modern exploration methods has the potential to truly unlock the full potential of the San Lucas gold district.

In the 1990's the national and local governments, with the support of the geological surveys INGEOMINAS and MINERALCO, carried out several studies in the Sur de Bolivar region and determined that the gold and silver mineralization is mostly hydrothermal with vein thicknesses of up to 6m and in some case disseminated associated with igneous rocks either intruded into the volcanic cover rocks or within the Norosí Batholith.

The Barranco de Loba project hosts swarms of mineralized veins and veinlets that are interpreted as stockworks which suggests the potential for a larger style disseminated or intruded porphyry style systems.

Small scale mining activity started on the Barranco de Loba property in 2004. Preliminary geological mapping over 45Km<sup>2</sup> on the property has identified over 26 vein structures to date.

The underlying owners of Barranco de Loba commissioned a preliminary geologic report (June, 2009) on the property which identified approximately 26 low sulphidation vein structures and returned values of up to 52.4 g/t gold and 242 g/t silver over widths up to 6 meters wide, from a combination of outcropping veins, stockworks and mine tunnels.

The mineralization is predominantly hosted within shears zones which transect Precambrian gneisses and granitoids, Mesozoic batholithic igneous (granodiorite/quartz diorite) and Jurassic andesitic volcanics.

The variably mineralized shear zones are traceable southeasterly over a minimum distance of 3-4 kilometers, and across an approximate width of up to 5 kilometers. The maximum depth of mining is reported to be + 300 meters, and where mined by artesian means may reach 20 meter depths, or the bottom of the zone of oxidation and/or water table.

After completion of the Qualifying Transaction, the Company may acquire additional land positions and prospective gold projects located within the San Lucas district. These additional acquisitions would allow the Company to control much of the San Lucas district and it is the Company's intention to undertake an extensive exploration work program focused within the San Lucas district.

A comprehensive geochemical sampling program lead by Dr. Peter Rogers, Consulting Geologist and Geochemist is planned and scheduled to be completed in February 2011. Following this, IP and ground Magnetic surveys are planned prior to commencing a diamond drill program.

## **Local Expertise**

The Company's local expert and Technical Advisor is Mr. Hernando Lozano a senior geologist with over 25 years experience working in Colombia and previously the head geologist of INGEOMINAS.

To manage the Company's short term requirements on the ground contract services are being provided by local professionals and service companies. However, once the Qualifying Transaction is completed, it is the intention of the Company to relocate our senior operating team to Colombia. Part of this team includes the Company's QP, a Canadian Professional Geologist with over 25 years experience including 15 years experience in South America; a Geophysicist with 15 years experience who has worked on over 300 mining projects in South America and the Company's CEO with 25 years of international mining engineering experience.

## **Sponsorship**

Sponsorship of a Qualifying Transaction of a capital pool company is required by the TSXV unless exempt in accordance with Exchange policies. The Company has engaged Canaccord Genuity Corp. ("Canaccord Genuity") as its sponsor for its Qualifying Transaction and expects that Canaccord Genuity will formally deliver its acknowledgement of sponsorship to the TSXV with completion, signing and submission of a Sponsorship Acknowledgement Form.

## **Name Change**

Subject to all necessary approvals, the Company intends to change its name to "CuOro Resource Corp." or a similar name, effective upon the closing of the Qualifying Transaction.

## **Proposed Private Placement**

In order to finance the Santa Elena and the Barranco de Loba Acquisitions, the recommended work programs, costs associated with the Qualifying Transaction and for general working capital of the resulting issuer, the Company intends to complete financing transactions with a view to raising aggregate gross proceeds of up to \$6,000,000. It is currently anticipated that the financing will be undertaken in part by Short Form Offering, subject to applicable TSXV policies and, in addition, by brokered and non-brokered private placements.

Management of the Company is currently negotiating terms of the proposed financing with prospective agents and third party institutional investors and will make a further announcement once terms are established.

## **Resulting Issuer's Capital Structure**

Blue Cove currently has 11,803,159 common shares issued and outstanding. An additional 1,171,752 common shares are reserved for issuance on the exercise of options and broker warrants.

