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This Document comprises a prospectus relating to Bluebird Merchant Ventures Limited (the “Company”) prepared in accordance with the Prospectus Rules of the Financial Conduct Authority (the “FCA”) made under section 73A of FSMA and approved by the FCA under section 87A of FSMA. This Document has been filed with the FCA and made available to the public in accordance with Rule 3.2 of the Prospectus Rules.

The Existing Ordinary Shares are listed on the standard segment of the Official List of the Financial Conduct Authority and admitted to trading on the London Stock Exchange’s main market for listed securities. Application will be made to the FCA for the New Ordinary Shares of no par value each to be issued in the Company to be admitted to the Standard Segment of the Official List of the UK Listing Authority (the “Official List”) and to the London Stock Exchange plc for the New Ordinary Shares to be admitted to trading on its main market for listed securities. It is expected that Admission will become effective at 8.00 a.m. on 19 June 2019.

**THE WHOLE OF THE TEXT OF THIS DOCUMENT SHOULD BE READ BY PROSPECTIVE INVESTORS. YOUR ATTENTION IS SPECIFICALLY DRAWN TO THE DISCUSSION OF CERTAIN RISKS AND OTHER FACTORS THAT SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE ORDINARY SHARES AS SET OUT IN THE SECTION ENTITLED ‘RISK FACTORS’ BEGINNING ON PAGE 23 OF THIS DOCUMENT.**

The Directors, whose names appear on page 39 and the Company accept responsibility for the information contained in this Document. To the best of the knowledge of the Directors, and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this Document is in accordance with the facts and contains no omission likely to affect its import.

Certain information in relation to the Company has been incorporated by reference into this Document. You should refer to the part of this Document headed ‘Relevant Documentation and Incorporation by Reference’ which can be found on page 293 of this Document.

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# **Bluebird Merchant Ventures Limited**

*(incorporated in accordance with the laws of the British Virgin Islands with company number 1815373)*

## **Conversion**

**and**

## **Admission of New Ordinary Shares**

*Financial Adviser & Broker*

**SP ANGEL CORPORATE FINANCE LLP**

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SP Angel Corporate Finance LLP (“SP Angel”), which is authorised and regulated by the FCA is acting as financial adviser and broker exclusively for the Company and for no one else in connection with the Admission and will not be responsible to anyone other than the Company or for providing advice in relation to the contents of this Document, Admission, or any transaction, arrangement, or other matter referred to in this Document.

SP Angel is not making any representation, express or implied, as to the contents of this Document, for which the Company and the Directors are solely responsible. Without limiting the statutory rights of any person to whom this Document is issued, no liability whatsoever is accepted by SP Angel for the accuracy of any information or opinions contained in this Document or for any omission of information, for which the Company and the Directors are solely responsible. The information contained in this Document has been prepared solely for the purpose of Admission and is not intended to be relied upon by any subsequent purchasers of Ordinary Shares (whether on or off exchange) and accordingly no duty of care is accepted in relation to them.

Apart from the liabilities and responsibilities, if any, which may be imposed on SP Angel by FSMA or the regulatory regime established thereunder, neither SP Angel nor any persons acting on behalf of SP Angel make any representations or warranties, express or implied, with respect to the completeness or accuracy of this Document nor does any such person authorise the contents of this Document. No such person accepts any responsibility whatsoever for the contents of the Document or for any other statement made or purported to be made by it or on its behalf in connection with the Group, the Ordinary Shares or Admission. SP Angel accordingly disclaim any and all liability whether arising in tort or contract or otherwise (save as referred to above) which they might otherwise have in respect of this Document or any such statement.

Neither SP Angel nor any person acting on behalf of SP Angel accept any responsibility or obligation to update, review or revise the information in this Document or to publish or distribute any information which comes to their attention after the date of this Document, and the distribution of this Document shall not constitute a representation by SP Angel or any such person that this Document will be updated, reviewed or revised or that any such information will be published or distributed after the date hereof.

All Ordinary Shares will rank in full for all dividends or other distributions hereafter declared, made or paid on the Ordinary Share capital of the Company and the New Ordinary Shares will rank *pari passu* in all other respects with the Existing Ordinary Shares in issue on Admission.

This Document does not constitute an offer to sell or an invitation to subscribe for, or the solicitation of an offer or invitation to buy or subscribe for, Ordinary Shares in any jurisdiction where such an offer or solicitation is unlawful or would impose any unfulfilled registration, publication or approval requirements on the Company.

The Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any state or other jurisdiction of the United States or under applicable securities laws of Australia, Canada, the Republic of South Africa, the Republic of Ireland or Japan. Subject to certain exceptions, the Ordinary Shares may not be offered, sold, resold, transferred or distributed directly or indirectly, within, into or in the United States or to or for the account or benefit of persons in the United States, Australia, Canada, the Republic of South Africa, the Republic of Ireland, Japan or any other jurisdiction where such offer or sale would violate the relevant securities laws of such jurisdiction. This Document does not constitute an offer to sell or a solicitation of an offer to purchase or subscribe for Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful or would impose any unfulfilled registration, publication or approval requirements on the Company. The Ordinary Shares may not be taken up, offered, sold, resold, transferred or distributed, directly or indirectly within, into or in the United States except pursuant to an exemption from, or in a transaction that is not subject to, the registration requirements of the Securities Act. There will be no public offer in the United States.

The distribution of this Document in or into jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this Document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

None of the Ordinary Shares have been approved or disapproved by the United States Securities and Exchange Commission (the "SEC"), any state securities commission in the United States or any other regulatory authority in the United States, nor have any of the foregoing authorities passed comment upon or endorsed the merit of the offer of the Ordinary Shares or the accuracy or the adequacy of this Document. Any representation to the contrary is a criminal offence in the United States.

Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to section 87G of FSMA and Rule 3.4 of the Prospectus Rules, the publication of this Document does not create any implication that there has been no change in the affairs of the Company since or that the information contained herein is correct at any time subsequent to the date of this Document. Notwithstanding any reference to the Company's website, the information on the website does not form part of this Document.

**Application will be made for the New Ordinary Shares to be admitted to a Standard Listing on the Official List. A Standard Listing will afford investors in the Company a lower level of regulatory protection than that afforded to investors in companies with Premium Listings on the Official List, which are subject to additional obligations under the Listing Rules.**

**It should be noted that the UKLA will not have authority to (and will not) monitor the Company's compliance with any of the Listing Rules which the Company has indicated herein that it intends to comply with on a voluntary basis, nor to impose sanctions in respect of any failure by the Company to so comply.**

This Document is dated 13 June 2019

## NOTICE TO INVESTORS

The distribution of this Document may be restricted by law in certain jurisdictions and therefore persons into whose possession this Document comes should inform themselves about and observe any restrictions, including those set out below. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

### General

No action has been or will be taken in any jurisdiction that would permit a public offering of the Ordinary Shares, or possession or distribution of this Document or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, the Ordinary Shares may not be offered or sold, directly or indirectly, and neither this Document nor any other offering material or advertisement in connection with the Ordinary Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This Document does not constitute an offer to subscribe for any of the Ordinary Shares offered hereby to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

This Document has been approved by the FCA as a prospectus which may be used to offer securities to the public for the purposes of section 85 of FSMA and of the Prospectus Directive. No arrangement has however been made with the competent authority in any other EEA State (or any other jurisdiction) for the use of this Document as an approved prospectus in such jurisdiction and accordingly no public offer is to be made in any jurisdiction. Issue or circulation of this Document may be prohibited in countries other than those in relation to which notices are given below. This Document does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, shares in any jurisdiction in which such offer or solicitation is unlawful.

### For the attention of European Economic Area investors

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), an offer to the public of the Ordinary Shares may only be made once the prospectus has been passported in such Relevant Member State in accordance with the Prospectus Directive as implemented by such Relevant Member State. For the other Relevant Member States, an offer to the public in that Relevant Member State of any Ordinary Shares may only be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- to any legal entity which has two or more of: (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) in such Relevant Member State; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Ordinary Shares shall result in a requirement for the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any offer of Ordinary Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Ordinary Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Ordinary Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, and the expression "Prospectus Directive" includes any relevant implementing measure in each Relevant Member State.

During the period up to but excluding the date on which the Prospectus Directive is implemented in member states of the European Economic Area, this Document may not be used for, or in connection with, and does

not constitute, any offer of Ordinary Shares or an invitation to purchase or subscribe for any Ordinary Shares in any member state of the European Economic Area in which such offer or invitation would be unlawful.

The distribution of this Document in other jurisdictions may be restricted by law and therefore persons into whose possession this prospectus comes should inform themselves about and observe any such restrictions.

### **For the attention of UK investors**

This Document comprises a prospectus relating to the Company prepared in accordance with the Prospectus Rules and approved by the FCA under section 87A of FSMA. This Document has been filed with the FCA and made available to the public in accordance with Rule 3.2 of the Prospectus Rules.

### **For the attention of US investors**

The Ordinary Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any state or jurisdiction of the United States, and may not be offered, sold, resold, transferred or distributed, directly or indirectly, within, into or in the United States, except pursuant to an exemption from, or in a transaction that is not subject to, the registration requirements of the Securities Act and in compliance with the securities laws of any state or jurisdiction of the United States.

Accordingly, the Ordinary Shares may only be sold: (i) within the United States or to US Persons as defined in Regulation S of the Securities Act ("US Persons") (wherever located) in transactions exempt from the registration requirements of the Securities Act and only to persons who are both qualified institutional buyers, as defined in Rule 144A of the Securities Act; and (ii) outside the United States to persons who are non-US Persons in offshore transactions within the meaning of, and in accordance with, Regulation S under the Securities Act.

The Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission ("SEC"), any state securities commission in the United States or any other regulatory authority in the United States, nor have any of the foregoing authorities passed comment upon or endorsed the merit of the offer of the Ordinary Shares or the accuracy or the adequacy of this Document. Any representation to the contrary is a criminal offence in the United States.

### *Available information*

The Company is not subject to the reporting requirements of section 13 or 15(d) of the US Securities Exchange Act of 1934, as amended (the "US Exchange Act"). For so long as any Ordinary Shares are "restricted securities" within the meaning of Rule 144(a)(3) of the Securities Act, the Company will, during any period in which it is neither subject to section 13 or 15(d) of the US Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide, upon written request, to Shareholders and any owner of a beneficial interest in Ordinary Shares or any prospective purchaser designated by such holder or owner, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act. The Company expects to be exempt from reporting pursuant to Rule 12g3-2(b).

### *Enforcement of judgments*

The Company is incorporated under the laws of the British Virgin Islands. It may not be possible for investors to effect service of process within the United States upon the Company, or any Directors who are not US citizens or residents of the United States, or to enforce outside the United States judgments obtained against the Company, or any Directors who are not US citizens or residents of the United States in US courts, including, without limitation, judgements based upon the civil liability provisions of the US federal securities laws or the laws of any state or territory within the United States. There is doubt as to the enforceability in the British Virgin Islands, in original actions or in actions for enforcement of United States court judgments, of civil liabilities predicated solely upon US federal securities laws. In addition, awards for punitive damages in actions brought in the United States or elsewhere may be unenforceable in the British Virgin Islands.



**For the attention of all investors**

Capitalised terms have the meanings ascribed to them in Part X (Definitions) which begins on page 295 of this Document.

Certain information in relation to the Company is incorporated by reference into this Document. You should refer to Part IX (Documents Incorporated by Reference) of this Document for further information. Without limitation, unless expressly stated herein, the contents of the websites of the Group, and any links accessible through the websites of the Group do not form part of this Document.

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## SUMMARY

Summaries are made up of disclosure requirements known as “Elements”. These Elements are numbered in Sections A-E (A.1-E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of “not applicable”.

<b>Section A—Introduction and warnings</b>		
<b>A.1</b>	<b>Introduction and Warning to potential investors:</b>	<p><b>THIS SUMMARY SHOULD BE READ AS AN INTRODUCTION TO THIS PROSPECTUS. ANY DECISION TO INVEST IN THE ORDINARY SHARES SHOULD BE BASED ON CONSIDERATION OF THE PROSPECTUS AS A WHOLE BY THE INVESTOR.</b></p> <p>Where a claim relating to the information contained in this prospectus is brought before a court, the plaintiff investor might, under the national legislation of the member states of the European Union, have to bear the costs of translating this Document before the legal proceedings are initiated.</p> <p>Civil liability attaches only to those persons who have tabled the summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Document or it does not provide, when read together with other parts of this Document, key information in order to aid investors when considering whether to invest in such securities.</p>
<b>A.2</b>	<b>Subsequent resale of securities or final placement of securities through financial intermediaries:</b>	Not applicable. Consent will not be given by the Company for the use of this Document for subsequent resale or final placement of securities by financial intermediaries.

<b>Section B—Issuer</b>		
<b>B.1</b>	<b>Legal and commercial name:</b>	The legal and commercial name of the Company is Bluebird Merchant Ventures Limited.
<b>B.2</b>	<b>Domicile and legal form:</b>	The Company is incorporated in the British Virgin Islands under BVI Companies Act as a BVI Business Company limited by shares, existing under the laws of BVI, having its registered address at Harneys, Craigmuir Chambers, PO Box 71, Road Town, Tortola VG1110, British Virgin Islands.

<p><b>B.3</b></p>	<p>Current operations/ principal activities and markets</p>	<p>Bluebird Merchant Ventures Limited is an Asian focused resource development group.</p> <p>The Company's operations are focused on its Joint Venture Agreements with ASX listed Southern Gold Limited in relation to the Gubong Project and the Kochang Project, both of which are old underground gold mines in South Korea.</p> <p><i>Gubong Project</i></p> <p>The 50:50 joint venture with Southern Gold relating to the Gubong Project was established on 1 September 2018 following completion of the minimum funding requirements by the Company for the Gubong Project and submission of the Gubong Feasibility Report to Southern Gold.</p> <p>The Gubong Project is just over one hours' drive west of Daejeon, the fifth largest city in South Korea. Access to the site is by sealed roads to within 100 metres of the old mine. Other infrastructure such as power and telecommunications are also well placed.</p> <p>The Gubong mine was historically South Korea's third largest gold producer and the largest from 1930-1943, during the Japanese occupation. It still retains substantial remnant ore between mined blocks and promising exploration potential. Mine data indicates good potential for mine re-commissioning and the possibility of relatively early cash flow.</p> <p>There are currently no declared JORC resource estimates at Gubong. The Korean Institute of Geoscience and Mineral Resources (KIGAM) estimated remaining resources at Gubong to be 2.34 million tonnes at 7.36g/t Au.</p> <p>The Company believes that over 17,000 metres of drilling has been completed at Gubong at various periods from the 1960's to 2015. Proof of concept drilling at Gubong in 2015 by Southern Gold's predecessor hit relatively shallow orogenic quartz veining in most drill holes near to the modelled veins and resource structures.</p> <p>Since commencing work on the Gubong Project in May 2017, the Company has carried out extensive desktop research into the history of the mine, created a digitised model and developed an initial production scenario for a ten year mine life. The Company has also constructed a small water treatment plant at the Gubong Project to ensure the water being released from the mine meets acceptable standards and the desired results have been achieved.</p> <p>Metallurgical test work on the Gubong oxidised ore has been conducted at the Mines and Geoscience Bureau and Intertek in Manila, Philippines. The results of initial diagnostic test work received by Bluebird in early May 2018 indicated that the ore sample tested may be amenable to gravity separation. Leaching test work performed on the ore sample indicated high gold recoveries by industry standards (in excess of 90 per cent. on average and up to 97 per cent. was reported from some tests) at low reagent consumption. Additional test work using enhanced gravity separation has yielded gold recoveries of around 70 per cent. into 3 per cent. of the mass, indicating that using just a gravity process on 100 tons of ore, 70 per cent. of the gold could be captured in just 3 tons of concentrate. The remaining 30 per cent. of gold in 97 tons can be stockpiled for later processing. Additional test work will be conducted to further optimise gravity recovery as a potential processing route.</p> <p>A sample of Gubong tailings (material that has been processed during historical operations), has been received and is being subjected to preliminary diagnostic tests. Results to date indicate recoveries of over 90 per cent. are possible from a head grade of 1.1 g/t gold. Reprocessing of old tailings, albeit at lower grade than mined ore, is expected to be a cost-effective source of processing feedstock as there is little cost involved in the reclamation of such tailings.</p> <p>The results from the metallurgical test work and the findings of the Gubong Feasibility Report are assisting the Company in its financial evaluation of the different options to move the project towards production.</p> <p>The application for the permit to develop, which will allow the reopening of the Gubong mine was submitted on 23 January 2019. The Company expects the permit to be granted in the second quarter of 2019.</p> <p><i>Gubong Feasibility Report</i></p> <p>The Gubong Feasibility Report includes an in-depth analysis of various processing scenarios and mining methods and also makes recommendations for further work to be undertaken prior to the Construction Phase at the Gubong Project.</p> <p>The Gubong Feasibility Report recommends that during the Gubong Pre-Construction Phase resources are defined by dewatering the deposit to the valley floor and sampling is undertaken across the veins in all opened underground openings for assay and metallurgical testing. The intention of the Gubong Joint Venture is to define sufficient resources to support an initial 45,000 tonnes per annum operation in the near-term.</p> <p>The Gubong Feasibility Report has analysed a number of mining methods which may be suitable for the Gubong mine. It is envisaged that mining will be by supported and unsupported methods and will include a range of mining methods depending on the dip of the vein, the width of the vein and the strength of the country rock. In terms of processing, initial studies suggest that Vat Leaching will be the most capital and cost effective processing method. Initial Vat Leaching metallurgical tests suggest 90 per cent. recovery may be achievable. Conventional CIL or CIP leaching, gravity and heap leaching methods are also being assessed.</p> <p><i>Kochang Project</i></p>
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	<p>Bluebird has completed its obligatory farm-in expenditure on the Kochang Mine as required under the terms of the Kochang Share Subscription, Farm-in and Incorporated Joint Venture Agreement (as announced on 13 June 2018) with Southern Gold. The Kochang SG Share Subscription was completed in August 2018.</p> <p>The Kochang Feasibility Report, the final requirement of the farm-in process, was submitted to Southern Gold in January 2019. The tenements for the Kochang mine have been transferred to the joint venture company and the application for the permit to develop has been submitted. The Company expects the permit to develop to be granted in the second quarter of 2019.</p> <p>The costs of the Kochang Joint Venture Company are shared 50:50 with Southern Gold and Bluebird is the operator.</p> <p>The Kochang mine is some 130 kilometres south east of the Gubong Project and access to the main entrance is via sealed roads. The mine covers an area of 3.2 square miles.</p> <p>The Kochang gold and silver mine was worked from 1928 until 1975. In 1991, a report by the state-owned entity, Korea Resources Corporation, states that the mine produced 110,000 oz of gold and 5.9 million oz of silver between 1961 and 1975. The Kochang deposit is an epithermal vein deposit.</p> <p>Access has been gained to the main drive and over three kilometres of tunnels, which are considered by the Directors to be in a good state after 43 years since closure. Considerable quantities of broken ore have been observed leading to the systematic mapping and grab sampling of all the available ore drives.</p> <p>In total, over 400 grab samples were assayed in China and Malaysia at SGS Laboratories. The grab sampling programme also included the resampling of nine positions with the instruction to the samplers to selectively 'pick' ore. The picked ore was at an average grade of 5.12 g/t Au compared to the average grade of 1.69 g/t Au attributable to the grab samples that were not selectively picked, which indicates that substantial beneficiation of the grade could be gained through sorting.</p> <p>An underground channel sampling programme has also been undertaken. Approximately 2,000 metres of underground workings at Kochang are open currently and this is believed by the Company to represent roughly 50 per cent. of the total historic gold mine workings. The workings were surveyed using the latest 3D laser technology to generate a 3D representation of the workings. 1,330 metres of vein were sampled at nominal 5 metre intervals in a number of drives on two levels of the mine.</p> <p>Of these 1,330 metres, a total of 589 metres (44 per cent.) were found to have significant channel samples (&gt;3g/t of gold) with an average channel sample value of 5.94 g/t Au and 31.54 g/t Ag and average channel widths of 0.42m.</p> <p>The Directors believe the availability of the broken rock at the Kochang Project and the ability to utilise sorting techniques will be a significant benefit to both the economic viability of the project and the timeline to production. The costly work of drilling and blasting has already been carried out with the ore ready to be brought to surface and processed. This broken rock is expected to be the initial production feedstock from the Kochang Project.</p> <p>Metallurgical test work has been conducted at the Mines and Geoscience Bureau (MGB) and Intertek in Manila, Philippines to determine the most appropriate method of gold and silver recovery from the Kochang ore. Of the 425 samples received, 230 (54%) contained higher than 1 g/t gold. The test work validated the results obtained from the earlier underground sampling programme.</p> <p><i>Strategy</i></p> <p>The Company's strategy, in conjunction with its Joint Venture Partner, is to further develop the South Korean Projects and to complete the Pre-Construction Phase by 30 June 2019.</p> <p>In particular, the Company in respect of the Gubong Project plans to prioritise dewatering and refurbishment of the adit, opening up further working points and undertaking further sampling to assist with mineral inventory estimations. At the Kochang Project workstreams are expected to focus on refurbishing adits and drives, and increasing access to the silver mine and upper levels of the gold mine. Additional sampling and a drill programme are expected to be undertaken at the Kochang Project and will be undertaken in line with the recommendations of the Kochang Feasibility Report.</p> <p>The application for the Permit to Develop the Gubong Mine was submitted on 23 January 2019. The application for the Permit to Develop the Kochang Mine was submitted on 8 March 2019. The Company expects both permits to be granted during the second quarter of 2019. Application will also be made for the necessary permits and licences to enable the construction of an industrial processing plant once the Gubong and Kochang Permits have been granted.</p> <p>Following completion of the Pre-Construction Phase, the Directors intend to re-establish operations at both mines simultaneously and construct a single facility to treat ore from both mines. The processing plant is likely to be located at the Kochang Project and design and engineering plans will be drawn up as part of the Pre-Construction Phase. It will be developed as a pilot plant with initial production providing a 'proof of concept'. Once operational for 12 months the Company will consider various options in order to increase the scale of operations and increase production levels as it is expected that full efficiencies and recoveries would have been achieved. In their opinion and based on their experience, the Directors believe that such a strategy will minimise the capital costs involved in relation to land acquisition, plant construction and operating costs.</p>
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		<p>The Company is of the opinion that the Group has sufficient funding in order to complete the Pre-Construction Phase and to fund the Group's administrative expenses until 30 June 2019. In order for the Group to be able to continue to meet its administrative costs after 30 June 2019 and to progress the South Korean Projects beyond the Pre-Construction Phase the Company will need to raise additional funding.</p> <p>The Company estimates currently that it will require USD 1.05 million to fund its share of the costs of the Construction Phase and cover the Group's working capital needs during the Construction Phase. The Construction Phase will not commence until the South Korean Permits are granted. Should the South Korean Permits not be granted by 30 June 2019 then the Company will need to raise additional capital to cover administrative costs and maintain the South Korean Projects on a "care and maintenance" basis whilst waiting for the South Korean Permits to be granted. The Company estimates that funds of USD 350,000 would be sufficient for the Group to operate on this basis for a period of 12 months from 30 June 2019.</p> <p>The Company is confident that the additional capital required can be sourced from either an equity placing of new Ordinary Shares, or debt funding or a combination of equity and debt funding. The total amount required may also be raised in a series of separate transactions.</p>
<p><b>B.4a</b></p>	<p><b>Significant trends</b></p>	<p>The most significant trends affecting the Company and the Gold mining industry are as follows<sup>1</sup>:</p> <p><i>Demand for gold:</i> Demand for gold totalled 4,071.7 MT in 2017, which was a decline of 7 per cent when compared to 2016. This decline was primarily due to a reduction in investment related demand. This trend continued, as the demand for gold in Q1 2018 was down to 973.5t, being a 7 per cent. decrease compared to Q1 2017. The softening in demand continued in Q2 2018, as it weakened by a further 4 per cent. year on year, which was primarily a result of lower ETF inflows.</p> <p>Annual inflows into gold-backed ETFs totalled 202.8 MT in 2017 largely driven by European investors, however this growth was at a much reduced rate when compared to 2016 (ETF inflows of 546.8 MT). In Q1 2018, holdings in global gold-backed ETFs increased to 2,400.3t by the end of Q1 – the highest month-end total since April 2013 – as the sudden return of volatility to global financial markets encouraged US investors to look for a safe haven.</p> <p>Central banks added 371.4 MT to global official gold reserves, which represented a 5 per cent decrease on net purchases in 2016 (389.8 MT). Notable central bank purchasers included Russia and Turkey. Q1 2018 showed a further improvement, as Central Bank purchases totalled 116.5t, being 42 per cent. above Q1 2017. This increase in demand was primarily driven by strong appetite from Russia, Turkey and Kazakhstan, which were behind 78 per cent. of Q1 2018 net purchases. Global gold-backed ETFs experienced muted growth in Q2 2018, as inflows totalled 33.8t compared to 62.5t during Q2 2017. However, Q3 2018 has been strong, as gold reserves grew by 22 per cent. year-on-year.</p> <p>Bar and coin demand fell 2 per cent overall on a sharp drop in US retail investment. However, India and China increased their investment in bar and coin by 8 per cent and 2 per cent respectively. China and India also led a 4 per cent recovery in jewellery, although demand remains below historical averages. As for Q1 2018, bar and coin demand fell by 15 per cent. compared to Q1 2017. Demand stayed flat in Q2 2018, adding up to 509.1t in H1 2018, which is in line with the three-year average of 508.6t. Q3 2018 has witnessed a 28 per cent. year-on-year increase in bar and coin demand.</p> <p>Demand from the technology sector rose by 3 per cent to 332.8 MT in 2017 (323.4 MT in 2016) as a result of the increased use of gold in smartphones and vehicles. This was the first year of growth in technology demand since 2010. A similar trend followed in Q1 2018, as electronics demand grew 5 per cent. year on year, primarily driven by a strong demand coming from wireless and memory sectors. The trend continued through Q2 2018, as gold used in electronics grew by 3 per cent. compared to Q2 2017, being primarily driven by demand from the wireless sector. A similar pattern followed in Q3 2018, as demand from the technology sector increased by 1 per cent. year-on-year.</p> <p><i>Supply of gold:</i> total gold supply was 4,398.4 MT in 2017, which represents a decline of 4 per cent when compared to 2016 (4,590.9 MT). In contrast, this trend was somewhat reversed in Q1 2018, as total supply was boosted by 3 per cent. when compared to Q1 2017. The World Gold Council forecasts that modest growth in global production will be maintained in 2018, primarily due to expansion of existing mines and the ram-up of recent projects. This was followed by a further 3 per cent. year on year growth in Q2 2018, and a decline of 2 per cent. year-on-year in Q3 2018.</p> <p>Mine production reached 3,268.7 MT in 2017, a marginal increase on 2016 output of 3,263.0 MT and the highest annual total recorded by the World Gould Council. The introduction of stringent environmental controls in China led to a 9 per cent. fall in national mine production. New mine starts in recent years have mostly served to fill the gap left by production losses elsewhere, which has led to a relative plateauing in global output. A similar trend followed in Q1 2018, Q2 2018 and Q3 2018, as mine production grew by 1 per cent., 3 per cent. and 1.9 per cent. year on year respectively.</p> <p>Recycled gold contributed 1,160.0 MT of total supply, a decrease of 10 per cent when compared to the unusually high recycled gold contribution in 2016 (1,295.1 MT), which was as a result of higher gold prices early 2016. The supply from recycled gold in Q1 2018 stayed flat year-on-year, followed by a 4 per cent. year on year growth in Q2 2018, and a 4 per cent. decline in Q3 2018.</p> <p>Total net de-hedging in 2017 reduced supply by 30.4 MT in 2017 compared to a total net hedging contributing 32.8 MT to supply in 2016. Data shows that the industry saw 5.8 of net producer hedging in Q1 2018, compared to approximately 11t of net de-hedging in Q4 2017. Net de-hedging also persisted in 2018 (with the exception of Q1 2018), as in Q2 2018 and Q3 2018, the global hedge book reduced by -21 per cent. and -17 per cent. year-on-year respectively.</p>

*The gold price:* Gold prices in 2017 were trading largely in a USD 1,200-1,300/oz range after a pickup from lows of approximately USD 1,130/oz in December 2016 with a brief overshoot in September 2017 when prices approached USD 1,350/oz on the back of concerns over the scale of hurricane related disruptions, a reduction in US payroll numbers as well as increased geopolitical risks around North Korean nuclear and ballistic missile test programmes. Since January 2018 the gold price has continued to trade above USD 1,300/oz. The gold price was USD 1,332/oz on 12 June 2019 being the last practical date prior to the publication of this document<sup>2</sup>.

<sup>1</sup>Source: this section is based on the information that is prepared and published by the World Gold Council and is publicly available on the official website of the organisation [www.gold.org](http://www.gold.org).

