RNS Number : 1363L
Bluebird Merchant Ventures Limited
29 December 2022

Bluebird Merchant Ventures Ltd / EPIC: BMV.L / Market: FTSE / Sector: Mining

29 December 2022

Bluebird Merchant Ventures Ltd ('Bluebird' or 'the Company')

Q&A with CEO Colin Patterson

Bluebird Merchant Ventures Ltd, a gold company primarily focused on bringing historic mines back into production is pleased to provide a Q&A with CEO Colin Patterson regarding its 100% owned, licensed, high grade narrow vein mining projects, the Kochang Gold and Silver Mine and Gubong Gold Mine in South Korea and the Batangas Gold Project in the Philippines.

Why are you so excited about the Kochang and Gubong Projects?

We own 100% of the Kochang and Gubong historic mines and there is a defined route to low capex / low cost (estimated sub US$900 per oz) production with a cumulative target of producing + 75,000oz Au per annum in the medium term and 100,000oz Au in the long term. Both were closed in the 1970s when the gold price was sub US$100 per oz, not because of lack of resources, and we believe that with modern technology they have at least a recoverable c.1.5Moz Au. First production is targeted for 2023 and we currently have a market cap of c.£12m.

Why are you developing Kochang and Gubong?

Our investment criteria are based on finding historic mines that have the following characteristics:

- High grade ore - in our case extractable ore of c.6 g/t Au
- Excellent data - we have Korea Resources Corporation ('KORES') drilling and historic mining data which has been positively correlated and added to by our team to understand the true geological potential of the projects which have been 3D modelled
- Resource potential - both projects have multiple ore bodies that are open at depth and along strike which at Kochang is 2.5km of which 600m between the two mining areas hasn't been touched. Gubong has a strike potential greater than 2km and current depth to around 500m below surface, which is currently 1km on dip
- Excellent access - sealed roads lead up to both mines
- Established infrastructure - power is readily available as well as telecommunications, internet and towns nearby
- Low capex and high margin - the metallurgy and processing routes are extremely straight forward

Basically, both Kochang and Gubong fit our model perfectly and have even exceeded expectations.

Do you have the experience to create value for shareholders?

We are not focussed on exploration but execution, with our experience gained from bringing historic mines back into production and re-engineering poorly operated mines. If you look at our team's global track record, I really believe there is no other group that has had as much experience and success in this arena in building value and creating substantial return for investors. We have a 100% success rate.

How much have the Board invested to date?

We are totally aligned with the success of BMV, having cumulatively invested c.US$3.5m. We are at all times looking to allocate cash into the projects and keeping corporate overhead to a minimum, something that is often not the case in the junior space. We are trying to preserve the capital structure, which was reflected in our latest raise and are talking to project financing and resource streaming companies to allow us to fund mine development out of production.

What are the major milestones with regards to bring Kochang into production in 2023?

We are expecting a big year in 2023. The first step is the granting of the Temporary Mountain Use Permits ('TMUP') for the projects, which is the final major legislative step in the path to test production at Kochang. We already have a mining extraction licence in place. As soon as the TMUP is granted, we go into full operational mode on ground. This involves the finalising of the excavator/machinery purchases, refurbishing the mine adit/entrance and the commencement of ore stockpiling for toll treatment to produce proof of concept gold. This is expected to take in the region of 2-3 months. Due to initial work, metallurgical testing, and the fact that the mine has already produced, we are confident this will be successful. We will then head straight into preparation for full mining and aim to complete the plant construction in 9-12 months targeting an initial c.10,000oz Au per annum.

Going forward, cash proceeds will contribute to ramping up gold production at Kochang and commencing production at Gubong with a medium-term target of 75,000oz Au rising to a potential targeted 100,000oz per annum Au.

What is the significance of talking to streaming companies?

We have gold in the ground, a defined path to production and data that supports our development path. Once we have finalised the permits and carried out the test mining/proof of concept, we are into the construction phase. A streaming agreement allows for security of construction finance as the capital invested in mine construction is repaid from the profits of the producing mine. This cuts out any financing variability and ensures that we can build a mine and demonstrate the potential we believe Kochang has without equity dilution.

What are your confidence levels in being able to create value?

As mentioned, our team has delivered on multiple occasions in various locations worldwide. Having exhaustively looked around the world, the Kochang and Gubong opportunities came out at the top of the pile. Our starting operation at Kochang has the simpler operational map of the two. We have a high-level understanding of the geology, the grades, which range between 5.2 g/t to 6.6 g/t gold, and 27.3 g/t to 34.8 g/t silver, the metallurgy and a supportive and strong infrastructural environment. We estimate that in today's terms the existing infrastructure would probably be worth c.US$5m. Our plan is to initiate narrow vein long hole or Alimak raise mining for in situ /unmined veins and a combination of scraping and industrial vacuums to mine the gold bearing mud and broken rock in the early stages, which have already been tested as having sufficient grade to be highly economic. This means both the OPEX and CAPEX being low which translates into high margins and value for shareholders.

What is the significance of the Batangas Gold Project in the Philippines and what should we look forward to in 2023?

Batangas is a high-grade underground operation in the Philippines that was our original asset when we listed. It was written off three years ago when the previous government essentially became non supportive of mining projects. However, with the recent political changes, Batangas is very much back in play. Lobo is the primary area which already has an Indicated resource 82Koz Au and 36Koz Au excluding silver credits ready to be mined in the first 18 months of production. Furthermore, beyond the upside at the Lobo target, there are multiple targets surrounding the project to increase the resources significantly. Batangas' potential has been recognised by a local company with strong credentials and experience in mining in the Philippine - negotiations are now at an advanced stage having progressed to the final drafting of the necessary legal agreements. Given our focus is on South

Korea, we believe a structure whereby the partner earns-in is the most beneficial for stakeholders. I understand that there is frustration with the finalisation of the legal documents having not yet been concluded, but I strongly believe we are nearly there, and we should be getting some positive news out shortly.