Finder's fees will be payable on closing of the Santa Elena Acquisition, the Barranco de Loba Acquisition and the financings described above in accordance with the policies of the TSXV. The shares issuable to the vendor in connection with the Acquisition and the securities issued pursuant to the proposed private placement will be subject to escrow requirements and hold periods as required by applicable securities laws. Upon completion of the Acquisition, the Company will be designated as a Tier 2 natural resource issuer on the TSXV. At closing of the Qualifying Transaction, the Company will grant additional options to the directors, officers, employees and consultants of the resulting issuer.

### **Significant Closing Conditions**

Closing and final acceptance of the transaction is subject to the satisfaction of certain conditions, including the completion of satisfactory due diligence, the negotiation and execution of definitive agreements, completion of the private placement, approval of shareholders to the proposed name change (if required), approval of the TSXV and any other regulatory bodies and the maintenance of the Company's listing on the TSXV. Michael Easdon, a consulting geologist and Qualified Person has been retained to produce a NI43-101 compliant geological report.

### **Directors, Officers and other Insiders**

On completion of the Acquisition, the directors, senior officers, insiders and senior advisors of the resulting issuer are anticipated to be:

**Robert Sedgemore** – President, CEO and Director - Mr. Sedgemore has over 25 years of international operating and project experience in senior management positions for EPCM Companies, Junior Exploration & Mining Operations covering a diverse range of commodities including gold, silver, nickel, uranium and copper projects throughout North and South America, Africa and Australia. Previously Mr. Sedgemore was working with the IFC – International Finance Corporation the private sector of the World Bank as the Senior Industry Mining Specialist providing technical and economic valuation on global mining investments. Past experience includes Chief Engineer for Zaldivar a Placer Dome operation, General Manager for Outokumpu, Aisco System, and Chief Engineer for BHP at Minera Escondida the world's largest copper mine where he was involved in several brownfield expansion projects with project values in excess of USD\$1 billion. Major Greenfield studies include Mirabela Nickel in Brazil, Chirundu Uranium Project in Zambia, Westmoreland Uranium project in Australia, Cloncurry Copper Project in Australia, Mt Margret copper and Uranium project in Australia. Other significant EPCM projects include Codelco Copper Refinery Modernization Project in Chile, BHP Tintaya Copper Oxide Project in Peru, Piedras Verde Copper project in Mexico, CAL Energy Zinc Project in California, Escondida phase 3, Escondida phase 3.5, and Escondida Oxide project in Chile.

**John Seaman**, CFO and Director; Mr. Seaman has been involved with several successful mining projects and is currently the CFO for Premier Gold Mines Limited and previously held the position of Chief Financial Officer of Wolfden Resources Inc. from October, 2002 until its sale in June, 2007. Mr. Seaman is also the President and CEO for Apex Investigation & Security Inc. (private security firm) since 1992 and CFO for QRS an exploration company developing projects in Mexico.

**Nick Demare**, Director; Since May 1991, Mr. Demare has been the President of Chase Management Ltd., a private company which provides promotional, administrative, management and financial services to private and public companies engaged in mineral exploration and development, gold and silver production, oil and gas exploration and production and venture capital. He also currently serves as an officer and director of other public reporting companies, including Batero Gold Corp., Mirasol Resources Ltd., Tasman Metals Ltd. And East West Petroleum Corp. Mr. Demare holds a Bachelor of Commerce degree from the University of British Columbia and is a member in good standing of the Institute of Chartered Accountants of British Columbia.

**Dave Doherty**, Director; Mr. Doherty brings over 13 years of investment and finance experience to the Company. Mr. Doherty is Founder and President of Inform Capital Corp, offering merchant banking and Corporate Advisory services to a number of companies across many sectors. Prior to joining, he was an investment advisor with Canaccord Capital, Canada's largest independent securities dealer covering the North American capital markets specializing in developing, restructuring, and financing Venture and Natural Resource companies. Mr. Doherty holds a Bachelor of Arts Degree from Simon Fraser University, with a major in Finance. Mr. Doherty is a Director of Doca Capital Corp, and was a founding member of Dagilev Capital (now Astur Gold).

**Craig Taylor**, Director; Since 1996 Mr. Taylor has been president and CEO of Vanville Projects, a private company which provides products and services to resorts and hotels worldwide. He was past President and CFO of TSX listed Angus Resources Inc. (now Batero Gold Corp.), and is a Director of Valor Ventures Inc. He has served as an officer and director of several other public companies in the past engaged in mineral exploration and development.