<sup>2</sup>Source: London Bullion Market Association spot price

**B.5 Group description:** Current Group structure:



- \* 99.9984 per cent. of the shares in MRL Gold Inc. are held by the Company.
- \*\* 50:50 owned joint venture with Southern Gold.
- \*\*\* 0.0028 per cent. of the shares in Bluebird Merchant Ventures Inc. are held on trust for the Company.
- \*\*\*\* MRL Gold holds owns 39.99 per cent. of the issued share capital of Egerton Gold Philippines and MRL Gold also has a contractual right to further 60 per cent. subject to compliance with local legislation
- \*\*\*\*\* 100 per cent. owned by Gubong Project JV Co Pte Limited
- \*\*\*\*\* 100 per cent. owned by Kochang Project JV Co Pte Limited

The Group currently consists of:

- Bluebird Merchant Ventures Limited, a company incorporated on 12 March 2014 with company number 1815373, existing under the laws of the BVI, having its registered address at Harneys, Craigmuir Chambers, PO Box 71, Road Town, Tortola VG1110, British Virgin Islands (the "Company");
- subsidiaries of the Company being:
  - Bluebird Merchant Ventures Inc., a company incorporated on 8 September 2014 and existing under the laws of the Philippines with company number CS201417350, having its registered address at Ground Floor, CJV Bldg, 108 Aguirre St., Legaspi Village, Makati City, Philippines;
  - MRL Gold Inc, a company incorporated on 17 August 2012 and existing under the laws of the Philippines with company number CS20121591, having its registered address at ground Floor CJV Building, 108 Aguirre Street, Legaspi Village, Makati City Philippines;
  - Gubong Project JV Co Pte Ltd, a company incorporated on 28 June 2018 and existing under the laws of Singapore with company number 201820558M, having its registered address at 4 Robinson Road #05-01, the House of Eden, Singapore 048542;
  - Kochang Project JV Co Pte Ltd, a company incorporated on 28 June 2018 and existing under the laws of Singapore with company number 201820562Z, having its registered address at 4 Robinson Road #05-01, the House of Eden, Singapore 048542
- an associate of the Group being:
  - Egerton Gold Philippines Inc., a company incorporated on 24 July 1998 and existing under the laws of the Philippines with company number A199810393, having its registered address at G/F CJV Bldg, 108 Aguirre Street Legazpi Village, Makati 1229 in which MRL Gold Inc holds owns 39.99 per cent. of the issued share capital and MRL Gold Inc. also has a

		<p>contractual right to a further 60 per cent. of the issued share capital subject to compliance with local legislation; and</p> <ul style="list-style-type: none"> <li>an indirect subsidiary being Gubong Project Co Limited, a company incorporated on 14 November 2018 and existing under the laws of South Korea with company number 505-88-01119 and having its registered address at 10, Baekseokgongdan I-ro, Seobuk-gu, Cheonan-si, Chungcheongnam-do, Republic of Korea.</li> <li>an indirect subsidiary being Geochang Project Co Limited, a company incorporated on 14 November 2018 and existing under the laws of South Korea with company number 653-88-01252 and having its registered address at 10, Baekseokgongdan I-ro, Seobuk-gu, Cheonan-si, Chungcheongnam-do, Republic of Korea</li> </ul>																																									
<b>B.6</b>	<b>Major Shareholders:</b>	<p>Save for the interests (beneficial or non-beneficial) of the Directors and members of their immediate families, as the date of this Document and immediately following the issue of the New Ordinary Shares, so far as the Directors are aware, no person is directly or indirectly interested in more than three per cent. of the issued Ordinary Shares of the Company other than as set out below:</p> <table border="1"> <thead> <tr> <th rowspan="2">Shareholder</th> <th colspan="2">At the date of this Document</th> <th colspan="3">Immediately following Admission</th> </tr> <tr> <th>No. of Ordinary Shares</th> <th>Percentage of Existing Ordinary Shares</th> <th>No. of Ordinary Shares</th> <th>Percentage of Enlarged Share Capital</th> <th>Warrants over Ordinary Shares</th> </tr> </thead> <tbody> <tr> <td>Monza Capital Ventures Ltd <sup>(1)</sup></td> <td>55,800,205</td> <td>22.6%</td> <td>63,380,043</td> <td>17.18%</td> <td>495,628</td> </tr> <tr> <td>LDOA Holdings Ltd <sup>(2)</sup></td> <td>29,455,642</td> <td>11.9%</td> <td>29,773,304</td> <td>8.1%</td> <td>Nil</td> </tr> <tr> <td>Harwood Capital LLP <sup>(3)</sup></td> <td>18,500,000</td> <td>7.5%</td> <td>18,500,000</td> <td>5.0%</td> <td>Nil</td> </tr> <tr> <td>Kensington Trust Singapore Limited at IS&amp;P (First Names Singapore) Retirement Fund – FN3 <sup>(5)</sup></td> <td>16,999,286</td> <td>6.9%</td> <td>66,296,803</td> <td>18.0%</td> <td>17,834,844</td> </tr> <tr> <td>Momentum Resources Ltd <sup>(4)</sup></td> <td>8,000,000</td> <td>3.2%</td> <td>34,109,117</td> <td>9.3%</td> <td>2,004,372</td> </tr> </tbody> </table> <p>All Ordinary Shares rank pari passu in all respects. The major shareholders do not have different voting rights to other shareholders.</p> <ol style="list-style-type: none"> <li>Monza Capital Ventures Limited is ultimately owned and controlled by Oyster Trust SARL as trustees of Marco Polo Trust of which Aidan Bishop is a discretionary beneficiary.</li> <li>LDOA Holdings Ltd is ultimately owned and controlled by Oyster Trust SARL as trustee of the Queensbury Trust of which Mitchell Tarr is one of the discretionary beneficiaries together with Kim Tarr, Mia McCarthy and Bobby Thorpe.</li> <li>Harwood Capital LLP is a limited liability partnership in England and Wales with company registration number OC304213. The designated members of Harwood Capital LLP are Harwood Capital Management Limited and J. J. Brade.</li> <li>Messrs Patterson, Barclay, Fulton and Kemp have minority interests in Momentum Resources Ltd.</li> <li>Kensington Trust Singapore Limited at IS&amp;P (First Names Singapore) Retirement Fund – FN3 is associated with Colin Patterson</li> </ol>	Shareholder	At the date of this Document		Immediately following Admission			No. of Ordinary Shares	Percentage of Existing Ordinary Shares	No. of Ordinary Shares	Percentage of Enlarged Share Capital	Warrants over Ordinary Shares	Monza Capital Ventures Ltd <sup>(1)</sup>	55,800,205	22.6%	63,380,043	17.18%	495,628	LDOA Holdings Ltd <sup>(2)</sup>	29,455,642	11.9%	29,773,304	8.1%	Nil	Harwood Capital LLP <sup>(3)</sup>	18,500,000	7.5%	18,500,000	5.0%	Nil	Kensington Trust Singapore Limited at IS&P (First Names Singapore) Retirement Fund – FN3 <sup>(5)</sup>	16,999,286	6.9%	66,296,803	18.0%	17,834,844	Momentum Resources Ltd <sup>(4)</sup>	8,000,000	3.2%	34,109,117	9.3%	2,004,372
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<b>B.7</b>	<b>Selected historical key financial information</b>	The selected financial information set out below has been extracted without material adjustment from Historical Financial Information relating to the Group for the years ended 30 June 2018, 30 June 2017 (as restated) and 30 June 2016 and the 6 months ended 31 December 2018			
		The results for the 12 months to 30 June 2017 were restated in the 30 June 2018 accounts. Summary Consolidated Statement of Comprehensive Income			
		<b>12 months ended</b>	<b>12 months ended</b>	<b>12 months ended</b>	<b>6 months ended</b>
		<b>30 June 2016</b>	<b>30 June 2017</b>	<b>30 June 2018</b>	<b>31 Dec 2018</b>
		<b>(Audited)</b>	<b>(Audited and Restated)</b>	<b>(Audited)</b>	<b>(Unaudited)</b>
		<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
		<hr/>			
	<b>Revenue</b>	-	-	-	-
	<b>Administrative expenses</b>				
	Administrative expenses	(920,927)	(824,857)	(790,665)	(630,555)
	Farm-in costs	-	(510,791)	(865,355)	(381,418)
		<b>(920,927)</b>	<b>(1,335,648)</b>	<b>(1,656,020)</b>	<b>(1,011,983)</b>
		<hr/>			
	<b>Other</b>				
	Finance (expense)/gain	-	(13,024)	(166,939)	135,606
	Impairment of assets	-	(205,955)	-	-
	Sale of WTMR	-	-	91,109	-
	Profit/(loss) before tax	<b>(920,927)</b>	<b>(1,554,627)</b>	<b>(1,731,850)</b>	<b>(915,283)</b>
		<hr/>			

B.7

## Summary Consolidated Statement of Financial Position

	30 Jun 2016 (Audited)	30 Jun 2017 (Audited and Restated)	30 Jun 2018 (Audited)	31 Dec 2018 (Unaudited)
	USD	USD	USD	USD
<b>Non-current assets</b>				
Investments	1,859,990	2,156,877	2,045,412	2,284,442
	<b>1,859,990</b>	<b>2,156,877</b>	<b>2,045,412</b>	<b>2,284,442</b>
<b>Current assets</b>				
Trade and other receivables	209,328	20,173	90,685	185,349
Cash and cash equivalents	258,919	94,986	41,082	32,797
Loans due to the Company	-	-	-	-
	<b>468,247</b>	<b>115,159</b>	<b>131,767</b>	<b>218,146</b>
<b>Current liabilities</b>				
Trade and other payables	(269,430)	(843,831)	(763,102)	(880,409)
Loans due by the Company	-	(200,731)	(560,220)	(467,288)
Derivative financial liabilities	-	(97,656)	(438,677)	(315,711)
	<b>(269,430)</b>	<b>(1,142,218)</b>	<b>(1,761,999)</b>	<b>(1,663,408)</b>
<b>Non-current liabilities</b>				
Trade and other payables	-	(138,944)	(24,104)	(24,488)
Loans due by the Company	(92,932)	(92,932)	-	-
	<b>(92,932)</b>	<b>(231,876)</b>	<b>(24,104)</b>	<b>(24,488)</b>

## Summary Consolidated Cash Flow Statement

	30 Jun 2016 (Audited)	30 Jun 2017 (Audited and restated)	30 Jun 2018 (Audited)	31 Dec 2018 (Unaudited)
	USD	USD	USD	USD
<b>Net cash from operating activities</b>	<b>(790,088)</b>	<b>(364,358)</b>	<b>(1,077,775)</b>	<b>(775,909)</b>
<b>Net cash used investing activities</b>	<b>(1,042,301)</b>	<b>(136,111)</b>	<b>25,471</b>	<b>-</b>
<b>Net cash from financing activities</b>	<b>2,083,560</b>	<b>335,536</b>	<b>998,400</b>	<b>753,927</b>
<b>Net increase/(decrease) in cash</b>	<b>251,171</b>	<b>(163,933)</b>	<b>(53,904)</b>	<b>(21,982)</b>
Cash and cash equivalents at the start of the period	7,748	258,919	94,986	54,779
Cash and cash equivalents at the end of the period	258,919	94,986	41,082	32,797

Save as set out below, there has been no significant change in the Group's financial condition or operating results during, or subsequent to, the period for which historical financial information is provided.

Loans made to purchase the shares of White Tiger Mineral Resources of USD 16,681 on 17 November 2014 were written off in August 2017 as part of the sale of the company in August 2017. The Company sold its 39.99 per cent. interest in White Tiger Mineral Resources Inc for a nominal sum of USD 109,136. An initial payment was made and subsequent payments will be made should the purchaser achieved certain milestones.

In April 2016 the Company owned 15 per cent. of RMMS with an Option to increase to 50.1 per cent. under certain conditions. In July 2016 the Company's stake in RMMS was increased to 25 per cent. in consideration for which 8,695,652 Ordinary Shares were issued and USD 500,000 cash was paid.

On 29 November 2016 the Company agreed with RMML that it would acquire 100 per cent. of the issued share capital of MRL in November 2016 for the consideration of the issue to RMML of 1,250,000 Ordinary Shares which were issued on 29 June 2018 and a 1 per cent. net smelter return from the Batangas Gold Project. At this point the Company divested from RMMS as the Batangas Gold Project was now held by Egerton Gold Philippines and MRL. This represented an extraordinary gain on acquisition of USD 2.9 million which was recognised in the Consolidated Income Statement for the year to 30 June 2017.

In the 2016 and 2017 Annual Reports the Directors fair valued the Batangas Gold Project at USD 5 million which was agreed by the Company's Auditors. The Batangas Gold Project has been held under care and maintenance since February 2017.

With an uncertain regulatory environment in the Philippines the Company began a pivot to South Korea in July 2016 where a farm in agreement with ASX listed Southern Gold was signed in March 2017. In order to achieve a 50 per cent. stake in the joint venture companies with Southern Gold, Bluebird had to spend USD 500,000 at both the Gubong Project and Kochang Project. In addition, the Company was required to complete a placing in Southern Gold Shares to the value of AUD 250,000 in respect of each project. The key deliverable in order for the joint venture company to be formed was to produce a report on the feasibility to reopen the mines. The feasibility report at the Gubong mine was submitted in July 2018 and the Kochang mine has been submitted in January 2019. On 30 June 2016 the Gubong SG Share Subscription was completed on behalf of the Company by ATO and on 3 April 2018 the Company announced it had completed the expenditure requirement for the Gubong Project. The Company announced on 28 August 2018 that the Kochang SG Subscription had been completed and on 2 November 2018 announced that it had completed the expenditure requirement for the Kochang Project. Both Joint Venture Companies have now been formed.

On 10 April 2017 the Company raised USD 500,000 through Series A Loan Notes and on 30 November 2017 entered into a Funding Facility with ATO. Between the period 10 April 2017 and 31 December 2017 USD 492,055 was drawn down under the Series A Loan Notes and since 31 December 2017 USD Nil has been drawn down. Between the period 30 November 2017 and 31 December 2017 USD 50,000 was drawn down under the Funding Facility and since 31 December 2017 USD 300,000 has been drawn down under the Funding Facility.

Loans due to the Company at 30 June 2017 are related to the value of the Batangas Gold Project held in Egerton Gold Philippines Inc with the fair value of the asset being impaired, at Group level only.

There have been no material changes in the cash flows of the Group since 31 December 2018 save that the Group continues to have a net outflow each month.

The Company drew down USD 300,000 from the ATO Bridge Loan in early August 2018 and a further USD 100,000 in September 2018. The Company raised gross proceeds of USD 380,000 pursuant to the private placing completed in mid-November 2018.

There has been no significant change since 31 December 2018 in the capitalisation and indebtedness of the Group except for the issue of 19,400,000 Ordinary Shares to raise GBP 436,500 pursuant to the March placing and an increase in unsecured current debt of USD 107,877.

*Restatement of historical financial information for the year ended 30 June 2017*

In the 2017 financial year the Company acquired 40% interest in the Batangas Gold Project. The Board followed a specific accounting treatment. The Shareholders at the AGM in December 2017 did not approve the re-appointment of the auditors and the Company's new auditors worked with the Company to implement a revised accounting treatment in the 2018 financial statements. This led to the 2017 comparative figures being re-stated.

The main differences are:

	Restated 2017 (USD)	Original 2017 (USD)
Investment in Associate	2,156,877	-
Loan Due to BMV	-	5,000,000
Extraordinary gain on acquisition	-	2,945,200

Both the original 2017 and re-stated 2017 Financial Statements were audited without any qualifications in the auditors' opinion.

The full text of Note 5, "Prior Year Adjustments" (as extracted from the 2018 financial statements) provides further explanation and is reproduced below.

*"5. Prior Year Adjustments*

*During the preparation of these financial statements management have reconsidered the accounting for certain transactions entered into in the prior year and have determined that the accounting requires restatement. These financial statements therefore reflect prior year adjustments for the following matters:*

- *The accounting for the acquisition of 100% of MRL Gold Inc in November 2016 included a Director's valuation of the Batangas Gold Project of \$5m. The Batangas project is held by Egerton Gold Philippines Inc in which MRL has a 40% equity interest and the Group accounted for Egerton as an associate. Following further analysis of the transaction it has been determined that the substance of the acquisition was that of acquiring an asset, the Batangas Gold Project. In these circumstances IFRS does not permit the valuation of assets acquired in excess of the fair value of the consideration given. As a result of the review, certain assets and liabilities of MRL Gold Inc have been adjusted to reflect their fair values as at the acquisition date. The adjustment to the prior year is:*
  - *Derecognition of extraordinary gain of USD 2,945,200*
  - *Derecognition of loan due to Bluebird Merchant Ventures of USD 5,000,000*
  - *Restatement of investment made in the associate of USD 2,156,877*
  - *Derecognition of other assets and liabilities of MRL Gold Inc of USD 102,077*
- *In March 2017 the Company entered into an agreement with Momentum Resources Limited, a related party, to issue up to 80 million shares to acquire Momentum's joint venture participation rights in respect of the Gubong and Kochang gold projects. The share are issued in accordance with agreed milestones and the first two milestones for issue of 16 million shares had been achieved by 30 June 2017. However, only 8 million shares were issued, with 8 million remaining unissued due to constraints on share headroom. An adjustment has been made to reflect this obligation at the fair value of the shares to be issued. The adjustment to the prior year is:*
  - *Increase in issued equity of USD 208,980*
  - *Increase in unissued equity – to be issued at the next placing of USD 207,913*
  - *Increase in farm in costs of USD 416,893*
- *The Company has issued warrants in respect of equity fund raising and the fair value of the warrants was included in equity reserves. Because the functional currency of the Company is USD and the exercise price is in GBP the Company's warrants instruments should be classified as derivative financial liabilities. They are carried at fair value with changes in fair value recognised in the consolidated statement of comprehensive income. The adjustment to the prior year is:*
  - *Increase in warrant liability of USD 10,981*
  - *Increase in finance cost of USD 10,981*
- *In 2017 the Company agreed to issue warrants in respect of convertible loan notes. For the reasons explained above the warrant instruments should be classified as derivative financial liabilities and valued at fair value. The adjustment in the prior year is:*
  - *Increase in warrant liability of USD 5,964*
  - *Decrease in loan note liability of USD 3,921*
  - *Increase in finance cost of USD 2,043*
- *In June 2017 Colin Patterson subscribed, on behalf of the Company, for AUD 250,000 of ASX listed Southern Gold Limited shares at AUD 0.386 per share. These shares can be converted to shares in the Company to the value of AUD 250,000 at the next placing price of the Company shares upon notification by Colin Patterson. This represents a put option that the Company is required to fair value. The adjustment to the prior year is:*
  - *Increase in put option derivative liability of USD 35,272*
  - *Increase in farm in costs of USD 35,272*

*The net effect of the above adjustments at 30 June 2017 is to reduce net assets by USD 3,055,581 and decrease the basic earnings/(loss) per share from 0.0090 to (0.0078)."*

<b>B.8</b>	<b>Selected key pro forma financial information:</b>	Not applicable; there was no significant gross change in the financial position of the Group that has occurred since the end of the last financial period for which financial information has been published. Thus, pro-forma financial information is not required.
<b>B.9</b>	<b>Profit forecast or estimate:</b>	Not applicable; no profit forecast or estimate is made.
<b>B.10</b>	<b>A description of the nature of any qualifications in the audit report on the historical financial information:</b>	<p>There are no qualifications contained the reports of the independent auditors on the historical financial information.</p> <p>However, the independent auditor's reports for the years ended 2018, 2017 and 2016 each contained details of material uncertainties or an emphasis of matter. The relevant paragraphs are reproduced below.</p> <p>The independent auditor's report in relation to the financial statements for the year ended 30 June 2018 included the following statements:</p> <p><i>“Material uncertainty related to going concern</i></p> <p><i>We draw attention to the disclosures made in note 2 to the financial statements concerning the group's ability to continue as a going concern which explain that the group's cash flow projections indicate further funding is currently required. However there can be no certainty that the required funds can be raised within the appropriate timeframe. This condition indicates the existence of a material uncertainty which may cast significant doubt as to the group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group was unable to continue as a going concern. Our opinion is not modified in respect of this matter.”</i></p> <p><i>and</i></p> <p><i>“Emphasis of matter – achievement of mine permitting for the Batangas Gold Project</i></p> <p><i>We draw attention to note 8 -Impairment review, there are currently uncertainties in respect of the mining regulatory environment in the Philippines which may adversely affect the achievement of the necessary mining permits for the development of the Batangas Gold Project. If the necessary permits are not achieved the project and the group's investment in its associate may become impaired. Our opinion is not modified in respect of this matter.”</i></p> <p>In addition, it has been agreed that the amounts owed by the Company under the ATO Bridge Loan, the Series A Loan Notes, the Salary Sacrifice Scheme and the Funding Facility will be satisfied by the issue of new Ordinary Shares pursuant to the Conversion.</p> <p>Since the publication of the financial statements for the year ended 30 June 2018, the Company also completed the November Subscription which raised gross proceeds of USD 380,000 to fund the advancement of the South Korean Projects and the Group's working capital requirements and completed a placing on 18 March 2019 which raised gross proceeds of GBP 436,500.</p> <p>Substantial additional capital is required for the Company to continue as a going concern after 30 June 2019 and to commence the Construction Phase to advance the South Korean Projects towards production.</p> <p>In relation to the Philippines the on-going regulatory environment remains the key risk. The Company has continued to place the Batangas Gold Project under care and maintenance due the uncertain regulatory environment and as such no significant expenditure is planned over the near term. Permitting remains the key risk and there can be no guarantees that the Batangas Gold Project will receive the necessary permissions in order to move into the production phase.</p>

The report of the independent auditors for the period to 30 June 2017 includes an 'Emphasis of Matter' in relation to recoverability and impairment of related party debt and material uncertainty related to going concern. The Emphasis of Matter as extracted from the report of the independent auditors for the period to 30 June 2017 is set out below:

***"Emphasis of matter Recoverability and Impairment of Related Party Debt***

*In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 8 to the financial statements concerning the valuation and recoverability of the debt due from Egerton Gold Philippines Inc. The Group does not have sufficient funds to continue its exploration activities. Issues also exist with Project Permits as disclosed in Note 8, the group has now stopped funding the project in the short term. Based upon the current economic climate there exists a material uncertainty which may cast significant doubt as to whether the Group will be able to generate sufficient funds and continue to support exploration work and ultimately recover the debt due from Egerton Gold Philippines Inc. The financial statements do not include the adjustments that would be necessary if the Group was unable to raise these funds.*

***Material uncertainty related to going concern***

*We draw attention to note 2 in the financial statements. The ability of the Group to continue to trade is dependant upon the Group being able to raise sufficient funds. Based on the current economic climate there exists a material uncertainty which may cast doubt as to whether the Group will be able to generate sufficient funds and therefore the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would be necessary if the Group was unable to continue as a going concern. Our opinion is not modified in respect of this matter."*

The Group's operations in the Philippines have incurred minimal Company expenditure since February 2017 and is now effectively being held on a care and maintenance basis and the Directors are not expecting the Batangas Gold Project to make permitting or exploration advancements in the near term and the Company does not intend to deploy any significant capital on the Batangas Gold Project in the medium term.

The report of the independent auditors for the period to 30 June 2016 includes an 'Emphasis of Matter' in relation to going concern and impairment of investment assets. The Emphasis of Matter as extracted from the report of the independent auditors for the period to 30 June 2016 is set out below:

***"Emphasis of matter - Going Concern***

*In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the Group's ability to continue as a going concern. The ability of the Group to continue to trade is dependent on the Group being able to raise sufficient funds. Based on the current economic climate there exists a material uncertainty which may cast doubt as to whether the Group will be able to generate sufficient funds and therefore the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would be necessary if the Group was unable to continue as a going concern.*

***Emphasis of matter - Impairment of Investment assets***

*In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in notes 1 and 7 to the financial statements concerning the valuation of the investment in Red Mountain Mining Singapore Limited. The Group does not have sufficient funds to complete Stage 2 of the acquisition agreement which may cast doubt on the ability of the company to continue its exploration activities. Issues also exist with Project Permits as disclosed in Note 1, the group has now stopped funding the project in the short term. Based upon the current economic climate there exists a material uncertainty which may cast significant doubt as to whether the Group will be able to generate sufficient funds and continue to support exploration work. The financial statements do not include the adjustments that would be necessary if the Group was unable to raise these funds."*

Stage 2 of the acquisition of Batangas Gold Project became redundant when the Company and RMML agreed on 29 November 2016 that the Company would acquire 100 per cent. of MRL the entity controlling the Batangas Gold Project. Since the publication of these results the Group has effectively held the Batangas Gold Project on a care and maintenance basis and the Directors are not expecting the Batangas Gold Project to make permitting or exploration advancements in the near term and the Company does not intend to deploy any significant capital on the BGP in the medium term.

<b>B.11</b>	<b>Working Capital:</b>	<p>The Company is of the opinion that the Group does not have sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of this document.</p> <p>In the opinion of the Company, the Group has sufficient working capital to fund the Pre-Construction Phase, which is expected to be completed by 30 June 2019 and to fund its administrative expenses until 30 June 2019.</p> <p>In order for the Group to be able to continue to meet its administrative costs after 30 June 2019 and to progress the South Korean Projects beyond the Pre-Construction Phase the Company will need to raise additional funding before 1 July 2019.</p> <p>The Company estimates currently that it will require an additional USD 1.05 million to fund its share of the costs of the Construction Phase which includes the Group's working capital needs during the Construction Phase. The additional capital will provide sufficient working capital for a period of at least 12 months. The Construction Phase will not commence until the South Korean Permits are granted. The Construction Phase is expected to be completed over a minimum period of 12 months.</p> <p>If the South Korean Permits are granted within the time frame expected, the Company is confident that the additional capital required to fund the Construction Phase, being USD 1.05 million, can be sourced from either an equity placing of new Ordinary Shares, or debt funding or a combination of equity and debt funding. It is likely the total amount required will be raised in a series of separate transactions.</p> <p>In sourcing such additional capital, the Company intends to target both UK and South Korean investors. The Company is confident that the additional capital will be raised when required due to the relatively modest cost to complete the Construction Phase, as well as the Directors previous experience in funding mining development projects and the high level of interest being shown from investors in South Korea. If the Company is unsuccessful in raising additional capital at the time required it is likely to lead to the postponement or delay in progressing the South Korean Projects, including the commencement of production. If the Company is not successful in raising additional capital or does not raise the full amount required, it is possible a third party may fund the South Korean Projects resulting in a dilution of the Company's interest in these assets.</p> <p>Should the South Korean Permits not be granted by 30 June 2019 then the Company will need to have funding in place to cover the Group's administrative costs and maintain the South Korean Projects on a "care and maintenance" basis whilst waiting for the South Korean Permits to be granted. The Company estimates that funds of USD 350,000 would be sufficient for the Group to operate on this basis for a period of 12 months from 30 June 2019. Directors and major shareholders have expressed a willingness to provide such funding in this scenario therefore the Company is confident that funds would be raised successfully if required by 30 June 2019. The Company is confident that such funding would be raised, if needed, due to the fact that the Directors and major shareholders have been the major participants in the Company's previous two placings announced on 15 November 2019 and 18 March 2019 the proceeds of which have been used in order to progress the South Korean Projects and Colin Patterson and other Directors have previously provided substantial loans to the Company to enable it to progress. If such capital was raised successfully, the Company would also need to raise additional capital to commence the Construction Phase if the South Korean Permits were then granted.</p> <p>Should the South Korean Permits not be granted by 30 June 2019 and the Company is unsuccessful in raising the required capital of USD 350,000 to cover the Group's administrative costs and maintain the South Korean Permits on a "care and maintenance" basis it may cause the Company to enter into administration at any point from 1 July 2019.</p>
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<b>Section C – Securities</b>		
<b>C.1</b>	<b>Type and class of security:</b>	<p>The Conversion Shares will be issued pursuant to the Conversion and New Ordinary Shares will be issued in settlement of USD 2,890,184.</p> <p>The securities subject to Admission are ordinary shares of no par value ("Ordinary Shares") with international security identification number ("ISIN") VGG118701058, SEDOL number BYN4G53 and LEI 213800QLGKFZHML52C51.</p>
<b>C.2</b>	<b>Currency of the securities issue:</b>	Not applicable; there is no Placing. The Ordinary Shares are traded in pounds sterling.
<b>C.3</b>	<b>The number of shares issued:</b>	<p>At the date of this Document there are 247,349,074 Ordinary Shares in issue all of which are fully paid. Immediately, following Admission of the New Ordinary Shares there will be 368,862,591 Ordinary Shares in issue, all of which will be fully paid.</p> <p>The Ordinary Shares have no par value.</p>

<b>C.4</b>	<b>A description of the rights attached to the securities:</b>	<p>The New Ordinary Shares are ordinary shares of no par value and will rank <i>pari passu</i> with the Existing Ordinary Shares on Admission.</p> <p>All Ordinary Shares rank equally for voting purposes. Each shareholder entitled to attend and being present in person or by proxy at a meeting will, upon a show of hands, have one vote and upon a poll each such shareholder present in person or by proxy will have one vote for each Ordinary Share held by him.</p> <p>In the case of joint holders of Ordinary Shares, if two or more persons hold Ordinary Shares jointly each of them may be present in person or by proxy at a meeting of members and may speak as a member, if only one of the joint owners is present in person or by proxy he may vote on behalf of all joint owners, and if two or more of the joint owners are present in person or by proxy they must vote as one.</p> <p>Each Ordinary Share ranks equally for any dividend declared. Each Ordinary Share ranks equally for any distributions made on a winding up of the Company.</p>
<b>C.5</b>	<b>Restrictions on the free transferability of the securities:</b>	Not applicable; there are no restrictions on the free transferability of the Ordinary Shares.
<b>C.6</b>	<b>Admission to trading:</b>	<p>Application will be made to the UKLA for all the New Ordinary Shares to be admitted to a Standard Listing on the Official List and application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on the London Stock Exchange's Main Market for listed securities.</p> <p>It is expected that Admission will take place and unconditional dealings in the New Ordinary Shares will commence on the London Stock Exchange at 8.00 a.m. on 19 June 2019.</p>
<b>C.7</b>	<b>Dividend policy:</b>	The Company has not paid any dividends since its incorporation. The Board intends to devote the Company's cash reserves to financing the development of resource projects in Asia in the short to medium term and intends in the longer term to commence the payment of dividends only when the Board considers it commercially prudent to do so, having regard to all applicable laws and results of the Company's operations, its financial position, cash requirements, prospects, profits available for distribution, and other factors deemed relevant at the time.



