RNS Number : 4447D
Bluebird Merchant Ventures Limited
29 June 2021

Bluebird Merchant Ventures Ltd

(the "Company" or "Bluebird")

Commercial terms agreed for completion of the Acquisition of Southern Gold's (SAU) Gubong and Kochang Joint Venture interests

Bluebird Merchant Ventures (EPIC: BMV), the Korean focused gold development group is pleased to announce that it has executed an agreement to increase its ownership to 100% in the Gubong and Kochang gold mines via the Acquisition of Southern Gold's 50% Joint Venture Interest in the South Korean gold projects.

The total Consideration to be paid for the Acquisition is the issuance of up to a maximum of 200 million Bluebird shares at 3.6p per share ("Consideration Shares").

The Company has issued an initial 50 million shares ("Headroom Shares") to Southern Gold. The Company may further elect to pay USD7.5 million in cash, or partly in cash, if it is considered more advantageous than issuing the full remaining balance of the Consideration Shares. This requires the publication of a prospectus that is expected to take up to six months.

Upon completion of the Acquisition, Bluebird will own 100% of the Gubong and Kochang gold projects.

The Independent Expert derived the price of Southern Gold's 50% Joint Venture Interest to be paid by assessing the projected cash flow forecasts using a gold price of USD1,440 per oz. This was then discounted by 15% to determine a net present value of the projects and then for good measure was further reduced by 50%. The resulting number was then divided by two to determine the value of Southern Gold's 50% stake which in terms of the Joint Venture agreements was reduced further by 10%. Accordingly, the price of the Acquisition was determined to be USD9.945m (c. £7m) which is the settlement figure as announced previously on 30 November 2020.

The Acquisition provides shareholders with 100% exposure to the future upside value and cashflows of both the projects. The Directors expect the value of the gold projects to significantly increase as further progress is made towards gold production, notwithstanding the current higher gold price.

The Company has issued 19,834,713 Salary Sacrifice Shares ("Salary Sacrifice Shares") that represents the past two years of salary sacrificed by management and directors in order to both conserve cash and focus cash on the progression of the South Korean projects.

The Headroom Shares and Salary Sacrifice Shares will rank pari passu with the Company's existing issued ordinary shares and application will be made for the Headroom Shares and the Salary Sacrifice Shares to be admitted to the Main Market of the London Stock Exchange ("Admission"). Admission is expected to occur on or around 12 July 2021.

The Company's issued ordinary share capital, has been enlarged to 467,482,119. This figure may be used by shareholders in the Company as the denominator for calculations to determine if they are required to notify their interest in, or a change in their interest in, the share capital of the Company under the FCA's Disclosure and Transparency Rules.

The Company is a non-UK issuer for the purposes of the Disclosure Guidance and Transparency Rules. As such, a person must notify the issuer of the percentage of its voting rights they hold as shareholders if the percentage of voting rights reaches, exceeds, or falls below 5%, 10%, 15%, 20%, 25%, 30%, 50% and 75%.

Colin Patterson, CEO, commented:

"I am pleased that we have finally waded through the lengthy legal structure and wording of the various documents and delighted that at a pre-deal market capitalization of £13 million the Company has just doubled the assets of the business for a cost of approximately £7 million.

Now that all ownership issues have been resolved and funding is in place the BMV team can move on with construction; although Covid restrictions will slow down our efforts we do have plans to start construction preparatory tasks within the next couple of months.

I welcome SAU onto our share register. The Board considers this as a highly positive step that SAU with an excellent understanding and knowledge of the assets' potential have opted to be fellow shareholders in BMV."

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF THE MARKET ABUSE REGULATION EU 596/2014 ("MAR").

Enquiries:

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