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Bluebird Merchant Ventures Limited
29 August 2023

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

Interim Results

Bluebird Merchant Ventures Ltd, a gold company primarily focused on bringing historic mines back into production, announces its Interim Results for the six-month period ended 30 June 2023.

Overview:

- Developments across the gold project portfolio to fulfil strategy to become a producing entity in both South Korea and the Philippines.
- Scoping Study for two Korean projects indicated post-tax NPV of USD181 million, free cash of USD50 million per annum, an IRR of 111% and a USD630 per oz All in Sustaining Cost (USD1,750 per oz gold price).
- MTUP at Kochang referred to the Board of Audit and Inspection, Korea for adjudication - all legal and regulatory requirements had been covered in Bluebird's initial c.800-page submission.
- JV partner identified to jointly develop Gubong Gold Project, the larger of Bluebird's two South Korean gold projects - estimated to have in excess of 1.3Moz Au.
- Local JV partner secured with decades of mining experience in-country to develop the Batangas Gold Project in the Philippines - recognised the potential of the project and new mining environment.
- Certificate of Approval from the Mines and Geosciences Bureau for its Two-Year Community Development Plan granted for Batangas.
- Raised GBP1,215,000 - this followed the raising of GBP230,000 in December 2022.
- Reduced overhang following long term shareholder and supporter Catalyse Capital buying out Southern Gold's shareholding.
- Company now debt free with all loans paid off and cash at bank - low overheads with JV model and directors' salary sacrifice scheme in place until MTUP grants.

CHAIRMAN'S STATEMENT

The six-month period under review, although not without its challenges, has witnessed significant developments for your Company both in South Korea and the Philippines as we look to become a gold producing entity and deliver long term value for all stakeholders.

During the period, the Company published a Scoping Study highlighting the potential of the Gubong Gold Mine ('Gubong') and Kochang Gold and Silver Mine ('Kochang') in South Korea, secured a local JV partner in the Philippines to advance the Batangas Gold Project ('Batangas'), raised capital and cleared all corporate debt. However, as shareholders will be aware, the issuance of the Mountain Temporary Use Permits ('MTUPs') for Gubong and Kochang has taken far longer than anticipated, particularly in light of the fact that both projects have already received extraction licences.

South Korea

The Gubong and Kochang licences remain first class assets and fit our model, being low CAPEX, high grade opportunities where we believe production can be recommenced quickly and existing resources can be expanded to facilitate long term, high value returns. In February, the potential of the two projects was highlighted in the publishing of the Scoping Study, which reported a post-tax NPV of USD181 million, free cash of USD50 million per annum, an IRR of 111% and a USD630 per oz All in Sustaining Cost. This was conducted on a USD1,750 per oz gold price against the current gold price of c. USD1,930 per oz.

However, in order to advance, the Company needs the grant of the MTUPs. Throughout the period, the Board was focussed on the granting of these, which are the last part of the legal requirements needed to commence bringing the mines back into production. The Company's lawyers and permitting consultants frequently reiterated their confidence in the likely granting of these MTUPs and emphasised that all legal and regulatory requirements had been covered in Bluebird's initial c.800-page submission. Despite the supply of additional information, including community engagement and clarity on environmental impact, the issuance of the MTUP at Kochang was referred to the Board of Audit and Inspection, Korea. Its adjudication is mandated to take 60 days, so is scheduled for September. However, as previously reported, this timeline is not guaranteed and following advice from our legal advisors, it can often be materially different from what is mandated. When the Board receives an official response, we will communicate this to the market. It is extremely frustrating that while the Company has support from the local landowners and community, and the submission covered all the legal requirements, the granting has not occurred. The Board remains confident but believe this has become regionally political and therefore we welcome the audit procedure.

As a result of the above, we paused the submission for a MTUP at Gubong to evaluate all permutations encountered at Kochang. The politicising of events led us to the conclusion that there was a need for more South Korean representation and accordingly we identified a local partner to look to jointly develop the larger of our two projects. It recognises the scale and potential of the asset, which we estimate to have in excess of 1.3Moz Au and believe that it can both assist in the securing of the permit and the funding of the development of the mine to production. Notably, a similar JV model has been successful at Batangas in the Philippines where our partner has been instrumental in securing the recently announced Certificate of Approval.

Batangas

We remain extremely positive about the development potential of this high-grade project in the Philippines. This was our original listing asset, whose development was placed on hold due to a deterioration of political support for mining in the Philippines. With the election of President Marcos in June 2022, this situation has ameliorated translating into the project being primed for development. Accordingly, we signed a JV with a Philippine company, which has decades of mining experience in-country and recognised the potential of the project.