## Section D – Risks

D.1	<p><b>Key information on the key risks that are specific to the Issuer or its industry:</b></p>	<p>Key risks that are specific to the Group and the industry in which it operates are as follows:</p> <ul style="list-style-type: none"> <li>• The Group's success depends to a significant extent upon a limited number of key employees. The loss of one or more key employees could have a material adverse effect on the Group. The Group has not taken out and does not intend to take out key man insurance in respect of any Directors or other employees. No assurances can be given that the loss of any executive officer of the Group would not have a material adverse effect on the business, financial condition or results of operations of the Group.</li> <li>• The Company is of the opinion that the Group does not have sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of this document. In the opinion of the Company, the Group has sufficient working capital to fund the Pre-Construction Phase, which is expected to be complete by 30 June 2019 and to fund its administrative expenses until 30 June 2019. In order for the Group to be able to continue to meet its administrative costs after 30 June 2019 and to progress the South Korean Projects beyond the Pre-Construction Phase the Company will need to raise substantial additional funding before 1 July 2019.</li> <li>• Further funds, when required, may be raised through equity or debt financing, joint ventures, production sharing arrangements or other means. Future precious metal prices, revenues, taxes, capital expenditures and operating expenses will all be factors which will have an impact on the amount of additional capital required by the Group. There can be no assurance that additional finance will be available when needed. Failure to obtain sufficient financing for the Group's activities and projects may result in delay and/or indefinite postponement of development activities, the eventual loss or dilution of the Company's interests in its South Korean Projects or even mean the Company cannot continue as a going concern. Alternatively, if additional finance is available, the terms of the financing might not be favourable to the Group and might involve substantial dilution to Shareholders. Furthermore, the Group, in the ordinary course of its operations, may be required to issue financial assurances, particularly insurances and guarantee instruments to secure statutory and environmental performance undertakings and commercial arrangements. The Group's ability to provide such assurances is subject to external financial and credit market assessment, and its own financial position. Loan agreements and other financing arrangements such as debt facilities, convertible note issues and finance leases (and any related guarantee and security arrangements) that may be entered into by the Group may contain covenants, undertakings and other provisions which, if breached, may entitle lenders to accelerate repayment of loans and there is no assurance that the Group would be able to repay such loans in the event of an acceleration. Enforcement of any security granted by the Group or default under a finance lease could also result in the loss of assets. In any case, should sufficient additional capital not be available when required by the Group it may cause the Company to enter into administration at any point from 1 July 2019.</li> <li>• As is common with all mining operations there is uncertainty and therefore risk associated with the Group's operating parameters and costs. These are difficult to predict and may be affected by factors outside the Group's control. Whilst the Group has identified potentially economically recoverable volumes of minerals at the South Korean Projects' sites it will take time to transition from the initial phases of assessment of the old mine workings and identification of sufficient resources to move towards the production. The longer this period takes the more strain will be placed on the Group's financial resources.</li> <li>• The Group's assets are at an early stage of development and the Company's success is dependent upon the further exploration work at the South Korean Projects being sufficiently positive to attract further investment as required.</li> <li>• The economics of developing gold and other mineral properties is affected by many factors, including the cost of operations, variations of the grade of ore mined, fluctuations in the price of gold or other minerals produced, costs of processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. As the Company's assets are at an early stage of development there is less certainty as to the economics of those projects. In addition, the grade of mineralisation ultimately mined may differ from that indicated by historical data and drilling results and such differences could be material. Short term factors, such as the need for the orderly development of ore bodies or the processing of new or different grades, may have an adverse effect on exploration or mining operations and on the results of operations.</li> <li>• The Company is likely to remain cash flow negative for some time and, although the Directors have confidence in the future revenue earning potential of the Company from its interest in the Gubong Project and the Kochang Project, there can be no certainty that the Company will ever achieve or sustain profitability or positive cash flow from its operating activities.</li> </ul>
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D.3	<b>Key information on the key risks that are specific to the securities:</b>	<ul style="list-style-type: none"> <li>A Standard Listing affords Shareholders less regulatory protection than a Premium Listing.</li> <li>Any further issues of Ordinary Shares (including on exercise of the Warrants) may dilute investors' shareholdings. Following the adoption of the New Articles the Directors have unlimited authority to issue and allot Ordinary Shares on a non-pre-emptive basis.</li> <li>Returns on investment may not be realised within investors' perceived reasonable timescales, due to the potential illiquidity of the Ordinary Shares.</li> <li>The value of the Ordinary Shares and any income received from them can go down as well as up and investors may receive less than their original investment.</li> <li>Dividend payments on Ordinary Shares are not guaranteed.</li> </ul>

### Section E – Offer

E.1	<b>The total net proceeds and an estimate of the total expenses of the issue:</b>	Not applicable; there is no Placing.
E.2a	<b>Reasons for the issue, use of proceeds and estimated net amount of the proceeds:</b>	Not applicable; there is no Placing.
E.3	<b>A description of the terms and conditions of the issue:</b>	Not applicable; there is no Placing.
E.4	<b>A description of any interest that is material to the issue/offer including conflicts of interest:</b>	Not applicable; there is no Offer.
E.5	<b>Name of the person or entity offering to sell the securities and details of any lock-in agreements:</b>	Not applicable; no person or entity is offering to sell the Ordinary Shares. There are no lock-in agreements.
E.6	<b>Dilution:</b>	The Company expects to issue 121,513,517 New Ordinary Shares at Admission. On this basis, Existing Shareholders will suffer an immediate dilution of 0.913 Ordinary Shares for every one Ordinary Share they currently own, which is equivalent to dilution of 49.13 per cent.
E.7	<b>Estimated expenses charged to the investor by the issuer:</b>	Not applicable; no expenses will be charged directly to any investors in connection with the Admission.

## RISK FACTORS

*Investing in the Ordinary Shares involves a high degree of risk, including risks in relation to the Group's business and strategy, the natural resources sector, potential conflicts of interest, and risks relating to taxation.*

*Prospective investors should note that the risks relating to the Group, its industry and the Ordinary Shares summarised in the section of this Document headed "Summary" are the risks that the Directors believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Ordinary Shares. However, as the risks which the Group faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this Document headed "Summary" but also, among other things, the risks and uncertainties described below.*

*The risks referred to below are those risks the Directors consider to be the material risks at the date of this Document. However, there may be additional risks that the Directors do not consider currently to be material or of which the Directors are not aware currently, that may affect adversely the Group's business, financial condition, results of operations or prospects. Investors should review this Document carefully and in its entirety and consult with their professional advisers before acquiring any Ordinary Shares. If any of the risks referred to in this Document were to occur, the results of the Group's operations, financial condition and prospects could be affected adversely. If that were to be the case, the trading price of the Ordinary Shares and/or the level of dividends or distributions (if any) received from the Ordinary Shares could decline significantly. Furthermore, investors could lose all or part of their investments.*

*Prospective investors should pay particular attention to the fact that the Group's assets are located in overseas jurisdictions, which have legal and regulatory regimes that differ from the legal and regulatory regimes of the United Kingdom.*

### RISKS RELATING TO THE GROUP AND ITS BUSINESS

#### ***Dependence on key personnel***

The Group's success depends to a significant extent upon a limited number of key employees. The loss of one or more key employees could have a material adverse effect on the Group. The Group has not taken out and does not intend to take out key man insurance in respect of any Directors or other employees. No assurances can be given that the loss of any executive officer of the Group would not have a material adverse effect on the business, financial condition or results of operations of the Group. The Group has endeavoured to ensure that the key employees are incentivised, but the retention of such staff cannot be guaranteed.

#### ***Capital Requirements and Going Concern***

The Company is of the opinion that the Group does not have sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of this document.

In the opinion of the Company, the Group has sufficient working capital to fund the Pre-Construction Phase, which is expected to be completed by 30 June 2019 and to fund its administrative expenses until 30 June 2019.

In order for the Group to be able to continue to meet its administrative costs after 30 June 2019 and to progress the South Korean Projects beyond the Pre-Construction Phase the Company will need to raise additional funding before 1 July 2019.

The Company estimates currently that it will require an additional USD 1.05 million to fund its share of the costs of the Construction Phase which includes the Group's working capital needs during the Construction Phase. The additional capital will provide sufficient working capital for a period of at least 12 months. The Construction Phase will not commence until the South Korean Permits are granted. The Construction Phase is expected to be completed over a minimum period of 12 months.

If the South Korean Permits are granted within the time frame expected, the Company is confident that the additional capital required to fund the Construction Phase, being USD 1.05 million, can be sourced from either an equity placing of new Ordinary Shares, or debt funding or a combination of equity and debt funding. It is likely the total amount required will be raised in a series of separate transactions.

In sourcing such additional capital, the Company intends to target both UK and South Korean investors. The Company is confident that the additional capital will be raised when required due to the relatively modest cost to complete the Construction Phase, as well as the Directors previous experience in funding mining development projects and the high level of interest being shown from investors in South Korea. If the Company is unsuccessful in raising additional capital at the time required it is likely to lead to the postponement or delay in progressing the South Korean Projects, including the commencement of production. If the Company is not successful in raising additional capital or does not raise the full amount required, it is possible a third party may fund the South Korean Projects resulting in a dilution of the Company's interest in these assets.

Should the South Korean Permits not be granted by 30 June 2019 then the Company will need to have funding in place to cover the Group's administrative costs and maintain the South Korean Projects on a "care and maintenance" basis whilst waiting for the South Korean Permits to be granted. The Company estimates that funds of USD 350,000 would be sufficient for the Group to operate on this basis for a period of 12 months from 30 June 2019. Directors and major shareholders have expressed a willingness to provide such funding in this scenario therefore the Company is confident that funds would be raised successfully if required by 30 June 2019. The Company is confident that such funding would be raised, if needed, due to the fact that the Directors and major shareholders have been the major participants in the Company's previous two placings announced on 15 November 2019 and 18 March 2019 the proceeds of which have been used in order to progress the South Korean Projects and Colin Patterson and other Directors have previously provided substantial loans to the Company to enable it to progress. If such capital was raised successfully, the Company would also need to raise additional capital to commence the Construction Phase if the South Korean Permits were then granted.

Should the South Korean Permits not be granted by 30 June 2019 and the Company is unsuccessful in raising the required capital of USD 350,000 to cover the Group's administrative costs and maintain the South Korean Permits on a "care and maintenance" basis it may cause the Company to enter into administration at any point from 1 July 2019.

### ***Future funding***

Further funds may be raised through equity or debt financing, joint ventures, farm-outs, production sharing arrangements or other means. Future precious metal prices, revenues, taxes, capital expenditures and operating expenses will all be factors which will have an impact on the estimated amount of additional capital required by the Group.

There can be no assurance that additional finance will be available when needed. Failure to obtain sufficient financing for the Group's activities and projects by 30 June 2019 may result in delay and/or indefinite postponement of development activities, the eventual loss or dilution of the Company's interests in its South Korean Projects or even mean the Company cannot continue as a going concern. Alternatively, if additional finance is available, the terms of the financing might not be favourable to the Group and might involve substantial dilution to existing Shareholders.

Furthermore, the Group, in the ordinary course of its operations, may be required to issue financial assurances, particularly insurances and guarantee instruments to secure statutory and environmental performance undertakings and commercial arrangements. The Group's ability to provide such assurances is subject to external financial and credit market assessment, and its own financial position. Loan agreements and other financing arrangements such as debt facilities, convertible note issues and finance leases (and any related guarantee and security arrangements) that may be entered into by the Group may contain covenants, undertakings and other provisions which, if breached, may entitle lenders to accelerate repayment of loans and there is no assurance that the Group would be able to repay such loans in the event of an acceleration. Enforcement of any security granted by the Group or default under a finance lease could also result in the loss of assets.

### ***Early stage operations***

The Company's assets are at an early stage of development and the Company's success is dependent upon the further development work at the South Korean Projects being sufficiently positive to attract further investment.

The Company is likely to remain cash flow negative for some time and, although the Directors have confidence in the future revenue earning potential of the Company from its interest in the Gubong Project and the Kochang Project, there can be no certainty that the Company will ever achieve or sustain profitability or positive cash flow from its operating activities.

To date the Group has only generated very limited revenues from operations which are now discontinued. The Group's ability to continue to develop its South Korean Projects after 30 June 2019 will depend upon its ability to raise additional development capital.

There can be no assurance that the Group will be able to manage effectively the expansion of its operations or that the Group's current personnel, systems, procedures and controls will be adequate to support the Group's operations. This includes, among other things, delays associated with local government authorities and regulatory bodies, the Group managing the acquisition of required land tenure, infrastructure development and other related issued affecting local populations, their cultures and religions. Any failure of the Board to manage effectively the Group's growth and development could have a material adverse effect on the Group's business, financial condition and results of operations. There is no certainty that all or, indeed, any of the elements of the Group's current strategy will develop as anticipated and that the Group will be profitable.

### ***Reliance on third parties***

In conducting its business, the Group relies on forming and maintaining strategic relationships with other entities in the resources industry, such as contractors, joint venture parties and farm-in partners, and also certain regulatory and governmental departments. While the Company has no reason to believe otherwise, there can be no assurance that these relationships will be successfully formed and/or maintained. A breach or disruption in these relationships could be detrimental to the future business, operating results and/or profitability of the Group. For example, the Company has entered into the Farm-In Agreements with Southern Gold with regard to the South Korean Projects. Under these agreements, the development costs of the South Korean Projects are equally divided between the two joint venture partners. Although the current arrangements are working in line with the agreement and Southern Gold raised AUD \$1m in October 2018 and AUD \$1.75m in February 2018 in part to fund its expenditure in respect of the South Korean Projects, there is no guarantee that they will continue to do so. Any disputes impacting the development of any of the South Korean Projects or future production from them may have a material adverse impact on the Group's business. In addition, the reliance on joint venture partners in relation to the development of the South Korean Projects means that in the event of a failure of the joint venture partner to fund their share of capital expenditure, the Company may have to seek alternative sources of financing to fund the development of the South Korean Projects which may not be available on suitable terms. In the event that such funding is not available the South Korean Projects may not be developed fully in accordance with the Group's current plans or completed on time or to budget, or at all.

In certain circumstances, the Group may be liable for the acts or omissions of its partners. If a third party pursues claims against the Group as a result of the acts or omissions of the Group's partners, the Group's ability to recover from such partners may be limited. Recovery under such arrangements may involve delays, management time, costs and expenses or may not be possible at all that in each case could affect adversely the Group's financial performance and condition.

### ***Development and mining risks***

The business of exploration, development and exploitation of minerals and mining involves a high degree of risk. Mining development projects require typically a number of years and significant expenditures during the development phase. There can be no assurance that the South Korean Projects will be developed fully in accordance with the Group's current plans or completed on time or to budget.



There is no JORC Code compliant resource estimate for either of the South Korean Projects. In the Directors' opinion, the estimate of remaining resources at Gubong as calculated by Korea Resources Corporation were derived logically but are not equivalent to resources reported under the JORC Code. Estimates of resources are based upon the interpretation of geological data obtained from historical data and drill hole samples. The resources underlying the South Korean Projects may require further evaluation and capital expenditure in order to bring them into production. Future work on the development of the South Korean Projects, the levels of production and financial returns arising therefrom may be delayed or affected adversely by factors outside the control of the Group.

In line with all mining operations there is uncertainty and therefore risk associated with the Group's operating parameters and costs. These are difficult to predict and may be affected by factors outside the Group's control. Whilst the Group has identified potentially economically recoverable volumes of minerals at the South Korean Projects' sites it will take time to transition from the initial phases of assessment of the old mine workings and identification of sufficient resources to move towards production. The longer this period takes the more strain will be placed on the Group's financial resources.

The economics of developing gold and other mineral properties is affected by many factors, including the cost of operations, variations of the grade of ore mined, fluctuations in the price of gold or other minerals produced, costs of processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. The South Korean Projects are at an early stage of development there is less certainty as to the economics of these projects. In addition, the grade of mineralisation mined ultimately may differ from that indicated by historical data and drilling results and such differences could be material. Short term factors, such as the need for the orderly development of ore bodies or the processing of new or different grades, may have an adverse effect on development or mining operations and on the results of operations.

### ***Operating risks***

The activities of the Group are subject to all of the hazards and risks normally incidental to developing natural resource projects. These risks and uncertainties include, but are not limited to, environmental hazards, industrial accidents, labour disputes, encountering unusual or unexpected geologic formations or other geological or grade problems, unanticipated changes in metallurgical characteristics and mineral recovery, encountering unanticipated ground or water conditions, cave-ins, pit wall failures, flooding, rock bursts, periodic interruptions due to inclement or hazardous weather conditions and other acts of God or unfavourable operating conditions and losses. Should any of these risks and hazards affect the Group's intended development or mining activities, or any potential future exploration activities the Group may pursue, it may cause the cost of production to increase to a point where it would no longer be economic to produce gold from the Group's properties, require the Group to write-down the carrying value of the South Korean Projects, cause delays or a stoppage of mining and processing, result in the destruction of mineral properties or processing facilities, cause death or personal injury and related legal liability; any and all of which may have a material adverse effect on the Company. It is not always possible to insure fully against such risks as a result of high premiums or other reasons (including those in respect of past mining activities for which the Company was not responsible). Should such liabilities arise, they could reduce or eliminate any future profitability, result in increasing costs or the loss of its assets and a decline in the value of the Ordinary Shares.

### ***Commodity prices***

The future profitability and viability of the Group's operations will be dependent to a large extent upon the market price of gold and to a lesser extent, silver. Mineral prices fluctuate widely and are affected by numerous factors beyond the control of the Company. General economic factors as well as the world supply of mineral commodities, the stability of exchange rates and political developments can all cause significant fluctuations in prices. The price of mineral commodities has fluctuated widely in recent years and future price declines could cause commercial production to be impracticable, thereby having a material adverse effect on the Group's business.

Reserve estimates and feasibility studies using different commodity prices than the prevailing market price could result in material write-downs of the Group's investment in its assets, the availability of debt and equity finance being curtailed and even a reassessment of the feasibility of mining projects which could result in putting a mining project on care and maintenance and slowing down operations until a change in the commodity prices. Prolonged, subdued commodity prices, in particular gold prices, would have a material adverse effect on the Group's operations and financial position and could make it challenging for the Company to raise equity funding.

### ***Environmental Risks***

The activities of the Group are subject to environmental regulations promulgated by government agencies from time to time and the licences which Southern Gold have obtained contain environmental restrictions. South Korea has a developed system of environmental regulation including in respect of the water environment, soil and ground water and waste under the Clean Air Conservation Act 8976 March 21 2008, Water Quality and Eco system Conservation Act 8976 March 21 2008, Water Controls Act No. 8799 December 21 2007 and Soil Environment Conservation Act.

The Group has established a treatment plant at Gubong to process the water being pumped out of the mine. In the future there is a risk that there may be spills of toxic water extracted from the mine for which the Company may be held responsible. The development of the South Korean Projects will require The Group to obtain certain environmental permits for elements of the proposed development. The Directors expect such permits to be granted within the proposed timescales, however, there can be no guarantee that such permits will be granted in a timely manner or at all and if such permits are not granted or are delayed this is likely to impact the cost of the South Korean Projects and is likely to push back any production targets.

The parties re-opening a mine in South Korea are responsible for the reclamation costs and so the Group may be held responsible for rehabilitating the South Korean Projects. Environmental legislation provides generally for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards, and enforcement and fines and penalties for noncompliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and their directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations.

The Group, and its Joint Venture Partner, will need to engage with local stakeholders as part of the advancement of the South Korean Projects to obtain local support for the planned developments. Although the Group is not aware of any significant opposition to the Group's plans, there can be no guarantee that local groups will not object to the proposed developments at one or more of the South Korean Projects, which impact the cost and timing of the development of those projects.

### ***Government regulation and legal risk***

South Korean law includes extensive regulations governing expropriation of property, health and worker safety, employment standards, waste disposal, protection of the environment, mine development, land and water use, fire safety, mineral production, exports, taxation, labour standards, the protection of endangered and protected species and other matters. In addition, any tightening of environmental regulation is likely to increase the Group's operating costs which in turn is likely to have a negative impact on the Group's financial performance. The Directors are not aware currently of any forthcoming changes that would affect how the Group will be regulated from an environmental perspective.

### ***Equipment failure***

There is a risk of equipment failure due to wear and tear, design or operator error, among other things which could affect adversely the Group's business, with a consequential effect on the financial position of the Group. In particular, any operational stoppages due to equipment failure may result in delays

which may increase the expenditure of the Group which will impact on the future revenue and profitability of the Group. In addition, if the cost of maintaining key equipment is materially higher than anticipated, this will have a negative effect on the Group's operations.

### ***Title matters and land access***

Title to, and the area of, Mining Rights, may be disputed. Whilst the Group's Joint Venture Partner has investigated diligently title to all of the Mining Rights subject of the Joint Venture Agreements and as far as the Directors are aware, title to all of the relevant Mining Rights are in good standing, the Mining Rights may be affected by undisclosed and undetected defects. Furthermore, the Group requires a 'permit to develop' to progress the Gubong Project to production. There can be no guarantee that this permit to develop will be approved in the form required by the Group and/or the Group may need to modify its plan in order to continue to develop the Gubong Project further. This may mean that the plan adopted has a greater cost than anticipated, which may have an impact on the amount of capital the Group needs to achieve its production and growth targets.

In South Korea, the state owns all mineral resources. A mining right gives access and permission to the mining company, from exploration up to reopening mines and bulk sampling. However, access to private or public land must be separately agreed with land owners or local councils, based generally on crop values or opportunity losses.

Any future challenges could prevent the Group from obtaining access to land in order to carry out exploration or mining works and could have a material effect on exploration or mining operations and on the results of operations.

### ***Health and safety risks***

Certain of the Group's operations may be carried out under potentially hazardous conditions. Whilst the Group intends to operate in accordance with relevant health and safety regulations and requirements, the Group remains susceptible to the possibility that liabilities might arise as a result of accidents or other workforce-related misfortunes, some of which may be uninsurable or beyond the Group's control. Further, a violation of health and safety laws or the failure to comply with the instructions of relevant health and safety authorities could lead to, among other things, a temporary shutdown of all or a proportion of any future operations or the imposition of costly compliance procedures. This could have a material adverse effect on the Group's operations and/or financial condition.

### ***Labour Risks***

The Group's operations may be affected by labour-related problems in the future, such as union demands and litigation for pay rises and increased benefits. There can be no assurance that work stoppages or other labour-related developments (including the introduction of new labour regulations) will not affect adversely the results of operations or the financial condition of the Group.

### ***Uninsured risks***

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fire, flooding and earthquakes, as well as environmental pollution, may occur. It is not always possible to fully insure against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increased costs, have a material adverse effect on the Group's results and a decline in the value of the securities of the Company.

### ***Currency exchange risk***

The Group reports its financial results in US dollars, and a proportion of the Group's costs in relation to the South Korean Projects and otherwise are incurred in the South Korean won. Accordingly, if the South Korean won were to strengthen against the US dollar, this could have a detrimental effect on the Group's results or financial condition. The Group's assets and liabilities will be subject to the same exchange rate fluctuations which could also have a significant effect on the Group. Fluctuations in exchange rates between currencies in which the Group operates relative to the US dollar may cause fluctuations in its



financial results. The Group cannot predict the effect of exchange rate fluctuations upon future operating results and there can be no assurance that exchange rate fluctuations will not have a material adverse effect on its business, operating results or financial condition.

### ***General South Korean risk***

The majority of the Company's assets are located in South Korea. Thus, the Company may be affected adversely by political, economic, social, legal and regulatory risks specific to South Korea, including, but not limited to, inadequate investor protection and rules pertaining to foreign investors. The South Korean government has historically exercised substantial influence over many aspects of the private sector, which could affect adversely the Company. South Korea is highly dependent upon and may be affected by developments in the United States, the United Kingdom, Europe and other Asian economies.

### ***Potential escalation in tensions with North Korea***

South Korea may be affected adversely by political, military, economic and other factors related to North Korea, including the possibility of war. Relations between South Korea and North Korea have been tense throughout South Korea's modern history. The level of tension between the two countries has fluctuated and is currently high; the tension may increase abruptly as a result of current and future events. In recent years, there have been heightened security concerns stemming from North Korea's nuclear weapon and long-range missile programs and increased uncertainty regarding North Korea's actions and possible responses from the international community. There can be no assurance that the level of tension on the Korean peninsula will not continue to escalate in the future. Any further increase in tension, rhetoric or actual war would likely have a material adverse effect on the Company's business.

### ***Tax risk***

South Korea levies currently withholding tax on distributions from Korean companies paid to foreign investors. South Korea may increase this tax rate or levy other taxes on foreign investors in the future. Furthermore, the tax regimes applying in the British Virgin Islands and/or South Korea and/or Singapore may change, thereby affecting the Company's tax treatment in these jurisdictions. These potential events could affect adversely the Company.

The individual tax treatment of Shareholders will be determined by their jurisdictions and could result in varying consequences for different investors. Shareholders should take their own tax advice as to the consequences of owning Ordinary Shares in the Company as well as receiving returns from it. In particular, Shareholders should be aware that ownership of shares in the Company can be treated in different ways in different jurisdictions.

### ***South Korean Legal System***

South Korea has a developed legal system but is not party to any treaties for the Reciprocal Recognition and Enforcement of Foreign Judgements and has not signed the Hague Convention on the Recognition and Enforcement of Foreign Judgements in civil and commercial matters. Therefore the enforcement of any judgement obtained by the Group outside of South Korea or inside South Korea may not be treated in the same manner as it would be dealt with in the British Virgin Islands or Singapore and so may not be upheld by the South Korean Courts. However South Korean laws do recognise and enforce judgement from overseas courts and South Korea is a party to the United Nations Convention on Recognition and Enforcement of Foreign Arbitral Awards and mechanisms exist to ensure a judgement the Group obtains is enforced.

South Korea's legal system is well developed relatively and the judiciary are more reliable than many other Asian jurisdictions. However, South Korea has not been a democracy as long as England and so the outcome of judicial proceedings may be more uncertain than in the UK.

Although corruption is less prevalent than in many other Asian jurisdictions and it has extensive legislation preventing corruption it still prevalent a modest risk for the Company as it is likely to have a higher probability of occurring than in the UK. In particular, in late 2016 the democratically elected

President of South Korea was impeached and subsequently convicted on the basis of corruption and influence peddling which suggests that corruption is present in the jurisdiction.

## **RISKS RELATING TO THE ORDINARY SHARES**

### ***Dilution***

Following the adoption of the New Articles the Directors have unlimited authority to issue and allot Ordinary Shares on a non-pre-emptive basis. The Company may in the future issue a substantial number of additional Ordinary Shares or incur substantial indebtedness to raise capital or complete a further acquisition.

Any issuance of new Ordinary Shares may: (i) significantly dilute the value of the Ordinary Shares held by existing Shareholders; (ii) cause a Change of Control if a substantial number of Ordinary Shares are issued, which may, among other things, result in the resignation or removal of one or more of the Directors and result in the then existing Shareholders becoming the minority; (iii) subordinate the rights of Shareholders if preferred shares are issued with rights senior to those of Ordinary Shares; or (iv) affect adversely the market prices of the Ordinary Shares.

If Ordinary Shares are issued as consideration for any future acquisition, the issuance of such Ordinary Shares could materially dilute the value of the Ordinary Shares held by the then existing Shareholders. Where a target company has an existing large shareholder, an issue of Ordinary Shares as consideration may result in such Shareholder subsequently holding a significant or majority stake in the Company, which may enable it to exert significant influence over the Company (to a greater or lesser extent depending on the size of its holding) and could lead to a Change of Control.

The occurrence of any or a combination of these factors could decrease a Shareholder's ownership interests in the Company or have a material adverse effect on the business, financial condition, results of operations and/or prospects of the Group.

### ***Lower level of regulatory protection***

A Standard Listing affords investors in the Company a lower level of regulatory protection than that afforded to investors in a company with a Premium Listing, which is subject to additional obligations under the Listing Rules. A Standard Listing will not permit the Company to gain a FTSE indexation, which may have an adverse effect on the valuation of the Ordinary Shares.

Further details regarding the difference in the protections afforded by a Premium Listing as against a Standard Listing are set out in the section entitled "Consequences of a Standard Listing" on page 33.

### ***BVI company law risks***

The Company is incorporated under the BVI Companies Act. The rights of Shareholders are governed by BVI law and the Company's Articles. The rights of shareholders under BVI law differ in certain respects from the rights of shareholders of companies incorporated in the UK. The risks faced by Shareholders by holding shares in a BVI incorporated company include (but are not limited to):

- The Company may give financial assistance to any person in connection with the acquisition of its own shares pursuant to the BVI Companies Act.
- There are statutory pre-emption rights under section 46 of the BVI Companies Act which only apply if a company incorporates expressly such provisions into its memorandum and articles of association. The Company has not elected to include provisions on pre-emption rights similar to those contained in section 46 of the BVI Companies Act into its Articles.
- Under the BVI Companies Act, shareholders are not obliged to disclose their interests in a company in the same way as shareholders of public companies incorporated in the United Kingdom are required to do. In particular, the Transparency Obligations Directive (Disclosure Guidance and Transparency Rules) Instrument 2006 introduced by the FCA does not apply. The Articles incorporate provisions equivalent to those contained in the Disclosure Guidance and Transparency Rules, but may be amended by a resolution of the Shareholders or the directors in accordance with the Articles.

### ***Shareholders may have limited recourse against the Company and its directors***

The Company is a company organised under the laws of BVI. All of the Company's directors reside outside the United Kingdom. All of the Company's assets are located outside the United Kingdom. Investors may not be able to effect service of process within the United Kingdom upon the Company or its directors or to enforce UK court judgments obtained against the Company or its directors in jurisdictions outside the United Kingdom. In addition, it may be difficult for investors to enforce, in original actions brought in courts in jurisdictions outside the United Kingdom, liabilities predicated upon UK securities laws.

### ***Corporate governance standards in the BVI, including takeover protections, are not of the same standard as those in the United Kingdom***

The Company has chosen not to adopt the UK Corporate Governance Code and instead there are fewer protections for investors than would otherwise be the case were the Company to comply with the UK Corporate Governance Code principles on corporate governance. Since the Company is incorporated in the BVI, the Takeover Code does not apply to it. The Company is also not subject to the jurisdiction of the Panel on Takeovers and Mergers in the United Kingdom. Since the Company is incorporated under the BVI Companies Act, BVI law and the Articles of Association will govern the rights of Shareholders. The rights of shareholders under BVI law, and the corresponding remedies available, differ from the rights of shareholders of companies incorporated in other jurisdictions. For instance, BVI law does not make a distinction between public and private companies and some of the protections and safeguards that investors may expect to find in relation to a public company are not provided for under BVI law. There is also limited statutory protection for minority shareholders, other than the provisions of the BVI Companies Act permitting derivative actions and providing remedies for unfairly prejudicial, oppressive or unfairly discriminatory conduct.

### ***Dividend payments on the Ordinary Shares are not guaranteed***

To the extent the Company intends to pay dividends on the Ordinary Shares, it will pay such dividends at such times (if any) and in such amounts (if any) as the Board determines appropriate and in accordance with applicable law, but expects to be principally reliant upon dividends received on shares held by it in any operating subsidiaries in order to do so. Payments of such dividends will be dependent on the availability of any dividends or other distributions from such subsidiaries. The Company can therefore give no assurance that it will be able to pay dividends going forward or as to the amount of such dividends, if any.

### ***There is currently a limited market in the Ordinary Shares***

At the date of this Document, there is a limited market for the Ordinary Shares, notwithstanding that the Company is admitted to trading on the London Stock Exchange. An active market for the Ordinary Shares may not develop, which would affect adversely the liquidity and price of the Ordinary Shares. The price of the Ordinary Shares can also vary due to a number of factors, including but not limited to prevailing economic conditions and forecasts, the Group's general business condition and the release of its financial reports. Although the Company's current intention is that its securities should continue to trade on the London Stock Exchange, there is no assurance that they will always do so. In addition, an active trading market for the Ordinary Shares may not develop or, if developed, may not be maintained. Investors may be unable to sell their Ordinary Shares unless a market can be established and maintained, and if the Company obtains subsequently a listing on an exchange in addition to, or in lieu of, the London Stock Exchange, the level of liquidity of the Ordinary Shares may decline.

