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Bluebird Merchant Ventures Limited
17 December 2019

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Bluebird Merchant Ventures Ltd

(the "Company" or "Bluebird")

Kochang Permit Approval

Bluebird Merchant Ventures (EPIC: BMV), the Korean focused gold development group, is pleased to announce that it has now officially received a 'Permit to Develop' the Kochang mine.

Highlights:

- **Kochang Permit Approval**
- **Low capex with initial gold production opportunity in 2020**
- **Organic growth potential from 10,000 to 30,000 oz of gold per annum over 3 years**
- **Non-dilutive debt funding discussions**

The permit grants the holder the right to develop and operate a mine for a period of 13 years. The only constraint on the permit holder is the requirement to have production within 3 years. The permit may be extended by a further 20 year period by application 18 months prior to the end of the permit term. There are no government royalties in South Korea.

The grant of this permit by the South Gyeonsang Provincial Authority means that Bluebird has now achieved a second major milestone towards becoming the first foreign gold producer in South Korea since Ivanhoe Mines in the 1990s. Together with the Gubong permit, received on 8 November 2019, the Kochang permit provides a solid base for the company to advance into production and then grow in a substantially organic manner.

The two projects have differing qualities which give the company much opportunity for flexibility. Whilst both mines operated in similar timeframes and closed in the 1970's when the gold price was still below USD 140 per ounce, Gubong, as the onetime second largest gold mine in South Korea, was flat dipping with 9 veins extending 500 metres below surface and known, through historical exploration drilling, 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 kilometres in total length which indicates the size of the opportunity.

On the other hand Kochang, is very shallow (only mined to 150 metres below surface on 1 vein). It has 3 identified steep veins and has potential to expand operations to the southwest/northeast along strike and to depth as well as exploiting the already mined areas. Indeed, the vein system has been identified and mapped on surface where no

mining has ever taken place. The overall strike length of the system is approximately 3 kilometres.

Both mines have geological systems which generally extend to 1500 metres in depth. Initial production from both of the mines will come from sources which are the result of many years of previous mining. Because gold grades vary across any mine it is natural that some parts of a mine will return a profit at a particular gold price and other areas will not. It is for this reason that parts of the mine will remain unmined. In the case of our two mines many areas were left unmined due to a much lower gold price (<USD 140/oz). For this reason and because all the tunnels necessary to extract this ore have been developed this is less costly to mine than new areas. Neither of the mines were cleaned out before they were closed so a substantial amount of broken ore remains behind. This is very low cost production.

The Gubong and Kochang projects are a 50:50 contributing joint venture with Southern Gold. The Joint Venture is managed by Bluebird. Over the next 3 to 4 months, Bluebird will be entering the heart of the Gubong mine where the original incline shaft systems commenced. This will involve some community work and dewatering which is merely draining the area and treating the water before release. The system was trialed successfully at the beginning of this year. Subsequent to this the tunnels will be explored, sampled and surveyed in order to build up an inventory of product.

From February, the projects will then progress to production with initial mining commencing in 6 months and gold production some 3 months later. Both mines will continue to expand their mining area and build up inventory whilst the process plant design is completed and constructed. Estimated average cash cost per ounce (C1 level) is USD 576 per ounce. This is based on both mines over the initial 3 years. The cost of the initial production phase to the joint venture is USD 2.2 million. Bluebird is actively having discussions with regards to non-dilutive debt funding in order to fund its 50% share of the required funding. Over a 3 year period gold production will largely grow organically from 10,000 to 30,000 ounces per annum. A further USD 7 million capital will be injected during this period, however the bulk of this will be injected from cash flow from production.

Commencing next year, Bluebird will start an in-depth feasibility to determine the optimum size for expansion beyond 2022. This will include on and near mine exploration, JORC resource determination. The main targets for this program will be the deepening of both mines.

Colin Patterson, CEO, commented:

"Despite getting our two permits faster than any other country I know of it has been a lengthier process than we first anticipated. This is now over and we are excited by the prospect of achieving gold production in the coming year. We trust that our shareholders will enjoy a revaluation of the company as we move forward."

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

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Notes to Editors

The Gubong mine was once the second largest producing gold mine in South Korea until its closure in 1971 when gold prices were US$40 per ounce. The mine consists of nine shallow dipping stacked veins. Although production was mainly from vein number six, five other veins were mined from 1928 until its closure. Over 17,000 metres of drilling was carried out over the years and there are over 120 kilometres of existing underground development.

The Kochang mine is a gold-silver mine that operated between 1928 and 1975 and produced over five million ounces of silver at over 1000 g/t and 110.000 ounces of gold at 19.6 g/t. This gold production was mainly derived from the three main veins at the North East end of the "Gold Mine" part of Kochang, with the majority of the silver production from the "Silver Mine" some 2.5 kilometres to the south west. The mine closed in 1975 when the gold price was USD 140 per ounce. Today the mine consists of three steeply dipping veins. Bluebird has opened up three kilometres of original development, taken over 400 samples and has confirmed process viability by carrying out initial metallurgical test work.

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