The JV covers the entire Batangas Project area, which has a total JORC compliant resource of 440,000 ounces, including a maiden ore reserve of 128,000 ounces (including silver credits), although work will initially focus on the Lobo area, implementing the necessary work with a view to advancing it to construction. Lobo has a JORC Compliant Ore Reserves of 171,000 tons at 6.6 g/t for 36,000 oz Au, an 82,000 oz Au inferred resource plus multiple epithermal and high-grade targets identified over 14km of identified mineralised structures. Grades include high-grade surface trench intersections of 8.35m @ 18.4 g/t Au, 2.6m @ 28.6 g/t Au and 3m @ 22.2 g/t Au.

The JV structure provides Bluebird with a free carry to a production decision at Lobo in return for 60% of the project equity. To provide context in terms of value, on top of the identified ounces and expansion potential, exploration expenditure to the tune of c.USD20 million has been invested across the Batangas licence to date. In the initial prospectus, the Company had an option to farm into 51% of the project and will now have a free carry to construction decision and maintain a 40% interest.

Since signing the JV, we have received the Certificate of Approval from the Mines and Geosciences Bureau for its Two-Year Community Development Plan. This represents a significant step forward and underlines the importance of the Company's local development partner in navigating the regulatory environment to allow the Lobo underground mine to be advanced to a production decision. Importantly, the Company already has two 25-year Mineral Production Sharing Agreements covering this area.

The next steps for the JV partner include a new drilling campaign to increase the resource, the development of an underground mine plan, and the application for an Environmental Compliance Certificate. We are working closely with our partners to achieve these objectives, generate consistent news and advance to a decision to mine as quickly as possible.

Corporate

Early in the period we raised GBP1,215,000 through SI Capital via a placing and subscription for 60,750,000 New Ordinary Shares at 2 pence per share. This followed the raising of GBP230,000 in December 2022. The capital raise was to fully fund proof-of-concept production at Kochang but, with the delays with permitting, we took the decision to pay down our existing loans to become debt free.

They Directors remain significant shareholders of the business owning a cumulative 166,176,351 shares in the Company.

The Company recognises the importance of cash preservation and being responsible custodians of our assets, to protect the capital structure of the Company where possible. Accordingly, the Board has taken measures to reduce spend and again the directors' renumeration will be taken in equity which means cash overheads are low. Therefore, with a free carry in the Philippines too, we don't envisage having to return to the market anytime soon. Additionally, on granting of licences in South Korea, multiple financing opportunities should be available; it is just about deciding which is in the best interest of shareholders.

More recently Catalyse Capital Ltd ('Catalyse'), a long running and supportive shareholder of Bluebird, has agreed to acquire Southern Gold Limited's ('Southern Gold') 122.5 million shares in the Company. The Board believes that the share purchase by Catalyse, that recognises the true potential of the Company's South Korean and Filipino gold projects, will remove a significant perceived 'overhang' in the trading of Bluebird's shares. Southern Gold's selling, caused by their strategic shift away from gold and into critical metals, has undoubtedly affected our share price, and to ameliorate the Southern Gold situation is good news for Bluebird and will allow investors to focus on the inherent value of our three-project portfolio.

Conclusion

The sum of the parts of the business, three high grade gold projects, an estimated 1.5m oz Au in South Korea, close to 450,000 oz Au in the Philippines where we have a free carry to a production decision, defined paths to production, supportive local partners, a heavily invested management, cash, and no debt, are not reflected in our current price. We await progress on all three projects and believe that by the time I report next, we will have full clarity on our potential as we look to build value and reward shareholders for their patience.

Jonathan Morley-Kirk
Chairman

The Interim Financial Report can be downloaded in PDF format from the following link:
http://www.rns-pdf.londonstockexchange.com/rns/5355K_1-2023-8-28.pdf

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:

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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 100,000 oz + Au per annum.

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 1.5 million oz 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 110,000 oz of gold and 5.9 million oz 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 150m 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 resource potential 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 moderately 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 120km in total length which indicates the size of the opportunity. The Korea Resources Corporation ('KORES') estimated 2.34M tonnes at some 7.3g/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 geological potential of 1 million + oz Au in-situ, plus an estimated additional 300,000 oz Au from satellite ore bodies.

Additionally, the Company has the highly prospective Batangas Gold Exploration Project in the Philippines, where it has an agreement with a Philippine company, whose owners have decades of experience in mining, to develop the Project. The JV covers the entire Batangas Project area, which has a current JORC compliant resource of 440,000 ounces, including a maiden ore reserve of 128,000 ounces (including silver credits). Exploration expenditure to the tune of c.$20m has already been invested. Work is focused on completing Exploration and Environmental Work Programmes initially targeting the high-grade Lobo area, although there is excellent exploration potential across the licence with high-grade targets already identified and 14km of identified mineralised structures. The staged agreement is based on the JV partner achieving defined development goals and provides Bluebird with a free carry on the development of Batangas with a view to advancing to construction.

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