### ***Investors may not be able to realise returns on their investment in Ordinary Shares***

Investments in Ordinary Shares may be relatively illiquid. There may be a limited number of Shareholders and this factor may contribute both to infrequent trading in the Ordinary Shares on the London Stock Exchange and to volatile price movements in the Ordinary Shares. Investors should not expect that they will necessarily be able to realise their investment in Ordinary Shares within a period that they would regard as reasonable. Accordingly, the Ordinary Shares may not be suitable for short-term investment. Even if an active trading market develops, the market price for the Ordinary Shares may fall.

***Shareholders may be diluted if the Warrants are exercised***

In the event that any of the Warrants are exercised and the price per Ordinary Share is higher than the subscription price for the Warrants, the interests of the Shareholders will be diluted. Assuming no change to the Existing Share Capital, the maximum total dilution which would result from the exercise of the Warrants in full would be 10.53 per cent.

***Ordinary Shares in the Company may be subject to market price volatility***

The price of the Ordinary Shares could be subject to significant price and volume fluctuations that may be unrelated to the operating performance of the Group. The market price of the Ordinary Shares may, in addition to being affected by the Company's actual or forecast operating results, fluctuate significantly as a result of factors beyond the Company's control, including fluctuations in the gold price, changes in securities analysts' recommendations or estimates of earnings or financial performance of the Company, its competitors or the industry, or the failure to meet expectations of securities analysts; the occurrence (or lack of occurrence) of events such as natural disasters, fluctuations in stock market prices and volumes; general market volatility; changes in laws, rules, regulations and taxes, applicable to the Group, its operations and operations in which the Group has interests; loss of key personnel, and involvement in litigation. In addition, stock markets have in the recent past experienced significant price and volume fluctuations, which, as well as general economic and political conditions, could affect adversely the market price for the Ordinary Shares. The price of the Ordinary Shares may also fluctuate significantly as a result of many other factors, including perceived prospects for the Group's business and operations and the mineral resources industry in general, announcements by the Group of significant acquisitions, strategic alliances or joint ventures, changes in perceptions on the geographic areas where the Group operates and broad stock market price fluctuations.

***The market price of the Ordinary Shares could be affected negatively by sales of substantial amounts of such shares in the public markets***

In Part VII "Additional Information" of this document, certain shareholders hold significant shareholdings in the Company. Such shareholders may sell Ordinary Shares in the public or private market. The Company may also (subject to any applicable shareholder approvals) undertake a public or private offering of Ordinary Shares. There can be no assurance as to what effect, if any, future sales of Ordinary Shares will have on the market price of the Ordinary Shares. If such shareholders were to sell Ordinary Shares or the Company were to issue and sell a substantial number of Ordinary Shares in the public market, the market price of the Ordinary Shares could be affected adversely. Sales by such shareholders also could make it more difficult for the Company to sell equity securities in the future at a time and price that it deems appropriate. There can be no assurance that such shareholders will not affect transactions in relation to their shares. The sale of a significant amount of Ordinary Shares in the public market, or the perception that such sales may occur, could materially affect the market price of the Ordinary Shares and could also impede the Company's ability to raise capital through the issue of equity securities in the future.

## CONSEQUENCES OF A STANDARD LISTING

Application will be made for the New Ordinary Shares to be admitted to listing on the Official List pursuant to Chapter 14 of the Listing Rules, which sets out the requirements for Standard Listings. The Company is already required to and will comply with the Listing Principles set out in Chapter 7 of the Listing Rules at Listing Rule 7.2.1, which apply to all companies with securities admitted to the Official List, being Listing Principle 1 and Listing Principle 2.

In addition, while the Company has a Standard Listing, it is not required to comply with the provisions of, among other things:

- Chapter 8 of the Listing Rules regarding the appointment of a sponsor to guide the Company in understanding and meeting its responsibilities under the Listing Rules in connection with certain matters. The Company has not and does not intend to appoint such a sponsor on Completion;
- Chapter 9 of the Listing Rules regarding continuous obligations for a company with a Premium Listing;
- Chapter 10 of the Listing Rules relating to significant transactions. It should be noted any potentially acquisition will not require Shareholder consent under the Listing Rules, even if Ordinary Shares are being issued as consideration for such an acquisition however, if the transaction constitutes a reverse takeover, the Company's Ordinary Shares are liable to be suspended.
- Chapter 11 of the Listing Rules regarding related party transactions. Nevertheless, the Company will not enter into any transaction which would constitute a "related party transaction" as defined in Chapter 11 of the Listing Rules without the specific prior approval of a majority of the Board;
- Chapter 12 of the Listing Rules regarding purchases by the Company of its Ordinary Shares. In particular, the Company has not adopted a policy consistent with the provisions of Listing Rules 12.4.1 and 12.4.2. The Company will have unlimited authority to purchase Ordinary Shares; and
- Chapter 13 of the Listing Rules regarding the form and content of circulars to be sent to Shareholders.

**It should be noted that the UKLA will not have the authority to (and will not) monitor the Company's compliance with any of the Listing Rules which the Company has indicated herein that it intends to comply with on a voluntary basis, nor to impose sanctions in respect of any failure by the Company so to comply. However the FCA would be able to impose sanctions for non-compliance where the statements regarding compliance in this Document are themselves misleading, false or deceptive.**

## IMPORTANT INFORMATION

In deciding whether or not to invest in Ordinary Shares, prospective investors should rely only on the information contained in this Document. No person has been authorised to give any information or make any representations other than as contained in this Document and, if given or made, such information or representations must not be relied on as having been authorised by the Company or the Directors. Without prejudice to the Company's obligations under FSMA, the Prospectus Rules, the Listing Rules and the Disclosure Guidance and Transparency Rules, neither the delivery of this Document nor any subscription made under this Document shall, under any circumstances, create any implication that there has been no change in the affairs of the Group since the date of this Document or that the information contained herein is correct as at any time after its date.

Prospective investors must not treat the contents of this Document or any subsequent communications from the Company, the Directors or any of their respective affiliates, officers, directors, employees or agents as advice relating to legal, taxation, accounting, regulatory, investment or any other matters.

The section headed '*Summary*' should be read as an introduction to this Document. Any decision to invest in the Ordinary Shares should be based on consideration of this Document as a whole by the investor. In particular, investors must read the section headed Section D (Risks) of the Summary together with the risks set out in the section headed '*Risk Factors*' beginning on page 23 of this Document.

This Document does not constitute, and may not be used for the purposes of, an offer to sell or an invitation or solicitation of an offer or invitation to subscribe for or buy, any Ordinary Shares by any person in any jurisdiction: (i) in which such offer or invitation is not authorised; or (ii) in which the person making such offer or invitation is not qualified to do so; or (iii) in which, or to any person to whom, it is unlawful to make such offer, solicitation or invitation. The distribution of this Document and the offering of Ordinary Shares in certain jurisdictions may be restricted. Accordingly, persons outside the United Kingdom who obtain possession of this Document are required by the Company and the Directors, to inform themselves about, and to observe any restrictions as to the offer or sale of Ordinary Shares and the distribution of this Document under the laws and regulations of any territory in connection with any applications for Ordinary Shares, including obtaining any requisite governmental or other consent and observing any other formality prescribed in such territory. No action has been taken or will be taken in any jurisdiction by the Company or the Directors that would permit a public offering of the Ordinary Shares in any jurisdiction where action for that purpose is required, nor has any such action been taken with respect to the possession or distribution of this Document other than in any jurisdiction where action for that purpose is required. Neither the Company nor the Directors accept any responsibility for any violation of any of these restrictions by any person.

The Ordinary Shares have not been and will not be registered under the Securities Act, or under any relevant securities laws of any state or other jurisdiction in the United States, or under the applicable securities laws of Australia, Canada, the Republic of South Africa, the Republic of Ireland or Japan. Subject to certain exceptions, the Ordinary Shares may not be offered, sold, resold, reoffered, pledged, transferred, distributed or delivered, directly or indirectly, within, into or in the United States, Australia, Canada, the Republic of South Africa, the Republic of Ireland or Japan or to any national, resident or citizen of Australia, Canada, the Republic of South Africa, the Republic of Ireland or Japan.

**The Ordinary Shares have not been approved or disapproved by the SEC, any federal or state securities commission in the United States or any other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Ordinary Shares or confirmed the accuracy or determined the adequacy of the information contained in this Document. Any representation to the contrary is a criminal offence in the United States.**

Investors may be required to bear the financial risk of an investment in the Ordinary Shares for an indefinite period. Prospective investors are also notified that the Company may be classified as a passive foreign investment company for United States federal tax income purposes. If the Company is so classified, the Company may, but is not obliged to, provide U.S. holders of Ordinary shares the information that would be necessary in order for such persons to make a qualified electing fund election with respect to the Ordinary Shares for any year in which the Company is a passive foreign investment Company.

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### **Data protection**

The Company may delegate certain administrative functions to third parties and will require such third parties to comply with data protection and regulatory requirements of any jurisdiction in which data processing occurs. Such information will be held and processed by the Company (or any third party, functionary or agent appointed by the Company) for the following purposes:

- (a) verifying the identity of the prospective investor to comply with statutory and regulatory requirements in relation to anti-money laundering procedures;
- (b) carrying out the business of the Group and the administering of interests in the Group;
- (c) meeting the legal, regulatory, reporting and/or financial obligations of the Group in the United Kingdom or elsewhere; and
- (d) disclosing personal data to other functionaries of, or advisers to, the Group to operate and/or administer the Company.

Where appropriate it may be necessary for the Company (or any third party, functionary or agent appointed by the Company) to:

- (a) disclose personal data to third party service providers, agents or functionaries appointed by the Company to provide services to prospective investors; and
- (b) transfer personal data outside of the EEA to countries or territories which do not offer the same level of protection for the rights and freedoms of prospective investors as the United Kingdom.

If the Company (or any third party, functionary or agent appointed by the Company) discloses personal data to such a third party, agent or functionary and/or makes such a transfer of personal data, it will use reasonable endeavours to ensure that any third party, agent or functionary to whom the relevant personal data is disclosed or transferred is contractually bound to provide an adequate level of protection in respect of such personal data.

In providing such personal data, investors will be deemed to have agreed to the processing of such personal data in the manner described above. Prospective investors are responsible for informing any third party individual to whom the personal data relates of the disclosure and use of such data in accordance with these provisions.

### **Investment considerations**

In making an investment decision, prospective investors must rely on their own examination, analysis and enquiry of the Group, this Document and the terms of the Admission, including the merits and risks involved. The contents of this Document are not to be construed as advice relating to legal, financial, taxation, investment decisions or any other matter. Investors should inform themselves as to:

- the legal requirements within their own countries for the purchase, holding, transfer or other disposal of the Ordinary Shares;
- any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of the Ordinary Shares which they might encounter; and

- the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of the Ordinary Shares or distributions by the Company, either on a liquidation and distribution or otherwise. Prospective Investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

An investment in the Company should be regarded as a long-term investment. There can be no assurance that the Group's objectives will be achieved.

It should be remembered that the price of the Ordinary Shares and any income from such Ordinary Shares can go down as well as up.

This Document should be read in its entirety before making any investment in the Ordinary Shares. All Shareholders are entitled to the benefit of, are bound by, and are deemed to have notice of, the provisions of the Articles, which investors should review.

### **Forward-looking statements**

This Document and any document incorporated herein by reference include statements that are, or may be deemed to be, "forward-looking statements". In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the terms "targets", "believes", "estimates", "anticipates", "expects", "intends", "may", "will", "should" or, in each case, their negative or other variations or comparable terminology. They appear in a number of places throughout the Document and any document incorporated herein by reference and include statements regarding the intentions, beliefs or current expectations of the Company and the Board concerning, among other things: (i) the Company's objectives, acquisition and financing strategies, results of operations, financial condition, capital resources, prospects, capital appreciation of the Ordinary Shares; and (ii) future deal flow and implementation of active management strategies. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performances. The Group's actual performance, results of operations, financial condition, distributions to Shareholders and the development of its financing strategies may differ materially from the forward-looking statements contained in this Document and any document incorporated herein by reference. In addition, even if the Group's actual performance, results of operations, financial condition, distributions to Shareholders and the development of its strategies are consistent with the forward-looking statements contained in this Document and any document incorporated herein by reference, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that may cause these differences include, but are not limited to:

- the Company's ability to ascertain the merits or risks of any future acquisitions;
- the availability and cost of equity or debt capital for future transactions;
- currency exchange rate fluctuations, as well as the success of the Company's hedging strategies in relation to such fluctuations (if such strategies are in fact used);
- changes in the economic environment; and
- legislative and/or regulatory changes, including changes in taxation regimes.

Prospective investors should review carefully the 'Risk Factors' section of this Document for a discussion of additional factors that could cause the Group's actual results to differ materially before making an investment decision.

Forward-looking statements contained in this Document and any document incorporated herein by reference apply only as at the date of this Document. Subject to any obligations under the Listing Rules, the Disclosure Guidance and Transparency Rules or the Prospectus Rules, the Company undertakes no obligation publicly to update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

### **Third party data**

This Document includes certain market, economic and industry data, which was obtained by the Company from industry publications, data and reports, compiled by professional organisations and analysts' data from



other external sources conducted by or on behalf of the Company. Where information contained in this Document originates from a third party source, it is identified where it appears in this Document together with the name of its source. The Company confirms that data sourced from third parties used to prepare the disclosures in this Document has been accurately reproduced and, so far as the Company and the Directors are aware, and able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. All third party information is identified alongside where it is used.

Certain of the aforementioned third party sources may state that the information they contain has been obtained from sources believed to be reliable. However, such third party sources may also state that the accuracy and completeness of such information is not guaranteed and that the projections they contain are based on significant assumptions. The Company does not have access to the facts and assumptions underlying such market data, statistical information and economic indicators included in these third party sources, the Company is unable to verify such information.

### **Currency presentation**

Unless otherwise indicated, all references in this Document to “pound sterling”, “sterling”, “£”, or “pounds” or “pence” are to the lawful currency of the UK, all references to “EUR”, “€” or “euro cents” are to the lawful currency of the EU. In addition all references to “USD”, “US\$”, “US dollar” or “cents” are to the lawful currency of the United States and all references to “AUD”, “A\$” or “Australian dollar” are to the lawful currency of Australia.

### **No incorporation of website**

The contents of any website of the Company or any other person do not form part of this Document.

### **Definitions and glossary of technical terms**

A list of defined terms used in this Document is set out in Part X ‘Definitions’ and a list of technical terms and their meanings used in this Document is referred to in Part VIII ‘Glossary of Technical Terms’.

### **Governing law**

Unless otherwise stated, statements made in this Document or documents incorporated herein by reference are based on the law and practice currently in force in England and Wales and are subject to changes therein.

### **Presentation of Financial Information**

The audited consolidated financial statements of the Company included in the 2016 Annual Report and Accounts as of and for the year ended 30 June 2016, the 2017 Annual Report and Accounts as of and for the year ended 30 June 2017 and the 2018 Annual Report and Accounts as of and for the year ended 30 June 2018, together with the audit opinions thereon, are incorporated by reference into this Document, as further detailed in Part V (Historical Financial Information) and Part IX (Documents Incorporated by Reference) of this Document.

The Group Financial Information was prepared in accordance with IFRS. The 2016 Financial Information and the 2017 Financial Information were audited by the Company’s auditors at that time, Price Bailey LLP. The 2018 Financial information has been audited by the Company’s current auditors.

The Company publishes its financial statements in US dollars. The financial information presented in a number of tables and in a number of other places in this Document has been rounded to the nearest whole number or the nearest decimal. Therefore, the sum of the numbers in a column may not conform exactly to the total figure given for that column. In addition, certain percentages presented in the tables in this Document reflect calculations based upon the underlying information prior to rounding, and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication and posting of this Document	13 June 2019
Announcement of the publication of Document through a Regulatory Information Service	13 June 2019
Admission to trading of the New Ordinary Shares	8.00 a.m. on 19 June 2019
CREST members' accounts credited in respect of New Ordinary Shares	8.00 a.m. on 19 June 2019
Expected date of despatch of definitive share certificates for New Ordinary Shares in certificated form	within 7 days of Admission

*All references to dates and times in this Document are to London time unless otherwise stated.*

## ADMISSION STATISTICS

Number of Existing Ordinary Shares	247,349,075
Total number of New Ordinary Shares to be issued on Admission	121,513,516
Enlarged Share Capital following the issue of New Ordinary Shares	368,862,591
New Ordinary Shares as a percentage of the Enlarged Share Capital	32.94 per cent.
Number of Warrants in issue at Admission	38,844,844

## DEALING CODES

ISIN	VGG118701058
SEDOL	BYN4G53
LEI	213800QLGKFZ
TIDM	BMV.L

## DIRECTORS, SECRETARY AND ADVISERS

**Directors:** Jonathan Charles Rowell Morley-Kirk, Non-executive Chairman  
Colin David Patterson, Executive Director & Chief Executive Officer  
Charles Alexander Fordyce Barclay, Executive Director & Chief Operating Officer  
Aidan Bishop, Executive Director  
Clive Sinclair-Poulton, Non-executive Director

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## PART I

### INFORMATION ON THE COMPANY, THE GROUP AND STRATEGY

#### 1. Introduction

Bluebird Merchant Ventures Limited is an Asian focused resource development group.

With an uncertain regulatory environment in the Philippines (see section 7 headed “Background and Discontinued Operations” below), the Company refocused its attention to South Korea in July 2016. South Korea is a modern, industrialised economy, a representative democracy and has substantial infrastructure advantages, in many respects superior to western jurisdictions. South Korea is an investment grade country with Moody’s and Standard & Poor’s ratings of Aa2 and AA respectively.

The Company’s operations are focused on its Joint Venture Agreements with ASX listed Southern Gold Limited in relation to the Gubong Project and the Kochang Project, both of which are old underground gold mines in South Korea.

Following fulfilment of the Company’s farm-in obligations in respect of the Gubong Project under the Gubong JV Agreement, the joint venture company has been incorporated. Gubong JV Co is owned 50:50 by Bluebird and Southern Gold. Bluebird is the operator of the Gubong Project Joint Venture and all costs are shared equally between Bluebird and Southern Gold.

A report on the feasibility of the Gubong Project has been prepared by the Company and was submitted to Southern Gold in July 2018. The Gubong Feasibility Report includes an in-depth analysis of various processing scenarios and mining methods, and also makes recommendations for further work to be undertaken prior to the construction of a mine and processing operation at the Gubong Project.

The Gubong Feasibility Report recommends that prior to the Construction Phase mineral resources are defined by dewatering the deposit to the valley floor and undertaking a sampling programme across the veins in all opened underground openings for assay and metallurgical testing. The intention of the Gubong Joint Venture is to define sufficient resources to support an initial 45,000 tonne per annum processing operation in the near-term.

The Gubong Feasibility Report has analysed a number of mining methods which may be suitable for the Gubong Project. It is envisaged that mining will be by supported and unsupported methods and will include a range of mining methods depending on the dip of the vein, the width of the vein and the strength of the country rock. In terms of processing, initial studies suggest that Vat Leaching will be the most capital and cost effective processing method. Initial Vat Leaching metallurgical tests suggest 90 per cent. recovery may be achievable. Conventional CIL or CIP leaching, gravity and heap leaching methods will also be assessed.

The Kochang JV Co was established following the fulfilment of the Company’s farm-in obligations in respect of the Kochang Project in February 2019. The economic and operational terms of the Kochang Project Joint Venture is identical to the Gubong Project Joint Venture.

The Kochang Feasibility Report was submitted to Southern Gold in January 2019. The report recommends that additional development work be undertaken at the Kochang Project including adit and drive refurbishment, re-opening of access to the silver mine and upper levels of the gold mine and an additional sampling programme.

Applications to develop the Gubong Project and Kochang Project were made on 23 January 2019 and 8 March 2019 respectively. The Company expects to receive both permits during the second quarter of 2019.

Over the next 12 months the Company will in conjunction with its Joint Venture Partner continue to develop the South Korean Projects and begin to implement the recommendations of the Gubong and the Kochang Feasibility Reports. The Company and its Joint Venture Partner will decide how spending on each project is prioritised and future spending will largely depend on the outcome of the ongoing exploration work and the economic environment (and more particularly the gold price) throughout the period.

## 2. Farm-In and Joint Venture Agreements

In March 2017, the Company entered into agreements with ASX listed Southern Gold Limited to farm-in to old gold mines within Southern Gold's exploration tenements. The Southern Gold business model is one of exploration and upon discovery to farm out production to an operator. The partnership with Southern Gold utilises the Company's expertise in both bringing about production and as an operator of old underground gold mines. Prior to entering into the Joint Venture Agreements, the Company's due diligence investigation determined that there were three potential projects from Southern Gold's tenement portfolio that had the potential for near-term production. Two of these potential projects, namely Gubong and Kochang are currently the focus Company's operations.

The terms of the Gubong JV Agreement enabled the Company to earn a 50 per cent. interest in the Gubong Project by achieving the following milestones:

- USD 500,000 spent at project level over a 12 month period;
- Carry out an assessment of the project and delivering the Gubong Feasibility Report with the objective of producing a plan targeting near-term low cost production with a capital expenditure of less than USD 10,000,000 that is satisfactory to Southern Gold; and
- undertake a placing in Southern Gold Shares to the value of AUD 250,000.

Following fulfilment of the Company's obligations under the Gubong JV Agreement, the Gubong JV Co was incorporated. It is operated by the Company and is owned 50:50 with Southern Gold. All expenses of the Gubong JV Co are shared equally between the joint venture partners. Under the Gubong JV Agreement Southern Gold is obliged to procure that the tenements for the Gubong Project are transferred to Gubong Project Co, a South Korean incorporated company which is wholly owned by Gubong JV Co. The Gubong tenements were successfully transferred in January 2019.

The criteria to earn a 50 per cent. interest in the Kochang Project are the same as the Gubong Project save that the amounts the Company spends on the Gubong Project over the minimum required under the Gubong JV Agreement can be counted towards the Company's spending obligations for Kochang.

The Company completed the initial farm-in expenditure requirement in relation to the Kochang Project in early November 2018. The Kochang SG Share Subscription was also satisfied on 20 August 2018. The final requirement for the Company's farm-in to the Kochang Project was the completion of the Kochang Feasibility Report which was submitted to Southern Gold in January 2019. The Kochang tenements were successfully transferred to Geochang Project Co Limited in February 2019.

### ***Funding of the Company's obligations under the Joint Venture Agreements***

The Gubong SG Share Subscription was satisfied on behalf of the Company by ATO, a trust of which Colin Patterson, Executive Director and Chief Executive Officer of the Company is a beneficiary. In relation to the Gubong SG Share Subscription, ATO acquired 647,668, Southern Gold Shares at a price of AUD 0.386 each in June 2017. ATO was granted a right to sell its Southern Gold Shares to the Company in exchange for Ordinary Shares in the Company to be issued at the Subscription Price for a total value equivalent to AUD 250,000. The Company has agreed that it will issue the Gubong Exchange Shares in exchange for the Gubong SG Shares on Admission.

In relation to the Kochang SG Share Subscription, the Company acquired 647,668 Southern Gold Shares at a price of AUD 0.386 each in August 2018. The Kochang SG Share Subscription was funded by the ATO Bridge Loan.

The USD 500,000 spend commitment for each of the Gubong and Kochang Joint Venture Agreements has been funded by soft loans to the Company from certain Directors, management and Shareholders. This funding was provided in the form of the Series A Loan Notes, the Funding Facility and the ATO Bridge Loan details of which are set out in paragraphs 12.6, 12.7, 12.8 and 12.16 of Part VII of this Document. It is intended the total amount outstanding under the Series A Loan Notes, the Funding Facility and the ATO Bridge Loan be repaid on Admission via the issue of new Ordinary Shares pursuant to the Conversion.

Further details of the SG Share Subscriptions and the Gubong and Kochang joint venture agreements are set out in paragraphs 12.4, 12.9 and 12.10 of Part VII of this Document.

### 3. South Korean Mining Industry

The geology of South Korea is wedged between China and Japan in geological time, with subduction zone “ring of fire” geology. South Korea was recognised as a substantial historic gold producer, however the industry has been low-key for nearly 35 years. The Company believes that the reopening of some of the old mines presents it with an opportunity to become a junior gold producer within short to medium term.

Gold mining in South Korea amounted to circa 5,000,000 ounces between 1928 and 2008 with the bulk of production controlled by the Japanese between 1928 and 1943. Post war, the industry was stigmatised and production was significantly reduced. The 1970s saw a change in direction for South Korea as it became a manufacturer and high-tech country. In the 1990s exploration came in the form of Ivanhoe Mines and three gold mines were discovered, with all of them being brought into production.

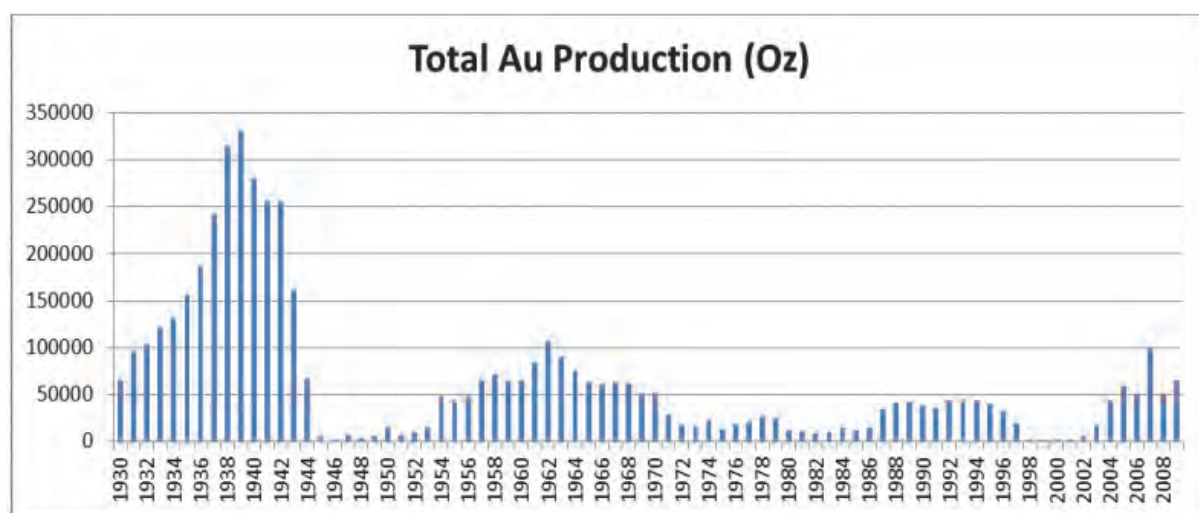


Diagram: Korean Gold Production 1928-2008<sup>1</sup>

South Korea is a first world country with excellent infrastructure as well as providing significant support and incentives to the mining industry.

There are no government royalties or excise taxes applicable in South Korea. The South Korean government receives its share of mine production as corporate and income taxes from the project.

#### Mining Rights

The tenements that are the subject of the Joint Venture Agreements and which the Group is actively pursuing are as follows:

<b>Project</b>	<b>Total area (ha)</b>	<b>Number of tenement blocks</b>	<b>Province</b>	<b>Date granted</b>
Gubong	2,484	9 contiguous blocks of 276 ha	Chungnam	1 Sept 2009
Kochang	837	3 contiguous blocks of 279 ha	Gyoungnam	1 Sept 2009

Table 1: Mining Rights

The tenements as set out in Table 1 above are held 100 per cent. by Geochang Project Co Ltd and Gubong Project Co Ltd which is in turn 100 per cent. owned by Kochang Project JV Co Pte Ltd and Gubong Project JV Co Pte Ltd.

<sup>1</sup> The Korean Institute of Geoscience and Mineral Resources (KIGAM)

All of the tenements that cover the South Korean Projects were granted prior to 2011 as Mining Rights under the old mining rights laws of South Korea. The law that governs these Mining Rights operates as follows:

- “Mining Right” valid up to 20 years; and
- Including an “Exploration period” of up to 9 years.

The Directors believe both Gubong and Kochang tenements are in good standing until 2020 with all exploration requirements having been met.

Before 2020, an application for a ‘permit to develop’ is required before the South Korean Projects move to the production phase. The relevant applications have been submitted for the Gubong Project in January 2019 and the Kochang Project in March 2019. The Company and Southern Gold have elected not to proceed with the preparation for the construction of a production plant for either of the South Korean Projects until the relevant permit to develop is granted. The Company expects that the permits to develop will be granted during the second quarter of 2019.

Once granted the tenement holder is required to proceed to develop and has the right to operate for another 11 years. The operator can apply for the timeline to be extended if the mine is still producing at that time.

Table: Main aspects of the South Korean mining rights law before 2011

	<i>Event</i>	<i>Time</i>	<i>Description</i>
<i>Mining right</i>	a)	0	Grant date of mining right.
	b)	Within 2 years of Event a	Submit prospecting plan.
	c)	Within 3 years - 3 months of Event b	Submit extension application (for 36 months) if prospecting records cannot be produced. Extension application will need to be submitted with the completion of at least half of the regulatory requirement.
	d)	Within 8 years of Event a	Submit completed prospecting results.
	e)	Within 9 years of Event a	Submit all mining plans for approval.
	f)	Within 20 years from Event a	Mining production from year 9 to year 20 reporting to County. Income and tax reporting to Central Government.

### *Landowners Rights*

Surface rights belong to the landowner who may be a government agency, a private person or a corporation while mineral rights belong to the Korean state. Access to mineral rights must be given by the landowner and are not to be unreasonably withheld.

If land belongs to a government agency then permission must be sought in writing. If a private landowner owns the land in questions then written permission must be sought from the landowner. For mapping and sampling this is normally a formality. For more intensive exploration, such as drilling then permission is sought from the landowner and presented to the county government as a courtesy for which they will give permission. Compensation is normally based on the value of crops destroyed or on opportunity cost for the land being used by the mining company.

For longer term permission such as mine access, roads, waste dumps or tailings impoundments, government land is best sought for this purpose.



### *Mining and Environmental Permits*

Separate permits can be sought for individual aspects of the mine such as mine access, mine plant, waste dumps and tailings dams. A mine access requires a mine permit, while a mine processing plant requires an industrial plant permit which is simpler than a mineral permit.

If each site can be kept smaller than 1500 pyong (4,950m<sup>2</sup>) then individual permits can be granted by the local government. For larger areas an EIA process is required which is longer and more complicated, involving the central environmental agency.

Smelter permits require a large capital cost to justify and are therefore possibly not included in most small to medium gold mines, some of which chose to export concentrate rather than have a smelter (gold room). The route the Company and its Joint Venture Partner chooses to follow will depend on the review of the Feasibility Reports and the capital resources available at the relevant time as well as outcomes of further work to be undertaken.