## **About Blue Cove**

The Company is designated as a Capital Pool Company by the TSXV. It has not commenced commercial operations and has no assets other than cash. The purpose of the offering under its Prospectus was to provide it with funds to identify and evaluate businesses or assets with a view to completing a Qualifying Transaction (as defined in the Company's Prospectus). Any proposed Qualifying Transaction must be approved by the TSXV and, in the case of a non arm's length Qualifying Transaction, must also receive majority approval of the minority shareholders. Until the completion of a Qualifying Transaction, Blue Cove will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a proposed Qualifying Transaction. For further information regarding Blue Cove, the offering, and Blue Cove's management team, see the Prospectus and Blue Cove's disclosure documents on SEDAR at [www.sedar.com](http://www.sedar.com).

Mr. Michael Easdon, Oregon Registered Geologist No.G243, a Qualified Person for the Barranco de Loba project as defined in National Policy Instrument 43-101 has reviewed the content of this press release.

Mr. Neil Barr, British Columbia Professional Geologist No. 20018, a Qualified Person for the Santa Elena project as defined in National Policy Instrument 43-101 has reviewed the content of this press release.



On Behalf of the Board of Directors of Blue Cove Capital Corporation

**"Robert Sedgemore"** President & CEO

**For more information, please contact:**

Dave Doherty  
Tel: (604) 315-1237  
Email: Dave@informcapital.com

*This news release does not constitute an offer to sell or a solicitation of an offer to sell any of the securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.*

*Completion of the transaction is subject to a number of conditions, including but not limited to, Exchange acceptance and if applicable pursuant to Exchange Requirements, majority of the minority shareholder approval. Where applicable, the transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the transaction will be completed as proposed or at all.*

*Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the transaction, any information released or received with respect to the transaction may not be accurate or complete and should not be relied upon. Trading in the securities of a capital pool company should be considered highly speculative.*

*The TSX Venture Exchange Inc. has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this press release.*

*Canaccord Genuity Corp., subject to completion of satisfactory due diligence, has agreed to act as sponsor in connection with the transaction. An agreement to sponsor should not be construed as any assurance with respect to the merits of the transaction or the likelihood of completion.*

*Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*

*Forward Looking Statement:*

*Statements contained in this news release that are not historical facts constitute "forward-looking statements" or "forward-looking information" within the meaning of applicable securities laws and are based on expectations, estimates and projections as of the date of this release. Forward-looking statements include, without limitation, possible events, statements with respect to possible events, the future price of gold and silver, the realization of mineral resource estimates and success of exploration activities. The words "is expected" or "estimates" or variations of such words and phrases or statements that certain*

*actions, events or results "may" or "could" occur and similar expressions identify forward-looking statements. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The estimates and assumptions of the Company contained in this release which may prove to be incorrect, include, but are not limited to, (1) the discovery and expansion of mineral resources on the Company's Property being consistent with the Company's current expectations; (2) the implementation of Colombia's mining law and related regulations and policies being consistent with the Company's current expectations; (3) certain price assumptions for gold and silver. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to: fluctuations in the spot and forward price of gold or certain other commodities; changes in national and local government legislation, taxation, controls, regulations and political or economic developments in Canada, Colombia or other countries in which the Company does business or may carry on business in the future; business opportunities that may be presented to, or pursued by, the Company; operating or technical difficulties in connection with mining activities; the speculative nature of gold exploration and development, including the risks of obtaining necessary licenses and permits; diminishing quantities or grades of reserves; and contests over title to properties, particularly title to undeveloped properties. In addition, there are risks and hazards associated with the business of gold exploration, development and mining, including environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins, flooding and gold bullion losses (and the risk of inadequate insurance, or the inability to obtain insurance, to cover these risks). Many of these uncertainties and contingencies can affect the Company's actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Forward-looking statements are provided for the purpose of providing information about management's expectations and plans relating to the future. All of the forward-looking statements made in this release are qualified by these cautionary statements and those made in our other filings with the securities regulators in Canada. These factors are not intended to represent a complete list of the factors that could affect the Company. Although the Company believes that the expectations in the forward-looking statements are reasonable, actual results may vary, and future results, levels of activity, performance or achievements cannot be guaranteed.*