

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

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

US\$2 Million Farm-Out Agreement for Kochang Gold & Silver Project in South Korea

Transformational free carry JV model with local partners now implemented across all three high grade gold projects bringing total investment of c.US\$9 million

Bluebird Merchant Ventures Ltd, a gold company primarily focused on bringing historic mines back into production, is delighted to announce that it has signed a US\$2 million Farm-out Agreement for the high grade Kochang Gold & Silver Project ('Kochang' or 'the Project') in South Korea ('the Agreement' or 'Farm-out') to fully fund bringing it back into production.

Overview:

- Staged US\$2 million investment by its local JV partner provides Bluebird with a free carry to bring the historic Kochang mine back into production and organically grow the production profile.
- Kochang is the smaller of the Company's high grade historic mines and has a high margin production target of 12-15,000 oz Au per annum.
- Estimated initial production can be started between 6-9 months following relevant permitting with the initial plan being to process via a toll treatment agreement.
- The JV partner, which has already committed US\$5 million to develop the Gubong Mine, will provide JV management and finance and as well as corporate and planning expertise at local, district and governmental levels, while Bluebird will provide technical assistance chargeable to the JV at market rates.
- BMV's technical director Graeme Fulton recently visited both Gubong and Kochang and, following meetings with the local partners, is preparing a new updated development plan for both projects.
- A Scoping Study for Kochang and Gubong included a post-tax NPV of US\$181 million, free cash of US\$50 million per annum, an IRR of 111% and a US\$630 per oz All in Sustaining Cost on a US\$1,750/oz Au price.
- Bluebird now has c.US\$9 million committed to develop its three high grade gold mines in South Korea and the Philippines against a current market cap of £11m.
- The Company recently announced a restructuring of the Board to lower its cost base and reflect the now fully implemented free carry JV model.

Bluebird Executive director and Interim CEO Aidan Bishop said,*"The signing of a US\$2 million investment to take the previously producing Kochang Gold and Silver Mine to production is fantastic news. This is the final JV structure to be implemented in the Company's portfolio, providing a free carry on all three of our high-grade projects. Funding is crucial for junior resource companies and the fact that we have managed to secure c.US\$9 million to develop our cumulative estimated 1.8m oz Au, is truly exciting for all stakeholders as we look to bring our portfolio into production.*

"Kochang has significant historic data and a non JORC estimate 550-700Kt grading between 5.2-6.6 g/t Au and 27.3-34.8 g/t Ag and its 2.5km strike is open at depth and laterally. Once the MTUP has been secured, the intention is to fast track the Project to production at c.12-15koz Au pa, with trial mining expected to take between 6-to-9 months via processing ore in another Korean facility, providing cash flow for all parties. Importantly, local contractors have already been contacted to provide quotations to undertake work to rehabilitate the Kochang adit to safely prepare for commercial operations. This action is supported by our local partners.

"These are exciting times for all stakeholders. We have three exciting projects, local partners and JV funding in place, defined development paths, a lean structure and a highly positive gold price environment. I look forward to regularly updating all shareholders as we develop our multi project precious metal portfolio, as we look to become a producing entity with a cumulative production target in excess of 100,000 oz Au per annum."

Details

Kochang is recognised as the easier of Bluebird's two projects in South Korea to bring into production. It is an 8.3 sq km epithermal high grade vein deposit with a c.2.5km strike of which 600m between the two mines has not been exploited. It produced c.110,000 oz Au (19.6g/t) and 5.9Moz Ag (1,000g/t) from 1961-1975 and has a Non JORC estimate 550-700Kt, grading between 5.2-6.6 g/t Au and 27.3-34.8 g/t Ag. The team has an estimated production target of c.10-15koz pa and believes there is significant potential to expand operations laterally and at depth as well as exploit already mined areas.

Under the terms of the Agreement, the South Korean's will form an SPV for the investment that will facilitate Kochang's development, investing up to US\$2 million in return for a maximum 60% of the Project. The South Korean JV partner already has a JV agreement with the Company to invest US\$5 million for the development of Gubong (see RNS dated 07.05.2024). The partner is a consortium of successful South Korean business professionals with a broad range of expertise, including metal trading.