Mines that have been closed by the Mine Reclamation Corporation of Korea (MIRECO) may be opened but MIRECO must be informed and must give permission. In June 2017 regulatory approval was granted enabling the Group to access underground workings at Gubong gold mine and MIRECO has consented to the reopening of the Kochang mine.

It is the case that any environmental liabilities associated with the mine closure become the responsibility of the new mining company if the mine is reopened. Therefore, the Company and Southern Gold will be responsible for monitoring all water and materials that leave any mines they reopen and making sure that they don't affect adversely the environment or local agriculture. This must be monitored by the mine operator and will be regularly inspected and sampled by the South Korean mines safety office during operations.

To restart a mine, a final exploration report will need to be submitted as well as an economic feasibility study. An Environmental Impact Assessment report is not required. Any mine plant and processing plant facilities on the surface will need to apply for an industrial processing planning permit.

### *Royalties and payments*

Southern Gold Korea acquired a number of gold project areas from Asiatic Gold Limited, including the Gubong Project and Kochang Project, in July 2016. A previous owner of the Korean Projects, Mr Jae Youl Sim retains a royalty on first production for each mining project area as follows:

1. US\$500,000 payment due to Mr Sim one month after commercial production begins on any project (the "initial payment");
2. US\$500,000 payment due to Mr Sim one year after the initial payment for 3 successive years; and
3. 2 per cent. NSR royalty on each gold project area.

### *Government subsidies for drilling and mining equipment*

Drilling in South Korea can in certain circumstances attract significant subsidies from Korea Resources Corporation (KORES) and KIGAM of between 70 per cent. and 100 per cent. of drilling costs. The construction of production drives can also attract subsidies of up to 50 per cent. of costs. Additionally, modern mechanised mining equipment may attract a government subsidy of up to 40 per cent. for new equipment and a subsidy of up to 60 per cent. for ancillary equipment (grinders, crushers and processing mills etc.). Kochang Project Co. applied for an assisted drilling grant in January 2019 for underground drilling. Kochang Project Co received confirmation on 1 May 2019 that the assisted drilling grant was approved. Gubong Project Co. and Kochang Project Co will apply for further such subsidies when it believes it meets the qualification criteria.

## **4. The South Korean Projects**

The Gubong and Kochang Projects are within 2-3 km of the nearest small town and associated safety and fire services and county governments. The South Korean Projects are also within 10km of the nearest city with associated resources and city or provincial governments. The South Korean Projects are on or close



to sealed roads and have access to abundant water resources and high voltage power from the local national power supply network.

A map showing the location of the South Korean Projects is below.

For all project areas, the climate is humid continental, characterised by cold generally dry winters and warm summers with the majority of annual monsoonal rainfall, sometimes associated with destructive typhoons, falling between June and September.

Of the two projects, the Gubong Project has the mildest winters since it is near the sea. The Kochang Project is subject to periodic snowfall in winter, however this does not prevent access to the project. In fact, the dry deciduous vegetation makes exploration easier in winter.

The Directors believe the Gubong Project offers the greatest potential resources of the two South Korean Projects, in the order of more than 1 million ounces of gold, and has the largest area to explore so its operations to date have been largely focused on the Gubong Project.



Map showing the location of the Korean projects

### ***Gubong Project***

The Gubong Project is just over one hours' drive west of Daejeon, the fifth largest city in South Korea. Access to the site is by sealed roads to within 100 metres of the old mine. Other infrastructure such as power and telecommunications are also well placed in relation to the Gubong Project.

The mine at the Gubong Project was historically South Korea's second largest gold producer and the largest from 1930-1943, during the Japanese occupation. The Directors believe the mine at the Gubong Project still retains substantial remnant ore between mined blocks and excellent exploration potential. Mine data indicates good potential for mine re-commissioning and the possibility of relatively early cash flow.

There is currently no declared JORC resource estimate for the Gubong Project. The Korean Institute of Geoscience and Mineral Resources (KIGAM) previously estimated remaining resources at the Gubong Project to be 2.34 million tonnes at 7.36g/t Au.

The immediate Gubong Project area hosts five historical underground mines with the largest being the Gubong Mine which exploited high grade quartz veins hosted mainly in gneissic granite and mined to a vertical depth of approximately 500m.

The Gubong Mine was de-commissioned at a time when the gold price was significantly lower than present levels. It is believed there are a number of sources of remnant ore that are now likely to be economic. These sources of ore include:

- numerous waste rock piles located on the surface at the Gubong Project;

- a tailings impoundment;
- underground clean-up of broken ore left in the Gubong mine; and
- mining of pillars in the historical underground mine.

These sources are in addition to possible extensions of existing workings.

Historical underground sampling results of the deeper levels of Vein 6, the main vein exploited at the Gubong mine, gives an arithmetic uncut average of 30.6 g/t gold. Exploratory core drilling below the now abandoned mine workings from one of five holes returned 27.9 g/t gold and 25 g/t silver over 1.6 metres downhole from 845.2 metres. This demonstration of the persistence with depth of the most developed mineralised structure supports the prospectivity of the property for auriferous shoots with considerable depth continuity.

Vein 6 was found as a blind vein in the hanging wall during mine development work on the other veins. This suggests substantial gold resources may be found in parallel vein systems that do not outcrop in the area.

Proof of concept drilling at Gubong in 2015 by Heesong Metals Co. Limited (“Heesong Metals”), the Southern Gold Korea predecessor hit relatively shallow orogenic quartz veining in most drill holes near to the modelled veins/structures. The ability to engage local drilling contractors, secure land access (including on farms), model the historical data as available, and hit veining, including mineralisation, shows that the drilling program was a success. Furthermore, surface rock chip samples taken in 2015 confirm high grade veining exists (peak result of 25.4g/t Au).

#### *Historical Drill holes at Gubong*

The Company believes that over 17,000 metres of drilling has been completed at Gubong at various periods from the 1960s to 2015. Drill hole downhole depths varied from 9m to 950m, with an average depth of 321.8m<sup>2</sup>. All drill holes were drilled by Korea Resources Corporation, except the 2012 and 2015 drill holes which were drilled by Southern Gold’s predecessor, Heesong Metals.

Eighteen drill holes contained significant intersections greater than 1g/t Au.

The drill results are very encouraging. The fact that a significant percentage of the holes have returned economic grades is typical for an Orogenic deposit as they are highly variable in mineralisation and intersecting structure is considered almost as important as grade for delineating a successful resource.

#### *Work undertaken by Bluebird*

Since commencing work on the Gubong Project in May 2017, the Company has carried out extensive desktop research into the history of the mine, created a digitised model and developed an initial production scenario for a ten year mine life. On the ground, the Company has located many of the entry points to the mine. By October 2017, the Company had uncovered five entrances with two providing immediate access points to the upper workings of the mine. Initial conditions inside the mine exceeded the Company’s expectations in terms of stability. Bluebird has dewatered a large amount of the Gubong mine and may seek to completely dewater the mine to assist in the full delineation of the present resources. Concurrent with efforts to enter the mine, the Company has developed relationships with the local community and with local and provincial government. The Company also met with the authorities involved in the regulation of mining within South Korea to understand the processes required for the reopening of the mine. The Company has been highly encouraged with the approach of the authorities combined with a zero state royalty regime and a clear process for production approvals.

The Company has constructed a small water treatment plant at the Gubong Project to ensure the water being released from the mine meets acceptable standards. The plant was commissioned in early April 2018 and the desired results have been achieved. As work inside the mine progresses water entering the mine and any water used in reopening the mine will be routed through this plant. This initiative has been well received by the local community and relationships with the village, county and provincial authorities continue to strengthen as visible progress is being made.

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<sup>2</sup> This excludes two 9 metre drill holes.

Metallurgical test work on the oxidised ore has been conducted at the Mines and Geoscience Bureau and Intertek in Manila, Philippines in order to determine the most appropriate method to recover gold and silver from the ore.

The results of initial diagnostic test work received in early May 2018 indicated that the ore sample tested may be amenable to gravity separation, a simple and low cost technique for the separation of minerals based on their specific gravity by their relative movement in response to the force of gravity.

Leaching test work performed on the ore sample indicated high gold recoveries by industry standards (in excess of 90 per cent. on average and up to 97 per cent. was reported from some tests) at a low rate of reagent consumption. Leaching is a widely used extractive metallurgical technique which converts metals (in this case gold), into soluble salts in an aqueous media. The dissolved metals are then recovered from the solution.

Additional test work using enhanced gravity separation have yielded gold recoveries of around 70 per cent. into 3 per cent. of the mass, indicating that using just a gravity process on 100 tons of ore, 70 per cent. of the gold could be captured in just three tons of concentrate. The remaining 30 per cent. of gold in 97 tons can be stockpiled for later processing. It is intended that additional test work will be conducted to further optimise gravity recovery as a potential processing route.

A sample of mine tailings (material that has been processed during historical operations), has been received and is being subjected to preliminary diagnostic tests. Results to date indicate recoveries of over 90 per cent. are possible from a head grade of 1.1 g/t gold. Reprocessing of old tailings albeit at lower grade than mined ore, is expected to be a cost effective source of processing feedstock as there is little cost involved in the reclamation of such tailings.

Results from metallurgical testing of the samples evaluated to date indicate that the ore at the Gubong Project is not problematic and does not require complicated or expensive processing techniques. These results will assist the Company in its financial evaluation of the different options for the design and construction of a processing plant. A capital cost estimate will be calculated for various processing scenarios and will be weighed up against estimated operating costs and cash flows to determine the most economically advantageous processing method.

Additional test work is in progress to further evaluate gravity separation as well as some alternative extraction processes. A second, separate set of ore samples will be taken at a later date from other areas of the mine to verify the results obtained from the initial samples evaluated.

Metallurgical test work is a critical factor in determining the viability and economics of any ore as well for ongoing operations. An ore deposit even of high grade may be compromised should the metal or mineral prove difficult or costly to extract.

The Company has completed its funding requirements under the Gubong Farm-In Agreement in order to establish the Gubong Joint Venture, Gubong JV Co, of which the Company is the operator. The Gubong Feasibility Report was finalised in July 2018 and the key recommendations in the report are set out below.

#### *Summary of the Gubong Feasibility Report*

The Gubong Feasibility Report, which was prepared by the Company and finalised in July 2018, includes an in-depth analysis of various processing scenarios and mining methods, and also makes recommendations for further work to be undertaken by the Gubong Joint Venture prior to the Construction Phase.

The Gubong Pre-Construction Phase could include the following workstreams:

- further dewatering of the old mine and gaining access to additional historical underground workings;
- an additional underground sampling programme;
- further underground surveying;
- additional metallurgical test work;
- assessment of resources and reserves (although it is not intended to publish a resource to JORC standards at this time due to the nature of the project);
- updating the Gubong Feasibility Report and its conclusions taking into account the results received from additional work;
- design and engineering plans drawn up for the processing plant;

- progress the acquisition of any additional land required;
- permitting and legal work to be progressed;
- tailings dam feasibility assessment completed; and
- environmental snapshot study undertaken.

The Company may pursue some or all of these workstreams depending on results and available resources. If the Company were to carry out all of these workstreams the Gubong Feasibility Report estimates the cost will be approximately USD 850,000 (this figure does not take into account any government subsidies that may be available). The cost of work undertaken is shared equally between the Company and its Joint Venture Partner.

The Gubong Feasibility Report also considers the various mining methods that are available at Gubong including reclamation of broken rock and pillars remaining from historical mining and mined or previously unmined sections of the mine. The report envisages that mining will be by supported and unsupported methods and will include a range of mining methods depending on the dip of the vein, the width of the vein and the strength of the country rock.

The Gubong Feasibility Report states that the estimated expenditure required at Gubong during the Construction Phase is approximately USD 4.85 million and includes:

- US\$ 2.1 million for new mining equipment and infrastructure;
- US\$ 1.5 million for the processing plant and associated costs; and
- US\$1.25 million for working capital of which approx. US\$250,000 would be spent to create a stockpile while construction is carried out.

As with the Gubong Pre-Construction Phase these figures do not take into account any government subsidies that may be available. Bluebird will be responsible for funding 50 per cent. of these costs.

It should also be noted that the actual cost may be lower if second hand, leased or hire purchase equipment is used or if the quantity and sizing of broken material or ore obtained from sweeping and vamping is greater than anticipated which would delay the purchase of such items as the controlled demolition machinery for mining and the crusher in the processing plant.

The Gubong Feasibility Report proposes that broken rock will be identified and cleaned up by slusher and LHD whilst pillars are expected to be mined by a combination of airleg and jumbo depending on vein width and access. A number of methods are being assessed for the mining of unmined stopes and large pillars. Methods being examined include;

- Mechanised flat back stoping
- Cut-&-fill
- Breast stoping
- Room-&-pillar
- Longwall stoping

Safety in these areas will depend on a number of methods including a variety of rock bolts, mesh, shotcrete and fill-by-waste.

Initial mineral processing studies suggest that Vat Leaching will be the most capital and cost effective extraction method. Preliminary Vat Leaching metallurgical tests suggest 90 per cent. gold recovery could be achieved. Conventional CIL or CIP leaching, gravity and heap leaching methods are also being assessed.

### **Kochang Project**

The Kochang Project is some 130 kilometres south east of the Gubong Project and access to the main entrance is via sealed roads. The mine covers an area of 3.2 square miles.

The Kochang gold and silver mine was worked from 1928 until 1975. In 1991, a report by the state owned entity, Korea Resources Corporation, stated that the mine produced 110,000 oz of gold and 5.9 million oz of silver between 1961 and 1975. The Kochang deposit is an epithermal vein deposit. The mine has parallel vertical ore bodies which are considered both easier and cheaper to mine. The mine closed when the gold price was USD 140/oz which would indicate that ore that was uneconomic then could now be economic.

Historically, the Main Vein was mined at the "gold mine" and the South Vein was mined at the "silver mine". However, from surface chip sample assay maps and from more recent surface mapping, it can be seen that there are a number of separate veins associated with the main vein that have not been exploited in the past. Additionally, the "silver mine" shows significant gold assays that may support mining along the entire length of the deposit and a number of additional veins have been found during surface mapping and sampling that were not accessed during the time when the mine was in production.

More recent mapping has also identified mineralisation of the highly prospective "Main Vein" trend over 2.5 kilometres of strike length. The Main Vein, over a strike length of 2 kilometres, has the highest gold grade structure identified at surface to date with highly significant and very encouraging rock-chip results of 8.2 g/t, 15.3 g/t, 3.61 g/t, 10.5 g/t, 6.35 g/t and 23.9 g/t gold. A further 500 metres of additional Main Vein strike has been identified to the south of known workings. Assays from rock-chip sampling confirm high tenor, gold mineralisation along the entire strike of the newly mapped Main Vein trend. This is now visually confirmed on surface from a significant open stope that was historically developed on high grade.

*Work undertaken by Bluebird*

Access has been gained to the main drive and over three kilometres of tunnels, which are considered by the Directors to be in a good state after 43 years since closure. Considerable quantities of broken ore have been observed leading to the systematic mapping and grab sampling of all the available ore drives.

The complete grab sampling program was undertaken over 1,300 metres on the two main levels. The Kochang mine has three levels and two have been accessed thus far. Each level has three veins which were historically mined. Where broken rock was found, systematic grab sampling was undertaken at equal distances by taking a 3-5kg bag of the rock, at each position, for assay. There was no selectivity involved. In total, over 400 samples were dispatched for assay in China and Malaysia at SGS Laboratories.

After these samples were analysed (Table 1 below shows the significant results of the grab sampling) nine of the sample positions were resampled with the instruction to the samplers to selectively 'pick' ore.

Table 2 below shows the picked ore was at an average grade of 5.12 g/t Au compared to the average grade of 1.69 g/t Au attributable to the grab samples that were not selectively picked. This indicates that substantial beneficiation of the grade could be gained through sorting. Whilst this simple test was done by hand sorting, there are many sorting technologies which can be applied at a larger scale and they can be set up to sort ore using a number of parameters.

The Directors believe the availability of the broken rock at Kochang and the ability to utilise sorting techniques will be a significant benefit to both the economic viability of the project and the timeline to production. The costly work of drilling and blasting has already been carried out with the ore ready to be brought to surface and processed. This broken rock is expected to be the initial production feedstock from the Kochang Project.

**Table 1 - Significant results (>1.0 g/t) of grab sampling with no selectivity**

Sample Number	Underground Drive	Au Grade (g/t)	Ag Grade (g/t)
KRS350016	245 Lvl	1.03	8
KRS350022	245 Lvl	2.12	24
KRS350023	245 Lvl	2.34	13
KRS350024	245 Lvl	1.51	5
KRS350025	245 Lvl	3.15	11
KRS350026	245 Lvl	5.86	20
KRS350033	245 Lvl	1.4	4
KRS350034	245 Lvl	1.26	4
KRS350035	245 Lvl	1.19	5
KRS350041	245 Lvl	3.11	27
KRS350042	245 Lvl	3.74	32
KRS350044	245 Lvl	1.51	11
KRS350046	245 Lvl	5.87	32

KRS350047	245 Lvl	4.06	56
KRS350048	245 Lvl	2.46	27
KRS350049	245 Lvl	17.4	165
KRS350064	245 Lvl	1.52	5
KRS350065	245 Lvl	2.3	7
KRS350066	245 Lvl	4.38	7
KRS350068	245 Lvl	2.94	10
KRS350069	245 Lvl	2.1	11
KRS350073	245 Lvl	1.56	22
KRS350078	260 SubLvl	1.09	13
KRS350080	260 SubLvl	1.03	9
KRS350083	265 Lvl	2.27	22
KRS350084	265 Lvl	1.34	8
KRS350085	265 Lvl	1.81	15
KRS350087	265 Lvl	2.31	18
KRS350088	265 Lvl	3.51	15
KRS350089	265 Lvl	3.67	18
KRS350090	265 Lvl	2.27	18
KRS350092	265 Lvl	1.02	3
KRS350093	265 Lvl	2.73	14
KRS350094	265 Lvl	1.84	9
KRS350095	265 Lvl	3.25	18
KRS350096	265 Lvl	2.8	16
KRS350097	265 Lvl	2.78	18
KRS350098	265 Lvl	2.12	15
<b>Average:</b>		<b>2.86</b>	<b>19.34</b>
<b>Samples:</b>		<b>38</b>	<b>38</b>

**Table 2 - Grab samples with selectivity**

<b>Sorted Grab Sample Number</b>	<b>Au Grade (g/t)</b>	<b>Previous Grab Sample Number</b>	<b>Au Grade (g/t)</b>	<b>Au Increase / Decrease</b>
KRS350101	2.82	KRS350024	0.87	1.95
KRS350103	0.71	KRS350084	2.78	-2.07
KRS350104	3.3	KRS350096	2.8	0.5
KRS350105	2.17	KRS350097	2.78	-0.61
KRS350106	13.5	KRS350037	0.49	13.01
KRS350107	8.75	KRS350039	0.07	8.68
KRS350108	3.94	KRS350058	0.1	3.84
KRS350109	0.39	KRS350065	2.3	-1.91
KRS350110	10.5	KRS350068	2.98	7.52
<b>Average Grade</b>	<b>5.12</b>		<b>1.69</b>	<b>3.43</b>



An underground channel sampling programme has also been undertaken by Bluebird at the Kochang Project. Significant results from this programme are set out in the table below.

Approximately 2,000 metres of underground workings at Kochang are currently open and this is believed by the Company to represent roughly 50 per cent. of the total historic gold mine workings. The workings were surveyed using the latest 3D laser technology to generate a 3D representation of the workings. 1,330 metres of vein were sampled at nominal 5 metre intervals in a number of drives on two levels of the mine.

Of these 1,330 metres, a total of 589 metres (44 per cent.) were found to have significant channel samples (greater than 3g/t of gold) with an average channel sample value of 5.94 g/t Au and 31.54 g/t Ag and average channel widths of 0.42m.

**Table 3 - Significant results (>3g/t Au) from the channel sampling program**

Drive Name	Drive Length (m)	Significant Channel Intervals	Interval Length (m)	Average Channel Width (m)	Interval Au Value (g/t)	Interval Ag Value (g/t)
245 Level Drive 1 East	149.6	KCH_0437 to KCH_0446	37.20	0.30	3.68	16.20
		KCH_0450 to KCH_0456	28.50	0.28	3.09	48.30
245 Level Drive 2 East + Stope	12.6	KCH_0473 to KCH_0480	12.60	0.48	4.38	30.50
245 Level Drive 3 East	34.9	KCH_0495 to KCH_0503	34.90	0.24	3.08	24.00
245 Level Drive 4 East	7.1	KCH_0490 to KCH_0494	7.10	0.15	30.15	63.50
245 Level Drive 5 East + Stope	14.6	KCH_0482 to KCH_0487	14.60	0.43	7.54	18.40
265 Level Drive 2 West	71.2	KCH_0039 to KCH_0040	4.40	1.13	3.85	22.50
		KCH_0043 to KCH_0048	21.50	0.72	3.13	24.70
245 Level Drive 1 West	474.9	KCH_0097 to KCH_0099	14.50	0.38	3.27	31.00
		KCH_0107 to KCH_0109	5.90	0.68	3.56	52.70
		KCH_0114 to KCH_0116	7.20	0.22	4.71	32.70
		KCH_0125 to KCH_0146	53.80	0.26	4.31	28.80
		KCH_0156 to KCH_0192	84.00	0.46	3.57	17.00
		KCH_0203 to KCH_0220	46.10	0.20	5.60	21.10
245 Level Drive 2 West	459.7	KCH_0244 to KCH_0245	4.60	0.44	3.72	10.50
		KCH_0254 to KCH_0256	5.00	0.31	3.93	19.00
		KCH_0263 to KCH_0265	5.00	0.38	4.27	50.70
		KCH_0276 to KCH_0294	39.50	0.40	6.59	41.70

		KCH_0325 to KCH_0327	16.20	0.22	10.33	28.00
		KCH_0332 to KCH_0363	120.90	0.41	8.47	52.50
		KCH_0390 to KCH_0394	20.70	0.60	6.78	25.20
245 Level Crosscut 1 West	27.5	KCH_0297 to KCH_0298	2.30	0.59	5.44	33.00
		KCH_0308 to KCH_0309	2.50	0.48	3.27	33.50
<b>Totals/Average</b>	<b>1330.5</b>		<b>589</b>	<b>0.42</b>	<b>5.94</b>	<b>31.54</b>

Bluebird has completed a review of all data to date, related to the Kochang Gold and Silver mine. It has derived an initial estimate of the mineral potential available for the redevelopment of the mine. The development of this mineral potential used historical plans, production statistics, recent surface exploration mapping and sampling, historic drilling, 3D computer modelling, and recent underground surveying and grab/channel sampling.

The total estimate of the mineral 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. The grades and grade profile were based on the results of the underground sampling programme reported above, augmented by recent surface sampling results. The tonnage range is 40% to 50% of the calculated total tonnage which is the same percentage as that of significant results obtained by the sampling programme.

It should be noted that Mineral Potential is akin to Geological Potential, conceptual in nature, and there has been insufficient information to define a Mineral Resource or Ore Reserve as defined under the JORC Code.

Metallurgical test work has been conducted at the Mines and Geoscience Bureau (MGB) and Intertek in Manila, Philippines to determine the most appropriate method of gold and silver recovery from the Kochang ore. Samples of Kochang ore were evaluated for inclusion into a composite sample to be used for the initial metallurgical test work programme. Of the 425 samples received, 230 (54%) contained higher than 1 g/t gold. Test work using a simple gravity separation system has yielded gold recoveries of around 80% and silver recoveries of around 60%. The test work validated the results obtained from the earlier underground sampling programme.

These results from the samples evaluated to date indicate that the ore is not problematic and does not require complicated or expensive extraction techniques and is expected to allow the company to consider low cost options for the design and construction of its process plant. Additional samples will be collected at a later date from other areas of the mine to verify the results obtained from those conducted on the samples to date.

#### *The Kochang Feasibility Report*

The Kochang Feasibility Report was submitted to Southern Gold in January 2019. The report recommends targeting broken ore that is still within the mined areas or in the ore transportation network, and the extraction of remnant blocks or pillars, found unmined or left behind, within the previously mined areas. The report is also expected to recommend that before seeking to extract these materials additional survey, sampling and mapping work (in particular grab and channel sampling at unsampled locations) be conducted to further define the location, extent, content and grade and to map areas of the mine not yet accessed. It is also likely that this work will be followed up and/or complemented by an underground drill programme, to extend information on the veins within and above/below the gold mine and possibly some limited shallow drilling below surface outcrops – where physically possible.

The report sets out the various viable methods of mining that are suitable for the Kochang Project. The Directors do not intend to make a decision on how the Kochang Project is to be mined until additional sampling, survey and mapping work has been completed.

The recent work carried out covers a small section of the total Kochang Project area with obvious underground drill targets in close proximity to the three main veins. The deposit is open along strike and to depth. The Company intends to commence an underground drilling programme, along with further mapping and channel sampling in other historic workings in the second quarter of 2019. The Company has applied



for a KORES grant for 70% of the cost of drilling. The Company was informed that the application was successful on 1 May 2019. It is intended this programme will lead to further refinement and expansion of the mineral potential and enable conversion to a mineral resource as defined by the JORC Code in due course.

## **5. Business model and strategy**

The Company is primarily a project developer and is not an exploration company. The Company is currently targeting mining projects that can be brought into production in the short to medium term within Asia. Therefore, opportunities are presented in the form of old gold mines which can be reopened, a process with which the Company's management team has substantial experience. The Directors believe such projects offer significant advantages over exploration projects as typically:

- they cut out the major exploration cost;
- the economics in terms of gold price at closure are known;
- past production in the form of tonnes and grade are known;
- to a large extent, the existing development needs refurbishment which is far cheaper than new development; and
- the overall cost to reopen a mine is far cheaper per ounce of gold produced than new ounces at the same grade.

The Company's strategy over the next 12 months is, in conjunction with its Joint Venture Partner, to further develop the South Korean Projects and to complete the Pre-Construction Phase.

In particular, the Company in respect of the Gubong Project plans to prioritise dewatering and refurbishment of the adit, opening up further working points and undertaking further sampling to assist with mineral inventory estimations. At the Kochang Project workstreams are expected to focus on refurbishing adits and drives, and increasing access to the silver mine and upper levels of the gold mine. Additional sampling and a drill programme are expected to be undertaken at the Kochang Project and will be undertaken in line with the recommendations of the Kochang Feasibility Report, which has been submitted in January 2019.

In tandem with the development work at the South Korean Projects, the Company has applied to the relevant South Korean authorities for the permits and licences required to re-commence mining operations at the Gubong Project and the Kochang Project. The application for the permit to develop the Gubong Mine was made on 23 January 2019 and the Company expects a positive outcome in Q2 2019. The application for the permit to develop the Kochang Mine was made on 8 March 2019 and the Company expects a positive outcome in Q2 2019. Application will also be made for the necessary permits and licences to enable the construction of an industrial processing plant once the Gubong and Kochang Permits have been granted.

In the medium-term, the Directors intend to re-establish operations at both mines simultaneously and construct a single facility to treat ore from both mines. The processing plant is likely to be located at the Kochang Project and design and engineering plans will be drawn up as part of the Pre-Construction Phase. It will be developed as a pilot plant with initial production providing a 'proof of concept'. Once operational for 12 months the Company will consider an appropriate strategy in order to increase the scale of operations and increase production levels as it is expected that full efficiencies and recoveries would have been achieved. In their opinion and based on their experience, the Directors believe that such a strategy will reduce the capital costs involved in relation to land acquisition, plant construction and operating costs.

## **6. Current Funding and Future Funding Requirements**

The Company is of the opinion that the Group does not have sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of this document.

In the opinion of the Company, the Group has sufficient working capital to fund the Pre-Construction Phase, which is expected to be completed by 30 June 2019 and to fund its administrative expenses until 30 June 2019.

In order for the Group to be able to continue to meet its administrative costs after 30 June 2019 and to progress the South Korean Projects beyond the Pre-Construction Phase the Company will need to raise additional funding before 1 July 2019.

The Company estimates currently that it will require an additional USD 1.05 million to fund its share of the costs of the Construction Phase which includes the Group's working capital needs during the Construction Phase. The additional capital will provide sufficient working capital for a period of at least 12 months. The Construction Phase will not commence until the South Korean Permits are granted. The Construction Phase is expected to be completed over a minimum period of 12 months.

If the South Korean Permits are granted within the time frame expected, the Company is confident that the additional capital required to fund the Construction Phase, being USD 1.05 million, can be sourced from either an equity placing of new Ordinary Shares, or debt funding or a combination of equity and debt funding. It is likely the total amount required will be raised in a series of separate transactions.

In sourcing such additional capital, the Company intends to target both UK and South Korean investors. The Company is confident that the additional capital will be raised when required due to the relatively modest cost to complete the Construction Phase, as well as the Directors previous experience in funding mining development projects and the high level of interest being shown from investors in South Korea. If the Company is unsuccessful in raising additional capital at the time required it is likely to lead to the postponement or delay in progressing the South Korean Projects, including the commencement of production. If the Company is not successful in raising additional capital or does not raise the full amount required, it is possible a third party may fund the South Korean Projects resulting in a dilution of the Company's interest in these assets.

Should the South Korean Permits not be granted by 30 June 2019 then the Company will need to have funding in place to cover the Group's administrative costs and maintain the South Korean Projects on a "care and maintenance" basis whilst waiting for the South Korean Permits to be granted. The Company estimates that funds of USD 350,000 would be sufficient for the Group to operate on this basis for a period of 12 months from 30 June 2019. Directors and major shareholders have expressed a willingness to provide such funding in this scenario therefore the Company is confident that funds would be raised successfully if required by 30 June 2019. The Company is confident that such funding would be raised, if needed, due to the fact that the Directors and major shareholders have been the major participants in the Company's previous two placings announced on 15 November 2019 and 18 March 2019 the proceeds of which have been used in order to progress the South Korean Projects and Colin Patterson and other Directors have previously provided substantial loans to the Company to enable it to progress. If such capital was raised successfully, the Company would also need to raise additional capital to commence the Construction Phase if the South Korean Permits were then granted.

Should the South Korean Permits not be granted by 30 June 2019 and the Company is unsuccessful in raising the required capital of USD 350,000 to cover the Group's administrative costs and maintain the South Korean Permits on a "care and maintenance" basis it may cause the Company to enter into administration at any point from 1 July 2019.

