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Bluebird Merchant Ventures Limited
30 April 2024

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

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

**Final Results**

Bluebird Merchant Ventures Ltd, a gold company primarily focused on bringing historic mines back into production, announces its Final Results for the 12-month period ended 31 December 2023.

**Overview:**

- Developments across the high grade gold project portfolio with the target being to become a producing entity in both South Korea and the Philippines.
- Farm-out model being implemented across portfolio:
  - 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 governmental support for mining.
  - Final stages of negotiations being concluded to formalise the Company's relationship with South Korean entity for partial farmout of Gubong Gold Mine with announcement expected imminently.
  - Evaluating Farm-out for Kochang Gold and Silver Mine.
- JV partner model underpins both Bluebird's and the local parties' belief in the asset quality and potential deliverability of the projects.
- In South Korea a Scoping Study for the two 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).
- Bluebird provides investment exposure to c.1.8+ million oz Au in stable jurisdictions backed by strong gold price environment with a low-cost farm out model being implemented.
- Anticipated increased news flow as projects get accelerated on JV progressions.

**CHAIRMAN'S STATEMENT**

The asset base of Bluebird Merchant Ventures remains exciting. Our focus continues to be on advancing the development of our high-grade precious metal projects, which consists of the Kochang Gold and Silver Mine (Kochang) and Gubong Gold Mine (Gubong) in South Korea, and the Batangas Gold Project (Batangas) in the Philippines. We believe that you rarely find investment exposure to c.1.5+ million oz Au in stable jurisdictions and at the current valuation (refer Chief Executive's Comment for detail).

Our objective of creating long term value for shareholders by bringing our projects into production remains the core proposition of the Board, and to this end, we have focussed on a number of key areas to deliver this. Shareholders will be aware there has been some progress, particularly in the Philippines, but also frustrations as we negotiate the path to advance our two South Korean projects, in particular the well documented applications for the Mountain Temporary Use Permits (MTUP).

Our experiences in the Philippines have meant that we have revaluated the way in which we operate. For Batangas, a Joint Venture was secured with a local partner with decades of experience in mining to advance the project to a production decision. This agreement is based on the JV partner achieving defined development goals in return for equity and provides us with a free carry to production decision. Exploration expenditure to the tune of c.USD 20 million has been invested to date and both parties recognise the inherent value of the project. Section 4.3 of the Strategic Report provides an outline of the 2019 write down to USD nil and the Board's decision not to reverse this impairment to the investment in associate in the current period.

The JV model has already reaped dividends as highlighted by the receiving of the Certificate of Approval from the Mines and Geosciences Bureau for a Two-Year Community Development Plan. A drilling contractor has been engaged and programme planned, although the JV partner has now reprioritised this work with the completion of an Environmental Impact Study (EIS) being the most important task to complete. Accordingly post year end, a Philippine based consultant was appointed to conduct the work, which has now commenced.

Our progress in the Philippines, compared to the permitting delays in South Korea, where we are still waiting for a decision from the Board of Audit and Inspection for Kochang re the MTUP, prompted us to rethink our strategy to identify the best development path for Gubong. Accordingly, we have been working with an established South Korean entity, which better understands the local, district and national geo-political environment to ensure all stakeholders are happy with our development plans before we resubmit the MTUP. With a positive working relationship and the recognition of the scale of the mining potential at Gubong, both parties are keen to formalise an agreement for the development of a mine. It is envisaged that the JV model signed in the Philippines will be the basis of an agreement in South Korea - ie, the JV partner will supply capital for the delivery of development goals in return for equity, giving Bluebird a free carry. These negotiations are progressing well and if an agreement is signed, we will look at a similar structure for Kochang.

With an optimal structure in place, we believe we can develop the assets and drive value for shareholders. I would like to thank you for your patience but can assure you we have been doing all we can to make progress. The in-ground value of the portfolio remains constant and something we remain focussed on realising. The Board believes the sum of the parts are not reflected in the share price, despite the delays we have experienced in South Korea.

The value of Gubong and Kochang were highlighted in the publication of a Scoping Study, which included a post-tax NPV of USD 181 million, free cash of USD 50 million per annum, an IRR of 111% and a USD 630 per oz All in Sustaining Cost (AISC), giving us a huge amount of confidence in the economic potential our projects. With regards to Batangas, the value of the Lobo project area with 82,000 oz Au Inferred on just one of nine targets and 14km of strike essentially translates into no attributable value.

On a macro scale, the gold price environment is also positive, with many commentators highlighting that ever-increasing government debt is underpinning the long-term fundamentals for gold as an asset class. Worth noting is that the current gold price of c.USD 2,100 per oz is a significant premium to our scoping study, which was conducted on a USD 1,750 per oz gold price.

**Corporate**

The Directors continue to only draw down minimal fees to preserve cash and now own a cumulative 166,176,351 shares in the Company (23.3%). As mentioned, we have farmed out Batangas giving us a free carry to a production decision, and we are looking to do the same in South Korea to reduce our corporate overhead.

Early in the year, we raised GBP 1.2 million via a placing and subscription for 60,750,000 new Ordinary Shares at 2 GB pence per share brokered by SI Capital. While the funds were raised to fully fund proof-of-concept production at Kochang, following the delays in obtaining the necessary mining permit to move towards production we took the decision to pay down our existing loans to become debt free.

**Conclusion**

We look forward to replicating the approach undertaken in the Philippines to advance our South Korean projects with limited capital outlay in tandem with local partners who better understand the on-ground environment and can foster positive relationships at all levels. With an estimated 1.5 million oz Au, extensive data from established institutions, and extraction permits in place, these projects remain highly prospective. We are confident that once we overcome the current obstacles, we can accelerate swiftly the projects' path to development and begin to enjoy the fruits of our efforts.