The Farm-out is over three stages with milestones needed to be achieved for the grant of equity in the JV. In the first and second stages, the JV will aim to obtain the relevant permits relating to bringing Kochang back into production (such as the Mountain Temporary Use Permit 'MTUP') and once received, prepare a Development Report, which details the planned development of taking Kochang into production. In the third stage, the JV will focus on implementing the Development Report or carrying out more exploration work to further define the orebody at the Kochang Project. For instance, along the 2.5km strike length, there is 600m between the two historic mining areas that has not yet been exploited. The expenditure during Stage 2 and 3 must be sufficient to meet the minimum work commitments for the permits for the Kochang Project for that period.

The expenditure milestones by the investor giving a total of 60% of the Project are as follows:

- Stage 1 Shares: US\$100,000 or 3% of the JV
- Stage 2 Shares: US\$400,000 or 9% of the JV
- Stage 3 Shares: US\$1,500,000 or 48% of the JV

Bluebird shall not be required to contribute to the costs of the JV/Kochang development up to the completion of Stage 3, providing the Company with a free carry to production.

The investment is contingent on the outcome of the review being conducted by the Korean Board of Audit and Inspection ('KBAI') re the application and grant of a MTUP in respect of the Kochang Project. The Korean Mining Registration Office ('MRO') has already agreed to extend the Kochang Licence until the KBAI review is complete. Following the granting of a MTUP, there is an estimated 6-to-9-month development time to mining. Technical Director Graham Fulton has recently been on the ground to review the optimal development path. As part of this, he assessed the adit rehabilitation work which would be classified as Qualifying Expenditure and ensure the extension of the permits regardless of the outcome of the KBAI review. Importantly the local partner has indicated a willingness to commence work at the Project prior to an issuance of a MTUP.

The two parties already have a working relationship having signed a US\$5 million Farm-out for the Gubong Mine. The potential of the two previously producing gold mines is recognised by both parties who intend to cooperate to expedite the relevant permitting, carry out the relevant Feasibility Studies and bring the projects back into production. The value of Gubong and the Kochang Gold and Silver mine was highlighted in a Scoping Study, which included a post-tax NPV of US\$181 million, free cash of US\$50 million per annum, an IRR of 111% and a US\$630 per oz All in Sustaining Cost ("AISC"). The study was conducted on a US\$1,750 per oz Au price compared to the current price of c.US\$2,300 per oz Au.

****ENDS****

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About Bluebird

London listed Bluebird Merchant Ventures Ltd is focused on developing high grade, low capex gold projects. With a cumulative estimated 1.8M oz Au across three projects, including two historic mines in South Korea and a development project in the Philippines, the Company looks to JV its assets with local partners to provide free carry structures to advance its assets to production.

Bluebird recognised the most effective strategy to develop projects in South Korea and the Philippines involved adopting a Joint Venture model; by securing local partners with in-country operational knowledge and investment capital at the project level, assets can be advanced to production on a de-risked basis.

The Company has three JV's providing a cumulative c.US\$9m investment: US\$5m for the development of the historic Gubong Gold Mine and US\$2m for the Kochang Gold and Silver Mine, in South Korea and c.US\$2m (funding to a production decision) for the Batangas Gold Project in the Philippines. With committed development capital at the project level, the Company has free carries to production/mine construction on all its projects, which reduces its reliance on the international capital markets.

Bluebird continues to provide technical assistance to these projects, utilising its internationally experienced mining team, which has a track record of bringing gold projects into production across Southeast Asia. Both JV parties recognise each sides competencies and the mutual belief that together they can bring the projects into production and generate significant value for all stakeholders. Importantly the management team has personally invested cUS\$2 million into the Company, highlighting their belief in the quality of the portfolio.

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 several 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.

Batangas is a 1,160-hectare licence with a 25-year Mineral Production Sharing Agreement ('MPSA') granted. The Project has a current JORC compliant resource of 440,000 ounces, including a maiden ore reserve of 128,000 ounces (including silver credits) as well as multiple additional targets providing extensive resource upside. 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 1,164-hectares Lobo licence. This 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 licence that 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, the area has multiple epithermal and high-grade targets already identified for resource expansion with 15km of identified mineralised structures with results across the nine identified targets yielding excellent results. These include 2.1m @14.4g/t Au and 3m at 12.1g/t at West Drift, which already has an Indicated and Inferred resource of 350,000t at 3 g/t Au, 8.35m at 18.3 g/t Au and 6.0m at 31.2 g/t Au located immediately west of the SWB Extension, 19m surface channel

sample with intersections of 19m grading 9.8 g/t Au at Ulupong and trenching at Limestone Target yielded 3.5m at 25.9 g/t Au including 1.5m at 56.8 g/t Au.

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