Future precious metal prices, revenues, taxes, capital expenditures and operating expenses will all be factors which will have an impact on the amount of additional capital required by the Group and there can be no assurance that additional finance will be available when needed. Failure to obtain sufficient financing for the Group's activities and future projects may result in delay and/or indefinite postponement of development activities, the eventual loss or dilution of the Company's interests in its South Korean Projects or even mean the Company cannot continue as a going concern. Alternatively, if additional finance is available, the terms of the financing might not be favourable to the Group and might involve substantial dilution to Shareholders.

The Company estimates that it will need to spend approximately USD 224,000 to complete its proportion of all the workstreams that form the Pre-Construction Phase. The Company also currently estimates that the capital cost to bring about initial production is estimated to cost USD1.5 million. Bluebird is responsible for 50% of the costs and expenses of the Gubong JV Co and is responsible for 50% of the costs and expenses of the Kochang JV Co. These cost estimates will be confirmed as part of the Pre-Construction Phase and do not take into account any government subsidies that may be available. Further funding will be required in order to increase the scale of operations and increase production levels once the pilot plant is operational. These costs will become known once the pilot plant has been operating for 12 months as full efficiencies and recoveries are expected to have been achieved.

## **7. Background and Discontinued Operations**

The Company underwent a period of significant upheaval in 2016 and 2017 due to political changes in the Philippines. The appointment of Gina Lopez as Secretary of the Department of the Environment and Natural Resources in June 2016 led to the Group's Philippine operations, like many others, coming to complete standstill.

The Company notes that whilst a new Secretary of the Department of the Environment and Natural Resources has been appointed their policy still remains uncertain. At present the Company, in an approach consistent with other mining operators in the Philippines, has determined that no significant work will be carried out at the Batangas Gold Project until the operating environment becomes clearer. A positive outcome from the change in Philippines mining policy was that the Company was able to acquire 100 per cent. of the project from its partners, Red Mountain Mining Limited on better terms than envisaged.

Highlights of a pre-feasibility study published by ASX Listed, Red Mountain Mining Limited declared a Maiden Ore Reserve of 128,000oz of gold (including silver credits) including 100,000oz of high-grade gold at 4.2g/t.

The Batangas Gold Project has incurred minimal expenditure and is effectively under care and maintenance. Whilst the directors believe that the Batangas Gold Project has significant potential value, the Directors note that in order for the project to progress toward the production phase certain permissions need to be granted. Whilst the regulatory environment in the Philippines has eased since the departure of Gina Lopez, the Directors are not expecting the Batangas Gold Project to make any permitting advancements over the next 12 to 24 months. The Directors will continue to evaluate a range of potential outcomes for the Batangas Gold Project.

The Group's copper concentrate trading business was able to receive payment of the first copper concentrate shipment it sent to the Glencore owned Philippine smelter in 2017 but has since ceased activities in this due to the challenging operating environment in the Philippines. Whilst the business was promising at its conception the upheaval in the regulatory environment caused the Company to make no further shipments of copper concentrate. The Company believed that the outlook remained uncertain for copper trading business and as such it divested from the business in August 2017. The Company sold its interest in WTMR to a group of several private individuals, for a nominal sum of P5,500,000 (approximately USD 109,136). This was to be paid in a number of instalments. The initial tranche of P1,300,000 (approximately USD 25,796) was received in September 2017 and the balance is to be paid in tranches over the following two years.

The Company notes that if the operating environment were to significantly improve the very low capital expenditure of such a business could quickly be put in place to revitalise the opportunity. The Company does not expect this to take place over the next 12 to 24 months.

Whilst events in the Philippines were unfolding in 2017 the Board took a proactive stance in considering the future direction of the Company. After reviewing a number of possible new projects, the Company decided to pivot the strategy towards South Korea and the re-opening old gold mines where Colin Patterson and Charles Barclay have expertise and many years of experience.

## **8. Historical financial information**

Audited historical financial information of the Group for the 12 months to 30 June 2016, 12 months to 30 June 2017, and for the 12 months to 30 June 2018, and unaudited historical financial information of the Group for the 6 months to 31 December 2018, is incorporated by reference as set out in Parts V and IX of this Document. The results for the 12 months to 30 June 2017 have been restated in the results for the 12 months to 30 June 2018 following a change of auditor. Further details are set out in the operating and financial review of the Group, which is set out in Part III of this Document.

## **9. Takeover Code**

The Takeover Code does not apply to companies registered in the BVI and there are no rules or provisions under BVI law relating to mandatory takeover bids in relation to the Ordinary Shares. The Company has not adopted any equivalent provisions to the Takeover Code in its Memorandum or Articles of Association.

## **10. Disclosure Guidance and Transparency Rules**

The Disclosure Guidance and Transparency Rules apply to the Company. This includes the requirement for a Shareholder to notify the Company of the percentage of its voting rights he holds as a Shareholder or through his direct or indirect holding of certain financial instruments (or a combination of such holdings) if the percentage of those voting rights:

- (1) reaches, exceeds or falls below 3 per cent., 4 per cent., 5 per cent., 6 per cent., 7 per cent., 8 per cent., 9 per cent., 10 per cent. and each 1 per cent. threshold thereafter up to 100 per cent. as a result of an acquisition or disposal of shares or financial instruments falling within DTR 5.3.1 R; or
- (2) reaches, exceeds or falls below an applicable threshold in (1) as a result of events changing the breakdown of voting rights and on the basis of information disclosed by the issuer in accordance with DTR 5.6.1 R and DTR 5.6.1A R.

## **11. Risk Factors**

The Company's business is dependent on many factors and prospective investors should read the whole of this Document. In particular, your attention is drawn to the "Risk Factors" set out on pages 23 to 32 of this Document.

## **12. Additional Information**

Potential investors should read the whole of this Document and not just rely on the information contained in this Part I. Your attention is drawn to the information set out in Parts I to VIII of this Document, which contain further information on the Group and the South Korean Projects.

## **13. Admission**

Application will be made to the UKLA for all the New Ordinary Shares to be listed on the Official List and application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on the London Stock Exchange's Main Market for listed securities. It is expected that Admission will take place and unconditional dealings in the New Ordinary Shares will commence on the London Stock Exchange at 8.00 a.m. on 19 June 2019.

Copies of this Document will be available to the public, free of charge, from the Company's registered office until the expiry of one month from the date of publication of this Document.

## **14. CREST**

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Articles permit the Company to issue shares in uncertificated form in accordance with the CREST Regulations.

## PART II

### BOARD AND CORPORATE GOVERNANCE

#### 1. Management

##### ***Board of Directors***

Details of the Directors and their backgrounds are as follows:

##### **Colin David Patterson, aged 65 (Executive Director & Chief Executive Officer)**

Since 2000, Mr Patterson has been managing his own consultancy company, Momentum Resources International Pty Limited. He has more than 40 years' experience in the mining industry and is experienced in all major aspects of mining (management, production, design, exploration, evaluation, construction and corporate). He has held directorial and executive management positions at numerous mining and exploration companies and has operated and managed projects worldwide. Most recently he was executive chairman of Philippines listed gold producer, Apex Mining Co., Inc.

He is a fellow of the Australian Institute of Mining and Metallurgy and the Australian Institute of Company Directors. He holds a Bachelor of Science in Engineering (Mining), a Bachelor of Commerce with honours in Business Economics (Finance) and has a diploma of Company Directorship (Australia).

##### **Charles Alexander Fordyce Barclay, aged 68 (Executive Director & Chief Operating Officer)**

Charles Barclay was appointed as the Chief Operating Officer of the Company in August 2015. Mr Barclay has over 40 years in the gold mining industry. For the past 25 years he has been a senior executive in gold mining companies in the Asia Pacific region. He gained his mining training in South Africa between 1970 and 1990 before moving to the Fiji Islands where he became the chief operating officer for Australian based Emperor Mines Ltd.

In the early 2000s Mr Barclay was a consultant before joining Highlands Pacific Ltd. in 2003 where he was responsible for the design and development of the Kainantu gold mine in Papua New Guinea. In 2006 he joined Olympus Pacific Minerals becoming Chief Operating Officer the following year where he was responsible for the design, construction and operations of two gold mines in Vietnam. He relinquished his position in 2011 to become the Chief Technical Officer, a position which he held until mid-2013. Over his career he has been involved in most facets of gold mining.

##### **Aidan Bishop, aged 49 (Executive Director)**

Aidan has a number of years of experience in start-up businesses that he has founded in various sectors. Aidan is the Founding Director of Bluebird. He also started a consumer technology business, Gourmet Society Digital Ventures Inc in the Philippines in 2013 which was later renamed and became part of BigDish Plc, which listed in London in August 2018. Previously, Aidan started a cocoa trading and development company in the Philippines and in 2017 became a founding shareholder and director in Islands Cacao & Chocolate (later renamed Firetree Chocolate Ltd), a UK premium chocolate manufacturer that sources super premium cocoa beans from island origins mostly in South East Asia.

##### **Jonathan Charles Rowell Morley-Kirk, aged 56 (Non-Executive Chairman)**

Jonathan Morley-Kirk was appointed a Non-Executive Director of the Company in 2014. Jonathan qualified as a Fellow of the Institute of Chartered accountants in 1996. He worked in the City for many years and was a director at SG Warburg Securities and Samuel Montagu & Co. He is now resident in Jersey and has had a portfolio of directorships from 2004. He has been a non-executive director or Finance Director of a number of natural resources companies listed on various stock exchanges. He is a director of Fox-Davis Capital, the boutique natural resources stockbroker in London and Dubai. He is a Fellow of the Chartered Institute of Securities and Investment and a Member of the Society of Trust and Estate Practitioners.

### **Clive Sinclair-Poulton, aged 62 (Non-Executive Director)**

Mr Sinclair-Poulton has many years of experience working in the natural resources sector. From 2008 until November 2014, Mr Sinclair-Poulton was the Executive Chairman of Beowulf Mining plc, an AIM listed company. Prior to this he was a non-executive Director at Morning Star Holdings (Australia) Ltd, an aluminium processing and platinum exploration company listed on the ASX.

Between 2004 and 2008, he held the office of the Chief Executive Officer and was the founder shareholder of Bezant Resources plc, an AIM listed exploration company.

Prior to his involvement in the natural resource sector, Mr Sinclair-Poulton was the Executive Chairman of themutual.net (now Progressive Digital Media Group plc), a UK internet service provider. He earned a Bachelor's and Master's degree in Law from St Catharine's College (Cambridge). He is a Member of the Chartered Institute for Securities and Investment and a Member of the Egyptian Exploration Society and the Society for the Promotion of Roman Studies. He was a Chairman of the Year nominee in the 2012 Grant Thornton Quoted Company Awards.

### ***Senior Management***

#### **Stuart Ventross Kemp, aged 55 (Chief Financial Officer)**

Stuart is an MBA qualified Chartered Accountant. He has 30 years of experience working across various industry sectors in senior Financial, Operational and General Management roles. He has worked for leading, innovative corporations in the UK, New Zealand and across South East Asia where he has been able to utilise his significant consultancy experience to ensure the delivery of effective, solution focused approaches to facilitate financial control and business growth.

#### **(Joseph) Dong Min Lee, aged 33 (Chief Executive Korea and President of the Gubong Joint Venture Company)**

Joseph is an Australian educated Korean with several years' experience in the Korean mining sector managing relations with government, corporate and community stakeholders. In particular he has extensive experience in South Korea as a corporate advisor to Southern Gold Korea and its predecessor companies.

#### **Graeme Fulton, aged 55 (General Manager of the Gubong Project)**

Graeme has been involved in the mining industry for more than 30 years. He has worked in New Zealand, Canada, Malaysia, Papua New Guinea, Vietnam, South Africa and Australia. He has expertise in geological modelling & evaluation; Resource & Reserve definition/modelling; mine design & scheduling; feasibility studies audits and due diligence. Graeme is a Fellow of the Australian Institute of Mining and Metallurgy. He has a degree in Mining & Petroleum Engineering from Strathclyde University.

## **2. Corporate Governance**

The Company is not subject to a code of corporate governance in the BVI. The Directors are aware of the UK Corporate Governance Code that is applicable to all companies admitted to the premium segment of the Official List.

The Directors have responsibility for the overall corporate governance of the Company and recognise the need for appropriate standards of behaviour and accountability. The Directors are committed to the principles underlying best practice in corporate governance and comply with the principles of the UK Corporate Governance Code to the extent they consider appropriate for the Company given its size, early stage of operations and complexities.

The Board has established an audit committee, a remuneration committee and a Health, Safety and Environment Committee with formally delegated duties and responsibilities.

### ***Audit committee***

The audit committee which comprises of Mr Sinclair-Poulton and Mr Morley-Kirk (Chairman), has the primary responsibility for monitoring the quality of internal control and ensuring that the financial performance of the Group is properly measured and reported on and for reviewing reports from the Company's auditors relating to

the Group's accounting and internal controls. The committee is also responsible for making recommendations to the Board on the appointment of auditors and the audit fee and for ensuring that the financial performance of the Group is properly monitored and reported. The audit committee will meet not less than three times a year.

#### ***Remuneration and Nomination committee***

The remuneration and Nomination committee which comprises Mr Sinclair-Poulton (Chairman) and Mr Morley-Kirk, is responsible for the review and recommendation of the scale and structure of remuneration for senior management, including any bonus arrangements or the award of share options with due regard to the interests of the Shareholders and the performance of the Group.

#### ***Health, Safety and Environment Committee***

The Health, Safety and Environment Committee which comprises Mr Morley-Kirk and Mr Sinclair-Poulton (Chairman) is responsible for monitoring Health, Safety and Environmental practices of the Group. The Committee is responsible for the review of reports and recommendations of the Health, Safety and Environment Committee of the Korean subsidiary which comprises Mr Patterson and Mr Barclay. The Committee shall meet at least twice a year and otherwise as required.

#### ***Share dealing code***

At the date of this Document the Board has adopted a share dealing code that complies with the requirements of the Market Abuse Regulations. All persons discharging management responsibilities (comprising only the Directors and the Senior Managers at the date of this Document) shall comply with the share dealing code from the date of Admission.

#### ***Bribery Act 2010***

The Bribery Act 2010 ("Bribery Act") which came into force in the UK on 1 July 2011 prescribes criminal offences for individuals and businesses relating to the payment of bribes and, in certain cases, a failure to prevent the payment of bribes. The Company has therefore established procedures and adopted an anti-bribery and corruption policy designed to ensure that no member of the Group engages in any inappropriate conduct. The Company is registered in the British Virgin Islands and has no UK subsidiary, operations or employees.

### **3. Conflicts of interest**

The direct and indirect interests of the Directors represent, in aggregate, approximately 29.97 per cent. of the total issued share capital of the Company as at 30 April 2019 (the latest practicable date prior to the publication of this Document) and are expected to represent approximately 41.8% per cent. of the total issued share capital of the Company on Admission following the issue of the New Ordinary Shares. Information on the interests of each Director in the Ordinary Shares are set out in paragraph 8.1 of Part VII.

At the date of publication of this Document, the Directors in aggregate have an interest in Ordinary Shares through the 5,757,924 warrants over Ordinary Shares and at Admission are anticipated to have an interest in 20,074,750 warrants over Ordinary Shares. More details of these warrants are set out in paragraph 8.2 of Part VII.

In particular, as at Admission, on the basis that Colin Patterson is interested indirectly in the Ordinary Shares and Warrants held by ATO and Momentum, Colin Patterson is interested (directly and indirectly) in aggregate of 70,502,457 Ordinary Shares and 18,329,122 Warrants with exercises prices from 2.0 pence to 5.75 pence. More details of these warrants are set out in paragraph 8.2 of Part VII.

The following potential conflicts of interest arise for the following Directors and Senior Managers:

- (a) Colin Patterson is a director of Momentum, a significant Shareholder and private investment company that considers investments in the natural resources industry. Colin Patterson, Charles Barclay, Graeme Fulton and Stuart Kemp also hold minority shareholdings in Momentum;
- (b) Colin Patterson is a beneficiary of ATO which has provided funding to the Company by way of the Funding Facility and the ATO Bridge Loan.

Save as set out above, it is not expected that any Director or Senior Manager will have any interest in the share capital of the Company on Admission or have any conflict of interest between his duties to the Company and any private interests or other duties.

The Group holds currently 647,668 Southern Gold Shares and will at Admission receive the Gubong SG Shares giving it an aggregate holding of 1,295,336 Southern Gold Shares, representing approximately 2.07% per cent. of the issued share capital of Southern Gold, the Company's Joint Venture Partner.



**PART III**  
**OPERATING AND FINANCIAL REVIEW OF THE GROUP**  
**(INCLUDING SELECTED FINANCIAL INFORMATION, CAPITAL RESOURCES AND**  
**CAPITALISATION AND INDEBTEDNESS)**

*The overview of financial results below provides information which the Board believes to be relevant to an assessment and understanding of the Group's financial position and results of operations. The information in this section has been derived from the audited consolidated financial statements for the Company for the year ended 30 June 2016, the year ended 30 June 2017 and the year ended 30 June 2018 (including restated financial information for the year to 30 June 2017) and the unaudited consolidated financial statements for the Company for the half-year ended 31 December 2018.*

*You should read this operating and financial review in conjunction with the historical financial information included by reference in this Document (see Part V (Historical Financial Information) and Part IX (Documents Incorporated by Reference)).*

*The following operating and financial review contains statements reflecting the Board's views about the Group's future performance, constituting "forward-looking statements". These views may involve risks and uncertainties that are difficult to predict and should be considered in conjunction with the factors discussed in the "Risk Factors" section of this Document.*

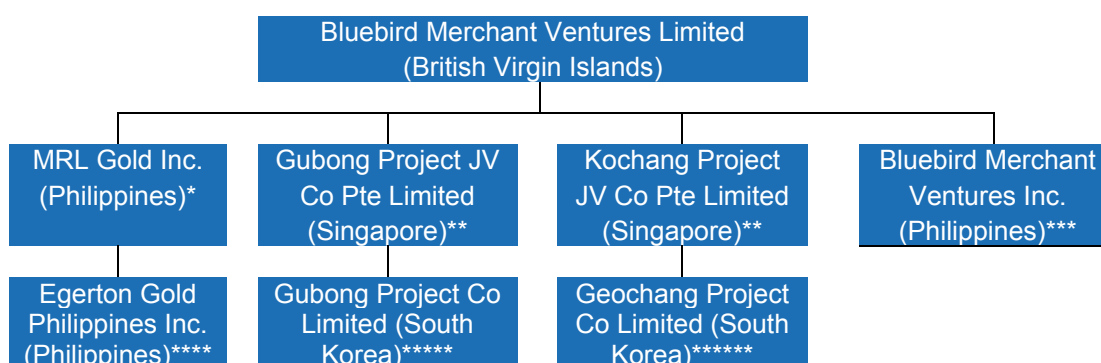
**1. Overview of Group formation**

Bluebird Merchant Ventures Limited was incorporated in the British Virgin Islands in 2014. At that time, the Company owned a controlling interest in Philippines incorporated Bluebird Merchant Ventures Inc. and White Tiger Mineral Resources Inc. In November 2016, the Group acquired a controlling interest in MRL Gold Inc. and its associate company Egerton Gold Philippines Inc. In August 2017, the Group sold White Tiger Mineral Resources Inc. to a Philippines based consortium.

Gubong Project JV Co Pte Limited was incorporated in Singapore on 1 September 2018, is owned equally by the Company and Southern Gold pursuant to the Gubong JV Agreement, and is the 100% owner of Gubong Project Co Limited, an entity which owns the Mining Rights for the Gubong Project.

Kochang Project JV Co Pte Limited was incorporated in Singapore on 1 September 2018, is owned equally by the Company and Southern Gold pursuant to the Kochang JV Agreement and is the 100% owner of Geochang Project Co Limited, an entity which owns the Mining Rights for the Kochang Project.

The current Group structure is shown below:



\* all of the shares save for 0.0016 per cent. of the shares in MRL Gold Inc. are held by the Company.

\*\* 50:50 owned joint venture with Southern Gold.

\*\*\* 0.0028 per cent. of the shares in Bluebird Merchant Ventures Inc. are held on trust for the Company.

\*\*\*\* MRL Gold holds owns 39.99 per cent. of the issued share capital of Egerton Gold Philippines and MRL Gold also has a contractual right to further 60 per cent. subject to compliance with local legislation.

\*\*\*\*\* 100 per cent. owned by Gubong Project JV Co Pte Limited.

\*\*\*\*\* 100 per cent. owned by Kochang Project JV Co Pte Limited

The Directors are of the opinion that the business comprises a single economic activity.

## **2. Business Development Overview**

The Company was admitted to the Official List and the Ordinary Shares to trading on the Main Market of the London Stock Exchange on 13 April 2016. At that time the Company had an option to farm-in to up to 50.1 per cent. of the share capital of Red Mountain Mining Singapore Limited (“RMMS”), a 100 per cent. owned subsidiary of ASX listed Red Mountain Mining Limited (“RMX”), which owned the Batangas Gold Project in the Philippines.

A 15 per cent. interest in the share capital of RMMS was acquired by the Group shortly after IPO in consideration for USD 780,000 in cash and USD 220,000 in new Ordinary Shares. On 19 May 2016, Bluebird completed the purchase of a further 10 per cent. of the share capital of RMMS by making a USD 700,000 investment in the Batangas Gold Project. In July 2016, RMX underwent corporate changes and as a result of the Philippines mining industry facing new challenges due to anti-mining activist, Gina Lopez being appointed as Secretary of the Department of the Environment and Natural Resources (“DENR”) it sought to exit its mining projects in the Philippines.

In November 2016, RMX and Bluebird agreed that RMX would sell its 75 per cent. interest in the Batangas Gold Project to the Company for the consideration of 1.25 million new Ordinary Shares and the granting to RMX of a perpetual 1 per cent. net smelter production royalty over the Batangas Gold Project. In addition, RMX agreed to pay 75 per cent. of the outstanding liabilities associated with the Batangas Gold Project as well as the first-year payments of a three-year redundancy plan for the local project staff on the Batangas Gold Project. The Company announced in March 2017 that, due to the current uncertainty with operating mines in the Philippines, the Company planned no major expenditure in the Philippines from 2017 onwards and instead focus on opportunities in South Korea.

The Batangas Gold Project has incurred minimal Company expenditure since February 2017 and is now effectively being held on a care and maintenance basis as the regulatory environment in the Philippines although improved following Ms Lopez’s resignation in May 2017, remains challenging and the Directors are not expecting the Batangas Gold Project to make permitting advancements in the near term.

## **3. Disposal of copper trading business**

At the time of the IPO the Company also held a 39.99 per cent. equity interest in a copper trading company, White Tiger Mineral Resources Inc. (“WTMR”).

Following changes in the operating environment in the Philippines, WTMR only received one payment for copper concentrate before it became inactive and the Directors decided to sell the Company’s interest in WTMR, as noted in its annual report and accounts for the year ended 30 June 2017, for a nominal sum of USD 109,136 to be paid under certain conditions. An initial payment of USD 25,796 of consideration was received by the Company in September 2017 with the balance to be received before the second anniversary of the agreement.

With an uncertain regulatory environment in the Philippines, the Company began to look towards other opportunities in Asia. This in turn led them to look at projects in South Korea.

## **4. South Korean Projects**

On 27 March 2017, the Company announced its joint venture with ASX listed explorer, Southern Gold Limited. Southern Gold has acquired a number of tenements within South Korea held through its indirectly wholly owned subsidiary Southern Gold Korea Limited. Several old mines are located within these tenements. Bluebird initially selected the Taechang Project and the Gubong Project from Southern Gold’s project portfolio, however following further review of the Taechang Project the Board felt it would require more development work to bring this project to production than the Company was prepared to undertake. Instead the Company has chosen to focus on the Gubong Project and the Kochang Project in relation to which Southern Gold has granted the Company a right to farm-in to up to 50 per cent. of each of those projects.

The terms of the Gubong JV Agreement enabled the Company to earn a 50 per cent. interest in the Gubong Project by achieving the following milestones:

- USD 500,000 spent at project level over a 12 month period;
- Carry out an assessment of the project and deliver the Gubong Feasibility Report with the objective of producing a plan targeting near-term low cost production with a capital expenditure of less than USD 10,000,000 that is satisfactory to Southern Gold; and
- Undertake a placing in Southern Gold Shares to the value of AUD 250,000.

Following fulfilment of the Company's obligations under the Gubong JV Agreement, the Gubong JV Co was incorporated. It is operated by the Company and is owned 50:50 with Southern Gold. All expenses of the Gubong JV Co are shared equally between the joint venture partners.

The criteria to earn a 50 per cent. interest in the Kochang Project are the same as the Gubong Project save that the amounts the Company spends on the Gubong Project over the minimum required under the Gubong JV Agreement can be counted towards the Company's spending obligations for Kochang.

The Company has completed its obligatory farm-in expenditure on the Kochang Mine as required under the terms of the Kochang Share Subscription, Farm-in and Incorporated Joint Venture Agreement (as announced on 13 June 2018) with Southern Gold. The Kochang SG Share Subscription was completed in August 2018.

The Kochang Feasibility Report, the final requirement of the farm-in process, was submitted to Southern Gold in January 2019. The tenements for the Kochang were transferred to the joint venture company in February 2019 and the application for the permit to develop was made in March 2019 made, allowing mining operations to commence. The costs of developing the Kochang Project are shared 50:50 with Southern Gold and Bluebird is the operator of the Kochang Joint Venture Company.

The Company has sought to finance its commitments under the Joint Venture Agreements through the Funding Facility, Series A Loan Notes, the November Subscription and the ATO Bridge Loan and the recent March placing.

The Funding Facility was entered into in November 2017 and under this facility USD 400,000 has been drawn down in total. No further amounts can be drawn down under this facility and the outstanding amount will be converted into new Ordinary Shares on Admission pursuant to the Conversion.

The Series A Loan Notes were subscribed for by members of the management team and key associates. The Company has secured USD 500,000 of these "soft loan" commitments which carry an annual coupon of 8 per cent. (to be paid in Ordinary Shares at market price). The holders of these convertible notes were each granted A Warrants. The maturity date of all the loans have been extended in consideration for which the holders have been granted additional warrants to be issued upon maturity (the B Warrants, C Warrants and D Warrants). Further details of the Funding Facility, ATO Bridge Loan, Series A Loan Notes and associated Warrants are set out in paragraphs 12.6, 12.7, 12.8, 12.15 and 12.16 of Part VII of this Document.

In respect of the Gubong Project, the Group spent the required USD 500,000 between March 2017 and April 2018. The Gubong SG Share Subscription was satisfied in June 2017 by ATO, a trust of which Colin Patterson is associated (further details of which are set out in paragraphs 12.4 and 12.5 of Part VII of this Document). The Company delivered a feasibility report on the Gubong Project to Southern Gold in July 2018. The Gubong Joint Venture company was established on 1 September 2018. Bluebird is the operator of Gubong JV Co and the costs of developing the Gubong Project are being shared 50:50 with Southern Gold.

In respect of the Kochang Project, the Group spent the required USD 500,000 (less Gubong Expenses) between March 2017 and November 2018. The required AUD 250,000 placing in Southern Gold Shares in relation to the Kochang Project was satisfied in August 2018 by the Company and funded by the ATO Bridge Loan (further details of which are set out in paragraph 12.16 of Part VII of this Document). The Kochang Joint Venture company has been incorporated. Bluebird is the operator of Kochang JV Co and the costs of developing the Kochang Project are being shared 50:50 with Southern Gold.

## 5. Principal risks and uncertainties of South Korean Projects

The Company is of the opinion that the Group does not have sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of this document.

In the opinion of the Company, the Group has sufficient working capital to fund the Pre-Construction Phase, which is expected to be completed by 30 June 2019 and to fund its administrative expenses until 30 June 2019.

In order for the Group to be able to continue to meet its administrative costs after 30 June 2019 and to progress the South Korean Projects beyond the Pre-Construction Phase the Company will need to raise additional funding before 1 July 2019.

The Company currently estimates that it will require an additional USD 1.05 million to fund its share of the costs of the Construction Phase which includes the Group's working capital needs during the Construction Phase. The additional capital will provide sufficient working capital for a period of at least 12 months. The Construction Phase will not commence until the South Korean Permits are granted. The Construction Phase is expected to be completed over a minimum period of 12 months.

If the South Korean Permits are granted within the time frame expected, the Company is confident that the additional capital required to fund the Construction Phase, being USD 1.05 million, can be sourced from either an equity placing of new Ordinary Shares, or debt funding or a combination of equity and debt funding. It is likely the total amount required will be raised in a series of separate transactions.

In sourcing such additional capital, the Company intends to target both UK and South Korean investors. The Company is confident that the additional capital will be raised when required due to the relatively modest cost to complete the Construction Phase, as well as the Directors previous experience in funding mining development projects and the high level of interest being shown from investors in South Korea. If the Company is unsuccessful in raising additional capital at the time required it is likely to lead to the postponement or delay in progressing the South Korean Projects, including the commencement of production. If the Company is not successful in raising additional capital or does not raise the full amount required, it is possible a third party may fund the South Korean Projects resulting in a dilution of the Company's interest in these assets.

Should the South Korean Permits not be granted by 30 June 2019 then the Company will need to have funding in place to cover the Group's administrative costs and maintain the South Korean Projects on a "care and maintenance" basis whilst waiting for the South Korean Permits to be granted. The Company estimates that funds of USD 350,000 would be sufficient for the Group to operate on this basis for a period of 12 months from 30 June 2019. Directors and major shareholders have expressed a willingness to provide such funding in this scenario therefore the Company is confident that funds would be raised successfully if required by 30 June 2019. The Company is confident that such funding would be raised, if needed, due to the fact that the Directors and major shareholders have been the major participants in the Company's previous two placings announced on 15 November 2018 and 18 March 2019 the proceeds of which have been used in order to progress the South Korean Projects and Colin Patterson and other Directors have previously provided substantial loans to the Company to enable it to progress. If such capital was raised successfully, the Company would also need to raise additional capital to commence the Construction Phase if the South Korean Permits were then granted.

Should the South Korean Permits not be granted by 30 June 2019 and the Company is unsuccessful in raising the required capital of USD 350,000 to cover the Group's administrative costs and maintain the South Korean Permits on a "care and maintenance" basis it may cause the Company to enter into administration at any point from 1 July 2019.

There are no contractual minimum spending commitments for the Gubong Project or the Kochang Project in the agreements for the Mining Joint Ventures. Budgets and spending schedules are agreed between the joint venture partners on a case by case basis and depend upon the outcome of additional studies and test work.

Regulatory approval required for the transfer of the Mining Rights in respect of the South Korean Projects to the relevant project company has been met and each project company will need a Permit to Mine to

commence extraction of ore at its respective project. The Directors expect these approvals and permits to be forthcoming but there is no guarantee they will be granted timeously, if at all. Application will also be made for the necessary permits and licences to enable the construction of an industrial processing plant once the Gubong and Kochang Permits have been granted, which costs approximately USD 6,000.