How do you differ from other junior exploration / development companies?

BMV is a developer of historic high grade gold mines. We don't go through the long and very expensive and uncertain process of exploration to prove up the potential of a resource, as we already know it's in the ground, and we believe, in our case, in excess of 1.5Moz Au. We have huge advantages over primary exploration to de-risk our projects and increase the chances of success. Essentially defined/existing geological data dramatically reduces exploration cost, refurbishment involves far less capital outlay than a new development, existing infrastructure is in place, mining economics are more easily quantifiable and new mining techniques and processing equipment can process old high-grade ore as well as new ounces optimising the economics. It basically becomes execution risk and with the team we have, where as a group we have yet to fail in reopening high grade historically producing mines, I think genuinely we are a pretty good bet.

Are there any plans for a merger or joint venture with another mining company?

We have an asset base that would be attractive to companies that are looking to increase both their in-ground oz and potential production profile. We are actively considering all alternatives to increase shareholder value and if there is a suitable likeminded mining company that was a good fit to our development plans, we would certainly evaluate ways that we could move forward.

How do the I value BMV?

I think the best way it to look at the sum of the parts slide in our presentation https://bluebirdmv.com/wp-content/uploads/2022/09/BMV-Presentaion-2022.pdf. This articulates what we have, i.e. over + 1.5Moz Au, plenty of upside and a defined path to production of c.10-15Koz Au in the short term and c.75Koz Au in the medium term. It also demonstrates the deal with Southern Gold to acquire 100% of the South Korean projects. Interestingly, an independent expert determined that the value of its 50% interest was US$11.05m, valuing 100% at US$22.1m. With Batangas placed in the mix, I think we can safely say that there is value in #BMV.L at the current market cap of c.£13m.

Why should I invest in Bluebird Merchant Ventures?

We have 2 x low CAPEX, high grade mines with extensive and proven historic data and easily upgradable resources. An estimated 1.5Moz Au in ground and a medium-term production target of 75Koz p.a with the potential to increase to 100Koz Au p.a. We have a rapid and defined route to production and early cash flow on projects with excellent infrastructure in a supportive jurisdiction. There is further upside from the Batangas high-grade exploration/development project and a proven execution team and board which has invested in excess of US$3.5m to date. Finally, 2023 will be a high impact news flow heavy year, where we hope our true value will be recognised.

Finally, I'd like to thank shareholders for their patience and support, and I look forward with excitement to the year ahead and wish everyone a Happy New Year.

This announcement contains inside information for the purposes of article 7 of the market abuse regulation EU 596/2014 ("MAR").

****ENDS****

For further information please visit https://bluebirdmv.com or contact:
Colin Patterson by email: colin@bluebirdmv.com

About Bluebird:

Bluebird Merchant Ventures Ltd (BMV.L) is a London listed South Korea-focused resources company centred on bringing historically producing gold mines back into production. The Company, led by a team of proven mine rehabilitation experts, currently has two 100% owned licensed high grade narrow vein mining projects, the Kochang Gold and Silver Project ('Kochang') and the Gubong Gold Project ('Gubong'), which each have a defined route to low cost/ low capex production with a cumulative target of producing + 100,000oz + Au per annum. Additionally, the Company has the highly prospective Batangas Gold Exploration Project in the Philippines, which has a resource of 440,000oz Au of which 128,000oz Au is a reserve, and has had c.US$20m invested in it to date. The management team has invested cUS$2 million personally into the Company and believe, following analysis of historic production and exploration data, as well as extensive sampling, geological, geophysical, and engineering studies, there is potential for in excess of 1.5Moz of mineable gold in its Korean projects alone.

Kochang is an epithermal vein deposit with parallel vertical ore bodies covering 8.3 sq km that reportedly produced 110,000oz of gold and 5.9Moz of silver between 1961 and 1975. Consisting of a gold and silver mine, there are currently four main veins and a number of parallel subsidiary veins vein which have been identified, as well as a newly identified cross-cutting vein. Historic drilling indicates the veins continue to depth below the current 250m mine and mapping shows the veins on surface providing potential above and below the old workings. The veins extend to the NE providing a strike length of 2.5km with 600m between the two mines not exploited. There is potential to expand operations to the southwest/northeast and to depth, as well as exploit the already mined areas. The total current non JORC estimate is between 550,000 and 700,000 tonnes, with a range of grades between 5.2 g/t to 6.6 g/t gold, and 27.3 g/t to 34.8 g/t silver. Following the granting of a Mountain Use permit, there is an estimated 6-to-9-month development time to trial mining.

Gubong, which was historically the second largest gold mine in South Korea has 9 granted tenements covering c.25 sq km. Gubong is flat dipping with 9 veins extending 500m below surface and known to extend at least a further 250m. However, the production opportunity for Bluebird prior to looking at deepening the mine is the 25 levels already developed with all the remnants and unmined areas left by the original miners. The 25 levels extend over 120 km in total length which indicates the size of the opportunity. The Korea Resources Corporation ('KORES') estimated 2.34M tonnes at some 6 g/t Au garnered from 57 drill holes over 17,715.3 metres. With additional sampling, mapping, pit modelling and grade analysis, plus the fact that Gubong is an orogenic deposit, which typically have a depth of 2km compared to the current depth of 500m, the Board believe it has a potential resource of +1Moz Au in-situ, plus an estimated additional 300,000oz Au from satellite ore bodies.

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rns@lseg.com or visit www.rns.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our Privacy Policy.

END

MSCFKLBLLLLLFBL