Jonathan Morley-Kirk
Chairman

**CHIEF EXECUTIVE'S COMMENT**

With the general operations and corporate issues covered in the Chairman's report, including the delays in the progression of our South Korean projects, I want to take this opportunity to remind shareholders why we are here, provide an update on each asset and outline what we are trying to achieve.

The original listing asset was Batangas, but its development was put on hold due to a change in Government in the Philippines with the investment in the project being written down to USD nil in 2019. As a result, we identified other projects, Gubong and Kochang in South Korea, with significant potential that could benefit from our years of experience in bringing gold mines back into production and generate high returns for investors.

Gubong remains a company maker. It was historically the second largest gold mine in South Korea and the Korea Resources Corporation estimated 2.34 million tonnes at some 6 g/t Au garnered from 57 drill holes over 17,715 metres. It is an orogenic deposit, which typically have a depth of 2km compared to the current depth of 500m. We believe it has a potential resource of +1 million oz Au in-situ, plus an estimated additional 300,000 oz Au from satellite ore bodies. Having completed extensive analysis of the historic data, we aim to bring this project into production with a medium-term target of 60,000 oz Au per annum rising to 100,000 oz Au. Being high grade and low cost, an estimated sub USD 700 AISC, the margins are attractive.

Kochang, the smaller of the two projects, has a current non JORC estimate of 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. This hydrothermal deposit shows very high grades over a strike length of approximately 2.5km. With an initial 116,000 oz Au already defined and given an expected ultimate production level of 60,000 tonnes per annum, a mine life of 10 years is estimated with an initial annual yield c.10,000 oz per annum. With the grant of the MTUP, we believe that this can be fast-tracked to production and early cashflow, which would fund future development and contribute to developing Gubong. However, as the Chairman has already iterated, the grant of permits is held up with the relevant authorities as it has been throughout the reporting period. We still expect a positive resolution but feel a resolution may be accelerated with a local partner in place; accordingly, we are in discussions with a potential partner in this regard.

Bearing in mind the situation in South Korea, our portfolio approach is beginning to pay dividends as we advance Batangas in tandem with our JV partner. Under the terms of the agreement, an initial 25% of the project was

granted to Alpha-Diggers Inc (Alpha), a newly formed special purpose vehicle established to manage the advancement of Batangas to construction. Alpha is charged with completing exploration and environmental work programmes targeting the high-grade Lobo area of the project, which includes additional drilling to increase the resource and a redesign of the mine plan for underground mining. The Bluebird team is actively working with its partners providing input and execution advice on the relevant development paths. On completion of this and the submission of the Declaration of Mining Project Feasibility (DMPF) application, Alpha will receive a further 15% in the Project, raising its holding to 40%. The DMPF and an Environmental Compliance Certificate (ECC) are the last major prerequisites for developing a gold mine at Batangas and on approval and granting, Alpha will receive a further 20% of Batangas, raising its holding to 60%.

The entire Batangas project area has a total JORC compliant resource of 440,000 ounces, including a maiden ore reserve of 128,000 ounces (including silver credits). The high-grade Lobo area is now the focus due to its abundance of data, high prospectivity and two 25-year Mineral Production Sharing Agreements.

Lobo has an initial Probable JORC Compliant Ore Reserves of 171,000 tons at 6.6 g/t for 36,000 ounces of gold excluding silver credits based primarily on the South West Breccia (SWB) area of the licences, which can be mined in the first 18 months of any operation. There is an Indicated resource of 82,000 oz au that is perceived as easily convertible.

Additionally, Lobo has multiple epithermal and high-grade targets already identified for resource expansion with 14km of identified mineralised structures. In particular, testing of the footwall lode at the SWB extension, produced results including 2.1m @14.4g/t Au and 3m @12.1g/t, and West Drift, already has an Indicated and Inferred resource of 350,000t @ 3 g/t Au and high-grade surface trench intersections yielded 8.35m @ 18.4 g/t Au, 2.6m @ 28.6 g/t Au and 3m @ 22.2 g/t Au.

Five key targets identified within 14km strike on five parallel epithermal lode structures include Camo, where major flexure "look-a-like" target to SWB exist; Signal, where exceptionally high grade rock chip samples at surface lead into an area of preserved high silver-copper-gold in silica cap at an analogous position to SWB; Pica the centre of the porphyry system at Lobo where previous high grade epithermal vein intersections above porphyry Cu-Au zone, are open in all directions; and Ulupong where strong soil anomalies and high-grade surface trenching results indicate gold zone exposed for 3km strike of structural corridor.

The EIS study is now underway at Lobo, which, as a key component of the application for the ECC, is considered the priority by our partners. The planned drilling campaign will be completed as the EIS work progresses. The Directors note that as work is on-going and the Company will only seek to either apply for a further two year extension or it will make application for the MPSA to enter the Commercial Operation phase at the end of September 2024, it is prudent not to reverse the impairment previously recognised against the investment in the associate in the year ended 31 December 2023.

Looking ahead, we remain focussed on the advancement of the portfolio. We understand the geological prospectivity of all our projects but are cognisant that we need the right structure to progress. This has been achieved in the Philippines and we believe we are close to achieving this in South Korea, which we anticipate will assist greatly in the unlocking of the inherent value of our projects. We look forward to updating shareholders on our progress as the year advances.

Colin Patterson
Chief Executive Officer

The Annual Financial Report can be downloaded in PDF format from the following link: http://www.rns-pdf.londonstockexchange.com/rns/4783M_1-2024-4-29.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.

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.

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.

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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