At the appropriate time, further funds may be raised through equity or debt financing, joint ventures, production sharing arrangements or other means. Future precious metal prices, revenues, taxes, capital expenditures and operating expenses will all be factors which will have an impact on the amount of additional capital required by the Group.

There can be no assurance that additional finance will be available when needed. Failure to obtain sufficient financing for the Group's activities and future projects may result in delay and/or indefinite postponement of development activities, the eventual loss or dilution of the Company's interests in its South Korean Projects or even mean the Company cannot continue as a going concern. Alternatively, if additional finance is available, the terms of the financing might not be favourable to the Group and might involve substantial dilution to Shareholders.

## 6. Overview of the financial history of the Group

Overview of the trading and financial position of the Group for the periods ended 30 June 2016, 30 June 2017 (as restated), 30 June 2018, 31 December 2018 (Unaudited).

The selected financial information set out below has been extracted without material adjustment from Historical Financial Information.

### Summary Consolidated Statement of Comprehensive Income

	12 months ended 30 June 2016 (Audited)	12 months ended 30 June 2017 (Audited and Restated)	12 months ended 30 June 2018 (Audited)	6 months ended 31 Dec 2018 (Unaudited)
	USD	USD	USD	USD
<b>Revenue</b>	-	-	-	-
<b>Administrative expenses</b>				
Administrative expenses	(920,927)	(824,857)	(790,665)	(630,555)
Farm-in costs	-	(510,791)	(865,355)	(381,418)
	<b>(920,927)</b>	<b>(1,335,648)</b>	<b>(1,656,020)</b>	<b>(1,011,983)</b>
<b>Other</b>				
Finance (expense)/gain	-	(13,024)	(166,939)	135,606
Impairment of assets	-	(205,955)	-	-
Sale of WTMR	-	-	91,109	-
Profit/(loss) before tax	<b>(920,927)</b>	<b>(1,554,627)</b>	<b>(1,731,850)</b>	<b>(915,283)</b>

## Revenue

No material revenue has been generated by the Group in the period to or subsequent to 31 December 2018. The Directors expect future revenue to be generated from the South Korean Projects once production commences which is not expected to occur in the short-term and is subject to the Company being able to raise substantial additional capital to fund the Construction Phase.

## Administrative Expenses

Expenditure in the period ended 30 June 2016 included USD 159,000 of corporate management fees and USD 314,000 of Directors' fees and USD 85,000 of share-based payments related to the IPO.

Expenditure in the period to 30 June 2017 included USD 510,791 of farm-in expenditure for the Gubong mine in South Korea. Administrative expenditure included USD 349,711 of Directors' fees and USD 236,667 of corporate management fees.

Expenditure in the period to 30 June 2018 included USD 865,355 of farm-in expenditure for the Gubong and Kochang Projects. Administrative expenditure included USD 474,430 of Directors' fees and USD 179,063 of corporate management fees.

Expenditure in the period to 31 December 2018 included USD 381,428 of farm-in expenditure for the Gubong and Kochang Projects. Administrative expenditure included USD 164,213 of Directors' fees.

The Salary Sacrifice Scheme, whereby a majority of accrued amounts due to employees and Directors were agreed to be paid in Ordinary Shares, represented a saving in cash payments of USD 561,267 in the year ended 30 June 2018, which is consistent with previous, and subsequent, periods and has ensured that the Group has only drawn down minimal cash funds to pay for expenditure incurred.

## Other Income and Expenses

Impairment of assets in the period to 30 June 2017 related to the write-off of USD 205,955 loaned to White Tiger Mineral Resources Inc. as part of the sale of the company.

Prior to the acquisition of 100 per cent. of the Batangas Gold Project, the Company owned 25 per cent. of the project at an investment cost of USD 1.9 million. However, through good negotiation the Company was able to acquire the remaining 75 per cent. for the consideration of 1.25 million Ordinary Shares, which represented a significant improvement of terms.

The Directors subsequently fair valued the Batangas Gold Project at USD 5.0 million in the original results for the 12 months to 30 June 2017. This was based upon historic cash spend of USD 19.0 million on the project, which was offset against Philippines taxes resulting from future production. However, as part of the review of the results for the 12 months to 31 December 2017 the Company has reviewed the value of the Batangas Gold Project and details of this review are set out below.

## Summary Consolidated Statement of Financial Position

	30 Jun 2016 (Audited) USD	30 Jun 2017 (Audited and Restated) USD	30 Jun 2018 (Audited) USD	31 Dec 2018 (Unaudited) USD
<b>Non-current assets</b>				
Investments	1,859,990	2,156,877	2,045,412	2,284,442
	<b>1,859,990</b>	<b>2,156,877</b>	<b>2,045,412</b>	<b>2,284,442</b>
<b>Current assets</b>				
Trade and other receivables	209,328	20,173	90,685	185,349
Cash and cash equivalents	258,919	94,986	41,082	32,797
Loans due to the Company	-	-	-	-
	<b>468,247</b>	<b>115,159</b>	<b>131,767</b>	<b>218,146</b>

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**Current liabilities**

Trade and other payables	(269,430)	(843,831)	(763,102)	(880,409)
Loans due by the Company	-	(200,731)	(560,220)	(467,288)
Derivative financial liabilities	-	(97,656)	(438,677)	(315,711)
	<b>(269,430)</b>	<b>(1,142,218)</b>	<b>(1,761,999)</b>	<b>(1,663,408)</b>

**Non-current liabilities**

Trade and other payables	-	(138,944)	(24,104)	(24,488)
Loans due by the Company	(92,932)	(92,932)	-	-
	<b>(92,932)</b>	<b>(231,876)</b>	<b>(24,104)</b>	<b>(24,488)</b>

**Non-Current Assets**

Intangible assets held by the Group in the period to 30 June 2016 relate to the investment in RMMS. This USD 1.9 million investment was released, along with the issuance of 1.25 million Ordinary Shares, as the cost of acquisition of 100 per cent. of MRL Gold Inc in November 2016. The acquisition led to a gain on acquisition despite the impairment review of the Batangas Gold Project asset undertaken at 30 June 2017.

The accounting treatment of the acquisition of 100% of MRL Gold Inc. in November 2016 included a Directors' valuation of the Batangas Gold Project of USD 5.0 million. The Batangas Gold Project is held by Egerton Gold Philippines Inc. in which MRL has a 40% equity interest and the Group accounted for Egerton as an associate. Following further review and analysis of the transaction during the 2018 audit it has been determined that the substance of the acquisition was that of acquiring an asset, the Batangas Gold Project. As a result of this review, certain assets and liabilities of MRL Gold Inc. have been adjusted to reflect their fair values as at the acquisition date with the value of the Batangas Gold Project being USD 2.2 million at 30 June 2017 and a revaluation, due to foreign exchange effects, of USD 2.0 million at 30 June 2018.

The acquisition of AUD 250,000 of shares in Southern Gold Limited as part of the Kochang Project farm-in requirements is included in the period to 31 December 2018.

**Current Assets**

Cash and cash equivalents and trade receivables have consistently been maintained at minimal levels as the Group has utilised effective working capital management to actively manage cash flows to keep the levels of cash injections required from investors and others at the minimum possible levels. Any cash balances are held on account in US dollars and pound sterling.

**Current liabilities**

In the 6 months to 31 December 2018 the company drew down a USD 400,000 facility from ATO. These funds were used to fund operating expenditure at the South Korean Projects. Pursuant to the Conversion, these outstanding amounts will be discharged in full by way of the issue of new Ordinary Shares at Admission and the grant of the Funding Facility Warrants.

In the 12 months to 30 June 2018 the Company drew down USD 350,000 pursuant to the Funding Facility and USD 492,000 pursuant to the Series A Loan Notes. These funds were used to fund operating expenditure at the South Korean Projects. Pursuant to the Conversion, these outstanding amounts will be discharged in full by way of the issue of new Ordinary Shares at Admission and the grant of the Funding Facility Warrants.

Trade Payables at 30 June 2017 included amounts due to Directors and others in relation to the Salary Sacrifice Scheme of USD 557,716. This amount increased to USD 762,735 at 31 December 2017. It is intended that these amounts will be converted into new Ordinary Shares on Admission at a price equal to the volume weighted average price of the Ordinary Shares for the quarter during which the salary was earned.

Loans due by the Company at 30 June 2017 related to the drawdown of USD 205,000 of the total available amount of USD 500,000 available under the Series A Loan Notes. The amount drawn down under the Series A Loan Notes increased to USD 492,000 by December 2017 and USD 50,000 of the Funding Facility

Loan Notes were drawn down in mid-December 2017. These loans from related parties and the Funding Facility Loan Notes were drawn down to fund the farm-in costs of the South Korean Projects.

Bluebird Merchant Ventures Limited acquired MRL Gold Inc in November 2016 and trade liabilities at that time of USD 21,000 redundancy liabilities of USD 141,000 payable over a 24-month period. At December 2017 trade liabilities had been settled and redundancies were being paid in accordance with the agreed schedule.

### Non-Current Liabilities

Trade Payables relate to non-current liabilities in the period to 31 December 2017 due by MRL Gold Inc. within the Philippines.

The loan due by the Company from the period ended 30 June 2016 relates to loans from founders of the Company, Aidan Bishop and Mitchell Tarr. These loans were converted to current liabilities at 30 June 2018 and pursuant to the Conversion, were subsequently purchased by Colin Patterson and will be satisfied by the issue of new Ordinary Shares on Admission.

### Summary Consolidated Cash Flow Statement

	30 Jun 2016 (Audited)	30 Jun 2017 (Audited and restated)	30 Jun 2018 (Audited)	31 Dec 2018 (Unaudited)
	USD	USD	USD	USD
Net cash from operating activities	(790,088)	(364,358)	(1,077,775)	(775,909)
Net cash used investing activities	(1,042,301)	(136,111)	25,471	-
Net cash from financing activities	2,083,560	335,536	998,400	753,927
Net increase/(decrease) in cash	251,171	(163,933)	(53,904)	(21,982)
Cash and cash equivalents at the start of the period	7,748	258,919	94,986	54,779
Cash and cash equivalents at the end of the period	258,919	94,986	41,082	32,797

### Dividends and distributions to Shareholders

Since incorporation the Company has not paid a dividend or made any other distributions to shareholders. The Board intends to devote the Company's cash reserves to financing the development of resource projects in Asia in the short to medium term and intends in the longer term to commence the payment of dividends only when the Board considers it commercially prudent to do so, having regard to all applicable laws and results of the Company's operations, its financial position, cash requirements, prospects, profits available for distribution, and other factors deemed relevant at the time.

### 7. Independent Auditor's Reports

There are no qualifications contained the reports of the independent auditors on the historical financial information. However, the independent auditor's reports for the years ended 2018, 2017 and 2016 each contained details of material uncertainties or an emphasis of matter. The relevant paragraphs are reproduced below. For the full text of each independent auditor's report please refer to the annual financial statements as incorporated by reference into this document details of which are set out in Part IX of this Document.



The independent auditor's report in relation to the financial statements for the year ended 30 June 2018 included the following statements:

*"Material uncertainty related to going concern*

*We draw attention to the disclosures made in note 2 to the financial statements concerning the group's ability to continue as a going concern which explain that the group's cash flow projections indicate further funding is currently required. However, there can be no certainty that the required funds can be raised within the appropriate timeframe. This condition indicates the existence of a material uncertainty which may cast significant doubt as to the group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group was unable to continue as a going concern. Our opinion is not modified in respect of this matter."*

"

and

*"Emphasis of matter – achievement of mine permitting for the Batangas Gold Project*

*We draw attention to note 8 -Impairment review, there are currently uncertainties in respect of the mining regulatory environment in the Philippines which may adversely affect the achievement of the necessary mining permits for the development of the Batangas Gold Project. If the necessary permits are not achieved the project and the group's investment in its associate may become impaired. Our opinion is not modified in respect of this matter."*

In addition, it has been agreed that the amounts owed by the Company under the ATO Bridge Loan, the Series A Loan Notes, the Salary Sacrifice Scheme and the Funding Facility will be satisfied by the issue of new Ordinary Shares pursuant to the Conversion (for further information please see details of the Conversion in paragraphs 9.4, 12.6, 12.8 and 12.16 of Part VII of this Document).

Since the publication of the financial statements for the year ended 30 June 2018, the Company also completed the November Subscription which raised gross proceeds of USD 380,000 to fund the advancement of the South Korean Projects and the Group's working capital requirements and GBP436,500 in the March 2019 placing.

As explained in paragraph 5 of this Part III, substantial additional capital is required for the Company to continue as a going concern after 30 June 2019 and to commence the Construction Phase to advance the South Korean Projects towards production.

In relation to the Philippines the on-going regulatory environment remains the key risk. The Company has continued to place the Batangas Gold Project under care and maintenance due the uncertain regulatory environment and as such no significant expenditure is planned over the near term. Permitting remains the key risk and there can be no guarantees that the Batangas Gold Project will receive the necessary permissions in order to move into the production phase.

The report of the independent auditors on the financial statements for the year ended 30 June 2017 includes an 'Emphasis of Matter' in relation to recoverability and impairment of related party debt and material uncertainty related to going concern. The Emphasis of Matter as extracted from the report of the independent auditors for the period to 30 June 2017 is set out below:

*"Emphasis of matter*

*Recoverability and Impairment of Related Party Debt*

*In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 8 to the financial statements concerning the valuation and recoverability of the debt due from Egerton Gold Philippines Inc. The Group does not have sufficient funds to continue its exploration activities. Issues also exist with Project Permits as disclosed in Note 8, the group has now stopped funding the project in the short term. Based upon the current economic climate there exists a material uncertainty which may cast significant doubt as to whether the Group will be able to generate sufficient funds and continue to support exploration work and ultimately recover the debt due from Egerton Gold Philippines Inc. The financial statements do not include the adjustments that would be necessary if the Group was unable to raise these funds.*

*Material uncertainty related to going concern*

*We draw attention to note 2 in the financial statements. The ability of the Group to continue to trade is dependent upon the Group being able to raise sufficient funds. Based on the current economic climate there exists a material uncertainty which may cast doubt as to whether the Group will be able to generate sufficient funds and therefore the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would be necessary if the Group was unable to continue as a going concern. Our opinion is not modified in respect of this matter."*

The Group's operations in the Philippines have incurred minimal Company expenditure since February 2017 and is held on a care and maintenance basis. The Directors are not expecting the Batangas Gold

Project to make permitting or exploration advancements in the near term and the Company does not intend to deploy any significant capital on the Batangas Gold Project in the medium term.

The report of the independent auditors for the period to 30 June 2016 includes an 'Emphasis of Matter' in relation to going concern and impairment of investment assets. The Emphasis of Matter as extracted from the report of the independent auditors for the period to 30 June 2016 is set out below:

*"Emphasis of matter - Going Concern*

*In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the Group's ability to continue as a going concern. The ability of the Group to continue to trade is dependent on the Group being able to raise sufficient funds. Based on the current economic climate there exists a material uncertainty which may cast doubt as to whether the Group will be able to generate sufficient funds and therefore the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would be necessary if the Group was unable to continue as a going concern.*

*Emphasis of matter - Impairment of Investment assets*

*In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in notes 1 and 7 to the financial statements concerning the valuation of the investment in Red Mountain Mining Singapore Limited. The Group does not have sufficient funds to complete Stage 2 of the acquisition agreement which may cast doubt on the ability of the company to continue its exploration activities. Issues also exist with Project Permits as disclosed in Note 1, the group has now stopped funding the project in the short term. Based upon the current economic climate there exists a material uncertainty which may cast significant doubt as to whether the Group will be able to generate sufficient funds and continue to support exploration work. The financial statements do not include the adjustments that would be necessary if the Group was unable to raise these funds."*

Stage 2 of the acquisition of Batangas Gold Project became redundant when the Company and RMML agreed on 29 November 2016 that the Company would acquire 100 per cent. of MRL the entity controlling the Batangas Gold Project. Since the publication of the 2016 financial statements the Group has effectively held the Batangas Gold Project on a care and maintenance basis and the Directors are not expecting the Batangas Gold Project to make permitting or exploration advancements in the near term and the Company does not intend to deploy any significant capital on the Batangas Gold Project in the medium term.

## 8. Restatement of historical financial information for the year ended 30 June 2017

In the 2017 financial year the Company acquired 40% interest in the Batangas Gold Project. The Board followed a specific accounting treatment. The Shareholders at the AGM in December 2017 did not approve the re-appointment of the auditors and the Company's new auditors worked with the Company to implement a revised accounting treatment in the 2018 financial statements. This led to the 2017 comparative figures being re-stated.

The main differences are:

	Restated 2017 (USD)	Original 2017 (USD)
Investment in Associate	2,156,877	-
Loan Due to BMV	-	5,000,000
Extraordinary gain on acquisition	-	2,945,200

Both the original 2017 and re-stated 2017 Financial Statements were audited without any qualifications in the auditors' opinion.

The full text of Note 5, "Prior Year Adjustments" (as extracted from the 2018 financial statements) provides further explanation and is reproduced below.

### **"5. Prior Year Adjustments**

*During the preparation of these financial statements management have reconsidered the accounting for certain transactions entered into in the prior year and have determined that the accounting requires restatement. These financial statements therefore reflect prior year adjustments for the following matters:*

- *The accounting for the acquisition of 100% of MRL Gold Inc in November 2016 included a Director's valuation of the Batangas Gold Project of \$5m. The Batangas project is held by Egerton Gold Philippines Inc in which MRL has a 40% equity interest and the Group accounted for Egerton as an associate. Following further analysis of the transaction it has been determined that the*

substance of the acquisition was that of acquiring an asset, the Batangas Gold Project. In these circumstances IFRS does not permit the valuation of assets acquired in excess of the fair value of the consideration given. As a result of the review, certain assets and liabilities of MRL Gold Inc have been adjusted to reflect their fair values as at the acquisition date. The adjustment to the prior year is:

- Derecognition of extraordinary gain of USD 2,945,200
  - Derecognition of loan due to Bluebird Merchant Ventures of USD 5,000,000
  - Restatement of investment made in the associate of USD 2,156,877
  - Derecognition of other assets and liabilities of MRL Gold Inc of USD 102,077
- In March 2017 the Company entered into an agreement with Momentum Resources Limited, a related party, to issue up to 80 million shares to acquire Momentum's joint venture participation rights in respect of the Gubong and Kochang gold projects. The shares are issued in accordance with agreed milestones and the first two milestones for issue of 16 million shares had been achieved by 30 June 2017. However, only 8 million shares were issued, with 8 million remaining unissued due to constraints on share headroom. An adjustment has been made to reflect this obligation at the fair value of the shares to be issued. The adjustment to the prior year is:
    - Increase in issued equity of USD 208,980
    - Increase in unissued equity – to be issued at the next placing of USD 207,913
    - Increase in farm in costs of USD 416,893
  - The Company has issued warrants in respect of equity fund raising and the fair value of the warrants was included in equity reserves. Because the functional currency of the Company is USD and the exercise price is in GBP the Company's warrants instruments should be classified as derivative financial liabilities. They are carried at fair value with changes in fair value recognised in the consolidated statement of comprehensive income. The adjustment to the prior year is:
    - Increase in warrant liability of USD 10,981
    - Increase in finance cost of USD 10,981
  - In 2017 the Company agreed to issue warrants in respect of convertible loan notes. For the reasons explained above the warrant instruments should be classified as derivative financial liabilities and valued at fair value. The adjustment in the prior year is:
    - Increase in warrant liability of USD 5,964
    - Decrease in loan note liability of USD 3,921
    - Increase in finance cost of USD 2,043
  - In June 2017 Colin Patterson subscribed, on behalf of the Company, for AUD 250,000 of ASX listed Southern Gold Limited shares at AUD 0.386 per share. These shares can be converted to shares in the Company to the value of AUD 250,000 at the next placing price of the Company shares upon notification by Colin Patterson. This represents a put option that the Company is required to fair value. The adjustment to the prior year is:
    - Increase in put option derivative liability of USD 35,272
    - Increase in farm in costs of USD 35,272

The net effect of the above adjustments at 30 June 2017 is to reduce net assets by USD 3,055,581 and decrease the basic earnings/(loss) per share from 0.0090 to (0.0078)."

## 9. Current trading

In August 2018, the Company entered into the ATO Bridge Loan and drew down USD 400,000 of the facility. This loan is now repayable and will be satisfied by the issue of new Ordinary Shares pursuant to the Conversion. The Company has also agreed that the Funding Facility will be repaid on Admission by the issue of new Ordinary Shares pursuant to the Conversion.

On 2 November 2018, the Company announced that it had completed its farm-in expenditure requirement pursuant to the Kochang Share Subscription, Farm-in and Incorporated Joint Venture Agreement. The Kochang Feasibility Report, the final requirement of the farm-in process, has been submitted to Southern Gold in January 2019 resulting in the establishment of the Kochang JV Co.

On 15 November 2018, the Company announced that it had completed a private placing of 11,761,840 new Ordinary Shares at a price of GBP 0.025 per share to raise gross funds of USD 380,000. The net proceeds of the November Subscription were applied to the advancement of the South Korean Projects and the Group's working capital requirement.

On 18 March 2019, the Company announced that it had completed a placing of 19,400,000 new Ordinary Shares at a price of GBP 0.0225 per share to raise gross funds of GBP 436,500. The net proceeds of the subscription are being applied to the advancement of the South Korean Projects to complete the Pre-Construction Phase.

## **10. KPIs**

The Key Performance Indicators for the South Korean Projects are to:

- delineate sufficient ore and grade necessary for the first three years of production;
- determine the metallurgy and optimum processing method; and
- complete the Pre-Construction Phase.

## **11. Liquidity and Capital Resources**

The Company's capital resources comprise its share capital and reserves, the Series A Loan Notes, the ATO Bridge Loan and the Funding Facility. The Group's principal sources of liquidity during the period under review were funds raised at IPO and more recently the drawdown of USD 492,000 of Series A Loan Notes, the USD 350,000 drawdown under the Funding Facility and the USD 400,000 drawdown under the ATO Bridge Loan to fund the operating expenditure related to the South Korean Projects. The Company also raised gross proceeds of USD 380,000 pursuant to the private placing completed in mid-November 2018. Furthermore, the Company completed a placing in March 2019 that raised gross proceeds of GBP 436,500.

The funding agreements entered into by the Company in relation to the Series A Loan Notes, the Funding Facility and the ATO Bridge Loan do not impose covenants that restrict the use of these credit facilities. These facilities will all be repaid and cancelled on Admission pursuant to the Conversion.

The Directors believe the minimum exploration requirements of the Mining Rights have been met and there is no minimum spend requirement. Before 2020, an application for a 'permit to develop' is required.

In the year ended 30 June 2018, being the period covered by the most recent audited financial information for the Company, cash outflows from the operating activities of the Group (before cash flows from financing activities) was USD 1,077,775 as the Group incurred operational expenditure on the South Korean Projects. In the year ended 30 June 2017, audited restated cash outflows were USD 500,469. There have been no material changes in the cash flows of the Group since 30 June 2018 save that the Group continues to have a net outflow each month.

The Company drew down USD 300,000 from the ATO Bridge Loan in early August 2018 and a further USD 100,000 in September 2018.

The Company's only contingent liabilities relate to the agreement with Momentum Resources Limited for acquiring the joint venture rights to the South Korean Projects (see further details set out in paragraph 12.3 of Part VII of this Document).

On Admission the Company will issue new Ordinary Shares as follows:

- (a) the Momentum Admission Shares;
- (b) the Second Subscription Shares;
- (c) the Funding Facility Shares;
- (d) the Series A Shares;
- (e) the Gubong Exchange Shares;
- (f) the Salary Sacrifice Shares; and
- (g) the Bridge Loan Conversion Shares.

As a result of these share issues the Company will have discharged its responsibilities under the Series A Loan Notes, the Funding Facility, the ATO Bridge Loan and its historical liabilities under the Salary Sacrifice

Scheme. Following Admission, the Company expects to have reduced its current liabilities to USD 204,198. The Salary Sacrifice Scheme will remain in place after Admission.

## 12. Treasury policies

The Group's central costs are predominately in US dollars and pound sterling whilst the operational costs in Korea are in South Korean won. The Company has historically raised funds in US dollars. The Company plans to retain all its cash assets in on demand facilities in pound sterling until the funds are utilised at which time they will be converted into US dollars and South Korean won as appropriate. The Group does not currently engage in currency hedging.

## 13. Capitalisation and Indebtedness

The Group's capitalisation and indebtedness as at 30 April 2019 is set out in the table below:

	<b>USD</b>
<b>Total Current Debt</b>	
- Guaranteed	-
- Secured	-
- Unguaranteed/Unsecured	3,675,746
<b>Total Non-Current Debt (excluding current portion long-term debt)</b>	
- <b>Guaranteed</b>	-
- <b>Secured</b>	-
- <b>Unguaranteed/Unsecured</b>	-
<b>Shareholders' Equity</b>	
- Share Capital	4,596,932
- Legal Reserve	-
- Other Reserves	(89,166)
<b>Total</b>	<b>8,183,512</b>

### *Statement of material change*

There has been no significant change since 31 December 2018 in the capitalisation and indebtedness of the Group except for the issue of 19,400,000 Ordinary Shares to raise GBP 436,500 pursuant to the March placing and a decrease in unsecured current debt of USD 91,708.

## PART IV

### GOLD MARKET OVERVIEW

This Part IV is based on the information that is prepared and published by the World Gold Council and is publicly available on the official website [www.gold.org](http://www.gold.org).

The Company confirms that this information has been accurately reproduced and that as far as it is aware and is able to ascertain from information published by the World Gold Council, no facts have been omitted which would render the reproduced information inaccurate or misleading.

#### Overview of the gold market

##### Introduction

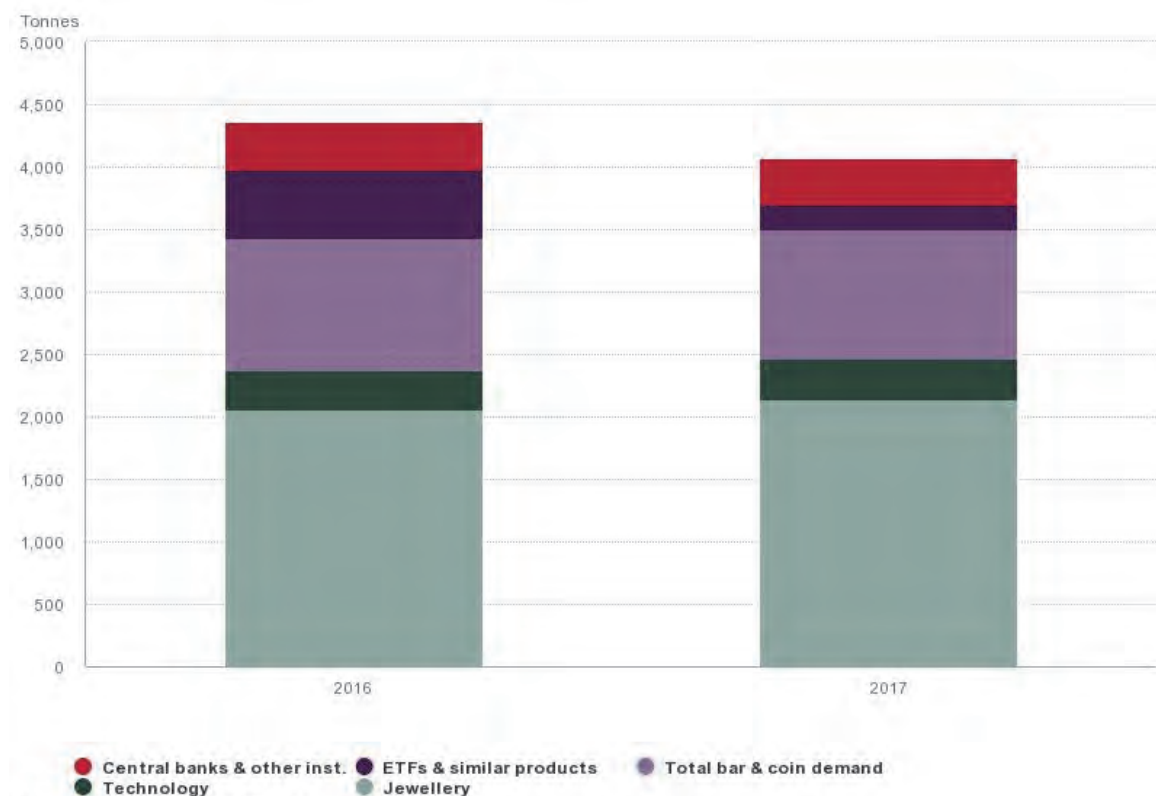
Gold is a precious metal, which for centuries has been the ultimate expression of wealth and value. Until relatively recently it was the base measure of value in international finance. Following the International Monetary Fund 1976 decision to unpeg the US dollar from the value of gold, its importance for international finance decreased. However, it remains a desirable and valuable commodity until this day. Gold is a naturally occurring element that is found widely throughout the world. Physical characteristics of gold make it a very versatile metal with a variety of uses ranging from radio electronics to jewellery and art.

Alloying it with other metals such as silver or copper can harden gold. The term "carat" is used to indicate the percentage of gold remaining in the alloy, with 24 carats indicating pure gold and fractions thereof indicating proportionately less. Gold is measured in troy ounces and 1 troy ounce equates to 31.1 grams.

##### Applications and demand

The demand for gold can be separated into a number of different markets. The main markets for gold are jewellery, technology and investment. Table 1 below shows the gold demand on the main markets in 2016-2017:

Table 1. Gold demand in 2016-2017 (in MT)



Source: Metals Focus; World Gold Council

Gold demand rallied in the closing months of 2017, gaining 6 per cent. year-on-year to 1,095.8 MT in Q4, however full year demand fell by 7 per cent. to 4,071.7 MT. ETF inflows, although positive, lagged behind 2016's stellar growth. Central banks added 371.4 MT to global official gold reserves, 5 per cent. down on 2016's net purchases. Bar and coin demand fell 2 per cent. on a sharp drop in US retail investment. India and China led a 4 per cent. recovery in jewellery, although demand remains below historical averages. Increased use of gold in smartphones and vehicles sparked the first year of growth in technology demand since 2010.

This trend continued as demand for gold in Q1 2018 was down to 973.5t, being a 7 per cent. decrease compared to Q1 2017. The decline was primarily driven by a fall in demand for gold bars and gold-backed ETFs. Gold demand further weakened by 4 per cent. year on year in Q2 2018, dropping to 964.3t, while strengthening by 13 per cent. year-on-year in Q3 2018.

## **Jewellery**

Rooted deeply in a diverse tapestry of cultural traditions, the aspiration to own and give gold in the form of jewellery transcends generations and national boundaries.

Demand for gold jewellery gained momentum in the final quarter of 2017, growing 3 per cent. year-on-year to a 2-year high of 648.9 MT. A corresponding increase in full-year demand was primarily driven by recovery in the three largest markets for gold jewellery, India, the US and China. These three markets together accounted for 78 MT of the 82 MT increase in global full-year demand. Each of these countries accord the metal a unique cultural significance and acquiring jewellery is connected to celebrations, relationships, self-expression and hopes for the future in these countries.

The global jewellery demand was little changed in Q1 2018, decreasing by 1 per cent. compared to Q1 2017. The demand was stable due to a combination of relatively stable gold prices and a supportive economic environment in China, which experienced a 7 per cent. year-on-year growth in jewellery demand. Q2 2018 saw a slightly weaker jewellery demand, as it decreased by 2 per cent., primarily due to challenging condition in India and the Middle East, but has been supported somewhat by a 5 per cent. increase in demand coming from China. Jewellery demand has been up by 6 per cent. year-on-year in Q3 2018, as demands continued to improve in China and India, although declines have been witnessed in the Middle East.

## **Investment**

Overall investment demand was down 23 per cent. year-on-year in 2017 with annual inflows into gold backed ETFs falling 63 per cent. year-on-year, while bar and coin demand fell 1.9 per cent.

### *Exchange Traded Funds ("ETFs")*

Global inflows at 202.8 MT were unsurprisingly lower in comparison with 2016, a year in which annual inflows of 546.8t were the second highest on record. European-listed funds captured 73 per cent. (148.9 MT) of global gold-backed ETF inflows in 2017. US-listed ETFs captured 63.0 MT, while Asia and other regions reduced their holdings by a collective 9.2 MT.

Inflows of 42.1 MT in H2 2017 were around one-quarter of the 160.7 MT seen during H1 2017. In some ways, this was not unexpected: the gold price had already gained 14 per cent. by end-August, which encouraged a degree of profit-taking rather than fresh buying. Meanwhile, stock markets continued to climb to new highs, and the opportunity cost of investing in gold increased as ultra-loose monetary policy came to an end in some markets - most notably in the US, where the Fed delivered three rate hikes in 2017.

Similarly, in Q1 2018 holdings in global gold-backed ETFs increased to 2,400.3t which was the highest month-end total since April 2013. The increase in appetite was primarily driven by volatility in the global financial markets, which encouraged investors to look for a safe haven. However, the level of inflows (32.4t) was significantly lower to the 96t of inflows that the market has seen in Q1 2017. Q2 2018 saw another quarter of muted growth, as inflows have been approximately 46 per cent. lower year on year. ETFs saw a negligible decline of 116t in Q3 2018 when compared with inflows of 13.2t in Q3 2017.

However, persistent uncertainty over the economic and political implications of Brexit, fragile US-North Korea relations, and continued tension in the Middle East combined to create a positive backdrop for gold-backed ETF investment.



## Bar and coin

Bar and coin demand dropped 19.5 MT to 1,029.2 MT in 2017. Weak coin demand accounted for most of the fall, with losses concentrated in the US. Indeed, US demand fell from 93 MT to 39.4 MT, its lowest level since 2007. Data from the US Mint reveals that its sales of bullion coins dropped 21.2 MT, accounting for the lion's share of this decline. The sharp fall was partly because 2016 was a strong year, and partly because investors' attention was drawn to US equity markets reaching new record highs. US bullion dealers also reported that the relatively range-bound US dollar gold price over the course of the year failed to elicit any excitement amongst investors.

China was the world's largest bar and coin market in 2017, with 306.4 MT of investment - its second highest year of bar and coin demand. Annual demand was 8 per cent. higher compared to 2016 and comfortably above its five-year average of 284.8 MT.

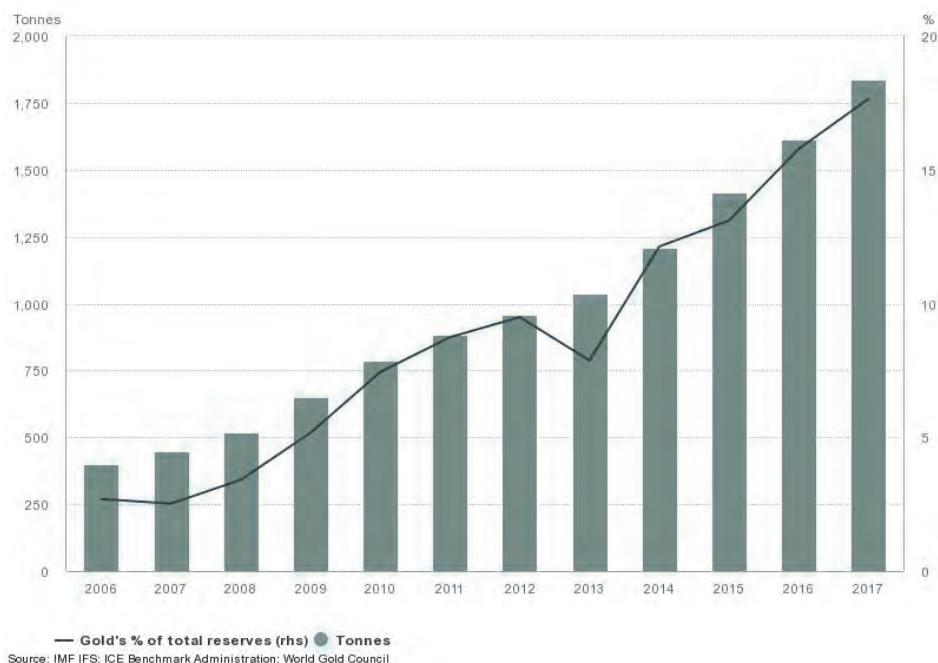
The bar and coin market weakened in Q1 2018, as global demand was down 15 per cent. year-on-year, primarily due to the retail investment market was discouraged by a relative lack of price volatility. Another significant driver behind the weakening in the bar and coin market is the falling demand in China, as the market decreased by 26 per cent. year-on-year, primarily due to investors gaining confidence in the yuan, which appreciated by approximately 9 per cent. since March 2017. The demand coming from India also fell by 13 per cent. year-on-year, which Europe has shown even lower investment appetite, resulting in a 39 per cent. year-on-year decrease. Demand stayed flat in Q2 2018, adding up to 509.1t in H1 2018, which is in line with the three-year average of 508.6t. Q3 2018 however was a period of strong growth, as demand rose by 28% year-on-year, primarily due to stock market volatility and strong appetite from China and India (which showed a year-on-year increase in demand of 25 per cent. and 11 per cent. respectively).

## Central banks and other institutions

Central banks continued to bolster gold reserves in 2017. Total global gold reserves increased by 73.1 MT in Q4 2017, bringing full year net purchases to 371.4 MT (-5 per cent. year-on-year). The 38 per cent. year-on-year decline in demand in Q4 2017 was however entirely driven by Venezuela's swap deal collapsing. The agreement with Deutsche Bank was valued at US\$1.7bn, which represents approximately 45 tonnes of gold. The transaction lapsed in October 2017 and is accounted for as a sale in Q4 figures.

Growth in global gold reserves continued to be dominated by a small number of large purchasers. Russian net gold purchases in 2017 reached 223.5 MT, lifting annual gold reserves to 1,838.8 MT (+14 per cent. year-on-year). This marks the 11<sup>th</sup> year of growth in their gold reserves, and the third consecutive year in which net purchases topped 200 MT. Gold now accounts for almost 18 per cent. of total reserves. Sergey Shvetsov, First Deputy Chairman of the Russian central bank, stated this growth in gold reserves is a directive by the Russia authorities who see it as a key asset in the face of geopolitical uncertainty.

Table 2. Russia's official gold holdings grew to almost 18 per cent. of total reserves in 2017





The most notable purchaser of the year was Turkey. The central bank began buying with gusto: reserves increased by an average of 11MT per month from May 2017. By the end of 2017, gold reserves had increased by 86 MT to over 200MT.

Kazakhstan also remained committed to increasing their gold reserves. The central bank bought a net 11.6MT in Q4 2017, taking total net purchases for the year to 42.9MT. This brings Kazakhstan's gold reserves to just over 300MT, 40 per cent. of total reserves, at the end of 2017.

Notwithstanding Venezuela's lapsed swap, significant net sales were limited in 2017. Most countries left their gold reserves relatively untouched during the year. Germany was the only significant seller throughout the year, using 4.3T of gold reserves for its coin-minting programme.

Q1 2018 showed a further improvement, as Central Bank purchases totalled 116.5t, being 42 per cent. above Q1 2017. This increase in demand was primarily driven by strong appetite from Russia, Turkey and Kazakhstan, which were responsible for 78 per cent. of Q1 2018 net purchases. This was somewhat compensated by a year on year decline of 7 per cent. in Q2 2018, while net purchases continued to be driven by Russia, Kazakhstan and Turkey. Q3 2018 was another strong period of growth from Central Banks, as demand increased by 22% year-on-year. The majority of the purchases have been driven by Russia, Turkey and Kazakhstan, however a number of other Central Banks followed the trend.

## **Technology**

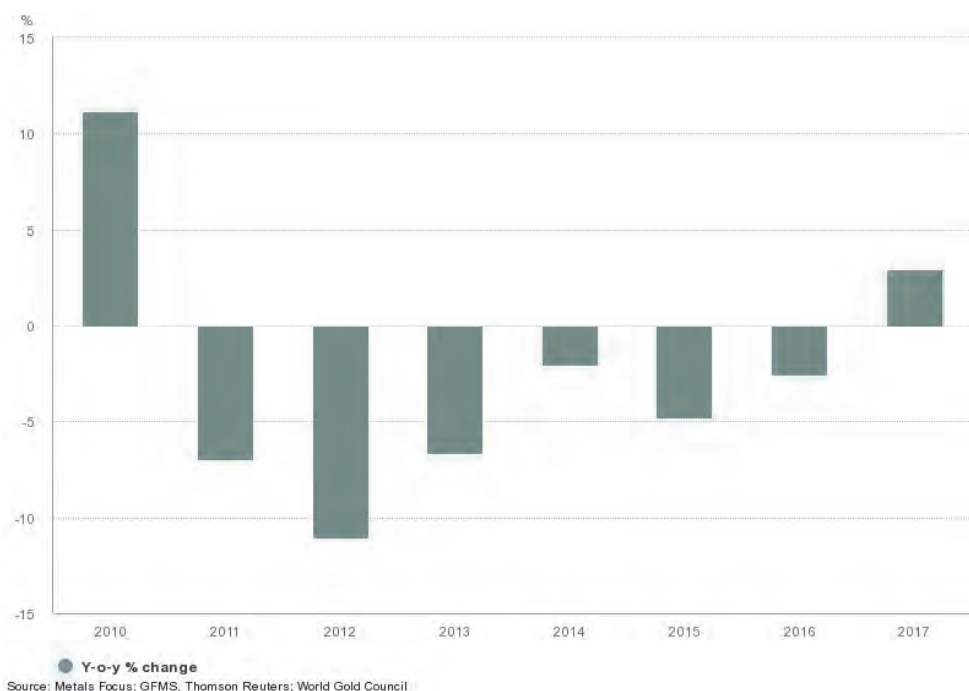
Demand for gold in the technology sector saw an overall gain of 3 per cent. to 322.8 MT in 2017, the first year-on-year increase since 2010. Q4 2017 was a particularly strong quarter at 88.2 MT, the highest level of demand since Q4 2014.

Gold used in electronics gained 6 per cent. year-on-year to 71.3 MT in Q4 2017. Despite some seasonal pressure on the LED sector, other sub-sectors achieved decent growth. The wireless sector was the indisputable outperformer thanks to increasing numbers of sensors embedded in smartphones, and the high level of wafer output among wireless chip manufacturers. The emerging 5G network infrastructure market generated additional demand. Record levels of memory chip demand underpinned growth in gold bonding wire, while gold coatings used in Printed Circuit Boards (PCBs) also experienced high demand.

Only the dental sector registered lower demand, continuing the trend of recent years. Indeed, gold demand reached a new annual low of 16.8 MT (-6 per cent. year-on-year). The market is in secular decline as the trend for substitution to alternatives such as ceramics remains firmly in place.

Taiwan and South Korea topped the league table of gold demand in the electronics sector, with year-on-year growth of 17 per cent. and 16 per cent. respectively in Q4 2017.

Table 3. Volume of gold used in technology (year-on-year per cent. change)



A similar trend followed in Q1 2018, as electronics demand globally grew 5 per cent. year on year, primarily driven by a strong demand coming from wireless and memory sectors. The trend continued through Q2 2018, as gold used in electronics grew by 3 per cent. compared to Q2 2017, being primarily driven by demand from the wireless sector. Similarly, gold demand for technological uses grew by 1 per cent. year-on-year in Q3 2018. The growth was primarily due to increased demand from the electronics industry and other industrial applications.

## Gold supply

### Mined gold

Mine production finished 2017 by falling 2 per cent. year-on-year to 833.1 MT in Q4. This resulted in overall annual mine production of 3,268.7 MT, fractionally higher compared to 2016, and the highest annual total on World Gold Council records. New mine starts in recent years have mostly served to fill the gap left by production losses elsewhere, which has led to a relative plateauing in global output.

Familiar issues in China and Tanzania continued to impact production in Q4 2017. In China, the world's largest producer, Q4 saw another year-on-year decline with national production dropping by 10 per cent. Stricter environmental regulations, relating to cyanide in tailings, imposed earlier this year resulted in the closing of some marginal operations in 2017, negatively impacting overall output. Tanzanian mine production fell 15 per cent. year-on-year in Q4. The ongoing exports ban introduced in March 2017, also continues to impact output from Acacia Mining's Buzwagi project, while the company is also in the process of reducing operations as its primary Bulyanhulu project to help manage losses.

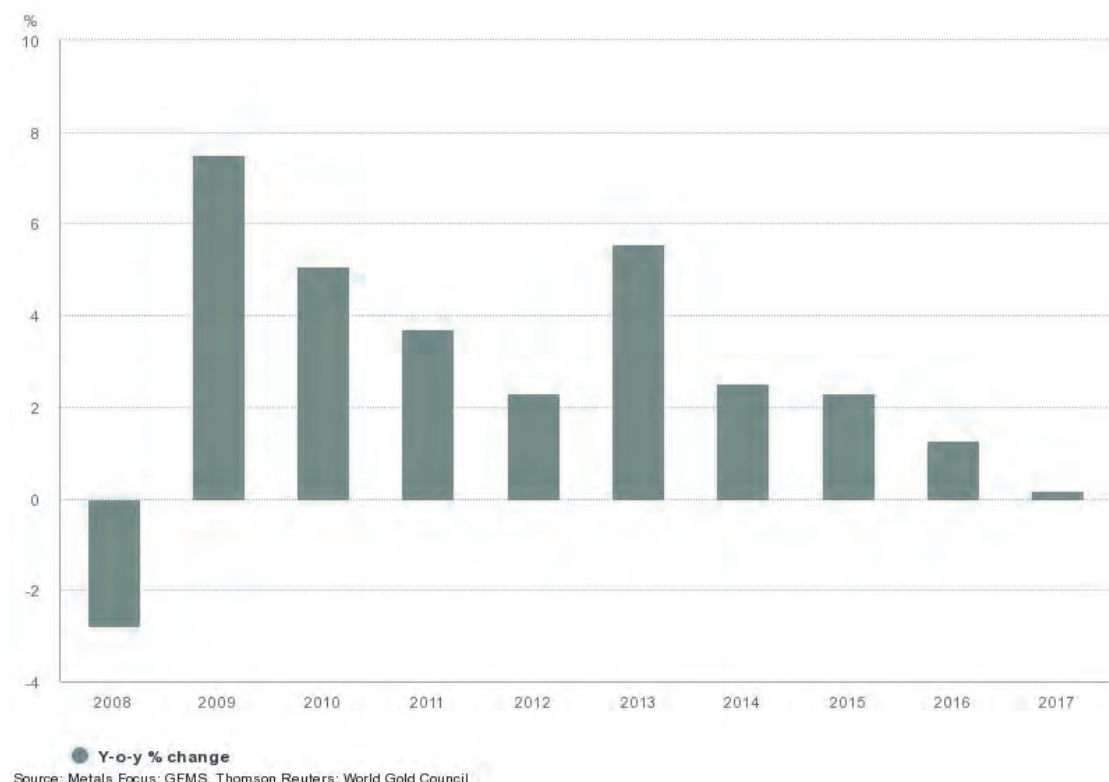
Several other jurisdictions also saw declines. The year-on-year change in Q4 production in the United States, Brazil and Mali were all affected by comparison with a high base period in 2016.

Output from Russia saw a year-on-year increase in Q4. The quarter also saw the start-up of the significant Nataalka project located in the Magadan region. The project began commissioning in September and announced in December 2017 that it had poured its first doré. While the project is still in the early stages of production, Polyus expect this will significantly boost the company's, and Russia's, production in coming years.

In Indonesia, the mining of higher grade ore at Grasberg – the country's largest mine – helped boost Q4 mine production by 11 per cent. The mining of higher grades is likely to persist into 2018. In Canada, the Hope Bay (Q1 start) and Brucejack (Q2 start) projects, as well as Q4 start-ups Rainy River and Moose

River, contributed to a 5 per cent. increase in Q4. Several West African start-ups – Fekola and Yanfolila (Mali), and Houndé (Burkina Faso) – also entered production towards the end of 2017.

*Table 4. Mine production growth continued to slow in 2017*



A similar trend was witnessed in Q1 and Q2 2018, as mine production grew by 1 per cent. and 3 per cent. year on year respectively. A similar pattern followed in Q3 2018, as gold mine production rose by 1.9 per cent. year-on-year. A combination of growth from key producing countries – such as Russia and Canada – as well as the improving production pipeline, is expected to be supportive of further growth in 2018.

### *Recycled gold*

Gold recycling activity spent much of 2017 normalising after an impressive 2016. Despite the gold price performing relatively well in many currencies throughout 2017, the annual supply of recycled gold fell 10 per cent. to 1,160t, from 1,295.1t in 2016.

Q4 was the only quarter which saw a year-on-year increase in recycling during 2017: the 276.6t sold back by consumers was 8 per cent. higher than the same period in 2016 – which was negatively impacted by a significant price drop and the shock demonetisation in India.

East Asian and Middle Eastern markets drove declines in recycling during 2017. Recycling activity in 2016 – boosted by higher local prices on the back of currency weakness – was particularly high in Indonesia, Turkey and Egypt. This also made subsequent price levels in 2017 appear less attractive to consumers open to selling, contributing to the relative weakness in the y-o-y comparison. Political tensions across the Middle East also spurred consumers to hold onto gold rather than cash in.

In Western markets, the relatively strong performance of gold in USD terms supported recycling levels in the United States. But gold's weaker price performance in euro terms meant that European recycling fared less well. In the UK, recycling activity continued to re-adjust in 2017, after jumping in response to the Brexit referendum in 2016.

The supply from recycled gold in Q1 2018 stayed flat year-on-year. In particular the general volume of recycled gold has been at its lowest since 2007, primarily due to strong global growth. This was compensated by a 4 per cent. year on year growth in Q2 2018, primarily due to Turkey, Iran and India. Supply from recycled gold has been 4 per cent. lower year-on-year lower in Q3 2018, primarily due to Europe, the US and India, all of which saw significant declines in recycling in Q3 2018.

## Gold price

Gold has been used throughout history as a proxy for money and has been a relative standard for currency equivalents specific to economic regions or countries, until recent times. Many European countries implemented gold standards in the latter part of the 19<sup>th</sup> century until these were suspended temporarily in the financial crises involving World War I. After World War II, the Bretton Woods system pegged the United States dollar to gold at a rate of USD 35 per troy ounce. The system existed until the 1971 Nixon shock, when the US unilaterally suspended the direct convertibility of the United States dollar to gold and made the transition to a fiat currency system. The last currency to be divorced from gold was the Swiss Franc in 2000.

Since 1919, the most common benchmark for the price of gold has been the London gold fixing, a twice-daily meeting of representatives from five bullion-trading firms of the London bullion market. Furthermore, gold is traded continuously throughout the world based on the intra-day spot price, derived from over-the-counter gold-trading markets around the world.

Today, the price of gold is driven by supply and demand including demand for speculation. However, unlike most other commodities, saving and disposal plays a larger role in affecting its price than its consumption. Most of the gold ever mined still exists in accessible form, such as bullion and mass-produced jewellery, with little value over its fine weight – and is thus potentially able to come back onto the gold market for the right price.

The chart below highlights the change in the market value of gold over the last 10 years:



Table 5. Gold price over the last 10 years

The price of gold is dependent on a number of different factors including movements in foreign exchange rates, inflation, interest rates and political instability. The influence of these macroeconomic factors on the price of gold can be very complex making it difficult to quantify and predict their effect on the gold market. Between October 2012 and December 2015, the price of gold showed a downward trend, however since January 2016, has shown an upward trend. According to the London Bullion Market Association, the LBMA spot gold price closed at USD 1,332 per troy ounce on 12 June 2019.

## PART V

### HISTORICAL FINANCIAL INFORMATION

The audited consolidated financial information of the Group for the year ended 30 June 2018, the year ended 30 June 2017 and the year ended 30 June 2016 (the “Audited Accounts”) are available for inspection in accordance with Paragraph 26 of Part VII (*Additional Information*) of this Document. The Audited Accounts are also available on the Company’s website at [www.bluebirdmv.com](http://www.bluebirdmv.com).

The table below sets out the sections of the Audited Accounts which are incorporated by reference into this Document so as to provide such information as is required by the Prospectus Rules and to ensure that Shareholders and prospective investors are aware of all information is necessary to enable them to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Group.

<i>Information incorporated by reference</i>	<i>Reference document</i>	<i>Page number in reference document</i>
Unaudited Interim accounts of Bluebird Merchant Ventures Limited for the 6 months ended 31 December 2018	Half-Year Report and Accounts December 2018 <ul style="list-style-type: none"> <li>• Consolidated Income Statement</li> <li>• Consolidated Statement of Comprehensive Income</li> <li>• Consolidated Statement of Financial Position</li> <li>• Consolidated Statement of Changes in Equity</li> <li>• Consolidated Cash Flow Statement</li> <li>• Notes to the Financial Statements</li> </ul>	4 5 6 7 8 9-17
Annual audited accounts of Bluebird Merchant Ventures Limited for the year ended 30 June 2018 and the independent auditors’ report thereon (including restated audited financial information for the year ended 30 June 2017)	Annual Report and Accounts 2018 <ul style="list-style-type: none"> <li>• Independent Auditors’ Report</li> <li>• Consolidated Income Statement</li> <li>• Consolidated Statement of Comprehensive Income</li> <li>• Consolidated Statement of Financial Position</li> <li>• Consolidated Statement of Changes in Equity</li> <li>• Consolidated Cash Flow Statement</li> <li>• Notes to the Financial Statements</li> </ul>	19-24 25 26 27 28 29 30-60
Annual audited accounts of Bluebird Merchant Ventures Limited for the year ended 30 June 2017 and the independent auditors’ report thereon	Annual Report and Accounts 2017 <ul style="list-style-type: none"> <li>• Independent Auditors’ Report</li> <li>• Consolidated Statement of Comprehensive Income</li> <li>• Consolidated Statement of Financial Position</li> <li>• Consolidated Statement of Changes in Equity</li> <li>• Consolidated Statement of Cash Flows</li> <li>• Notes to the Financial Statements</li> </ul>	24-27 29 30 31 32 33-61
Annual audited accounts of Bluebird Merchant Ventures Limited for the year ended 30 June 2016 and the independent auditor’s report thereon	Annual Report and Accounts 2016 <ul style="list-style-type: none"> <li>• Independent Auditors’ Report</li> <li>• Consolidated Statement of Comprehensive Income</li> <li>• Consolidated Statement of Financial Position</li> <li>• Consolidated Statement of Changes in Equity</li> <li>• Consolidated Statement of Cash Flows</li> <li>• Notes to the Financial Statements</li> </ul>	48-51 53 54 55 56 57-81

Information that is itself incorporated by reference in the above documents is not incorporated by reference into this Document. It should be noted that, except as set forth above, no other portion of the above

documents are incorporated by reference into this Document and those portions which are not specifically incorporated by reference in this Document are either not relevant for prospective investors or the relevant information is included elsewhere in this Document.

Any statement contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Document to the extent that a statement contained herein (or in a later document which is incorporated by reference herein) modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Document.

## **PART VI TAXATION**

The comments below are of a general and non-exhaustive nature based on the Directors' understanding of the current revenue law and published practice in the British Virgin Islands and the UK, which is subject to change, possibly with retrospective effect. These comments do not purport to be a complete analysis of all potential tax consequences of acquiring, holding or disposing of the Shares in the Company. The following summary does not constitute legal or tax advice and applies only to persons subscribing for the Shares as an investment (rather than as securities to be realised in the course of a trade) who are the absolute and direct beneficial owners of their Shares and who have not acquired their Shares by reason of their or another person's employment. These comments may not apply to certain classes of person, including dealers in securities, insurance companies and collective investment schemes.

Prospective investors should consult their own independent professional advisers on the potential tax consequences of subscribing for, purchasing, holding or selling the Shares under the laws of their country and/or state of citizenship, domicile or residence including the consequences of distributions by the Company, either on a liquidation or otherwise.

On the Director's understanding, an investment in the Company involves a number of complex tax considerations. Changes in tax legislation in the British Virgin Islands, the United Kingdom or in any of the countries in which the Company has assets, or changes in tax treaties negotiated by those countries, on the Director's understanding, could affect adversely the returns from the Company to investors.

### **British Virgin Islands taxation**

The Company and all dividends, interest, rents, royalties, compensations and other amounts paid by the Company to persons who are not persons resident in the BVI are exempt from the provisions of the Income Tax Act in the BVI and any capital gains realised with respect to any shares, debt obligations, or other securities of the Company by persons who are not persons resident in the BVI are exempt from all forms of taxation in the BVI. As of 1 January 2005, the Payroll Taxes Act 2004 came into force. It will not apply to the Company except to the extent that the Company has employees (and deemed employees) rendering services to the Company wholly or mainly in the BVI. The Company at present has no employees in the BVI and no intention of having any employees in the BVI.

No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not persons resident in the BVI with respect to any shares, debt obligation or other securities of the Company.

All instruments relating to transfers of property to or by the Company and all instruments relating to transactions in respect of the shares, debt obligations or other securities of the Company and all instruments relating to other transactions relating to the business of the Company are exempt from the payment of stamp duty in the BVI. There are currently no withholding taxes or exchange control regulations in the BVI applicable to the Company or its Shareholders.

### **United Kingdom taxation**

#### **Taxation**

The following paragraphs include advice received by the Directors on the current tax position of shareholders who are resident in the UK for tax purposes and holding Shares beneficially as investments. The statements below are intended only as a general guide and do not constitute advice to any shareholder on their personal tax position and may not apply to certain classes of investor who may be subject to special rules (such as dealers in securities, insurance companies, charities, collective investment schemes or pension providers).

The comments are based on current legislation and H.M. Revenue & Customs practice at the date of this Document.

Any investor who is in doubt as to their tax position or who is subject to taxation in a jurisdiction other than the UK should consult his or her own professional advisers immediately.

Shareholders should note that the levels and bases of, and relief from, taxation may change and that changes may affect benefits of investment in the Company. This summary is not exhaustive and does not generally consider tax relief or exemptions.

## **Taxation of dividends**

### *Individual Shareholder*

A United Kingdom resident individual shareholder will not be subject to income tax on a dividend such individual shareholder receives from the Company if the total amount of dividend income received by the individual in the tax year (including the dividend from the Company) does not exceed a dividend allowance of £2,000, which will be taxed at a nil rate (the "Dividend Allowance").

In determining the income tax rate or rates applicable to a United Kingdom resident individual shareholder's taxable income, dividend income is treated as the highest part of such individual shareholder's income. Dividend income that falls within the Dividend Allowance will count towards the basic or higher rate limits (as applicable) which may affect the rate of tax due on any dividend income in excess of the Dividend Allowance.

To the extent that a United Kingdom resident individual shareholder's dividend income for the tax year exceeds the Dividend Allowance and, when treated as the top slice of such individual shareholder's income, falls above such individual shareholder's personal allowance but below the basic rate limit, such an individual shareholder will be subject to tax on that dividend income at the dividend basic rate of 7.5%.

To the extent that such dividend income falls above the basic rate limit but below the higher rate limit, such an individual shareholder will be subject to tax on that dividend income at the dividend upper rate of 32.5%. To the extent that such dividend income falls above the higher rate limit, such an individual shareholder will be subject to tax on that dividend income at the dividend additional rate of 38.1%.

### *Corporate Shareholders*

Shareowners who are within the charge to corporation tax will be subject to corporation tax on dividends paid by the Company, unless (subject to special rules for such shareholders that are small companies) the dividends fall within an exempt class and certain other conditions are met. Each shareholder's position will depend on its own individual circumstances, although it would normally be expected that the dividends paid by the Company would fall within an exempt class. However, it should be noted that the exemption is subject to anti-avoidance rules. Shareowners should therefore consult their own professional advisers.

A Shareowner resident or otherwise subject to tax outside the United Kingdom (whether an individual or a body corporate) may be subject to foreign taxation on dividend income under local law. Shareowners to whom this may apply should obtain their own tax advice concerning tax liabilities on dividends received from the Company.

## **Taxation of chargeable gains**

Any gain arising on the sale, redemption or other disposal of Ordinary Shares by a UK tax resident may be taxed in the UK at the time of such sale, redemption or disposal as a capital gain.

The rate of capital gains tax on disposal of Ordinary Shares by basic rate taxpayers is currently 10 per cent., and for upper rate and additional rate taxpayers the rate is currently 20 per cent.

For Shareholders within the charge to UK corporation tax, indexation allowance may reduce any chargeable gain arising on disposal of Ordinary Shares but will not create or increase an allowable loss.

Subject to certain exemptions, the UK resident corporates pay UK corporation tax rate to their taxable profits at 19 per cent. However, the rate of corporation tax is due after 1 April 2020 to fall to 17 per cent. instead of 19 per cent.

## **Stamp duty and stamp duty reserve tax (SDRT)**

No U.K. stamp duty or SDRT will be payable on the issue of the Shares or Depositary Interests. U.K. stamp duty will in principle be payable on any instrument of transfer of the Shares that is executed in the U.K. or that relates to any property situate, or to any matter or thing done or to be done, in the U.K. Investors should



be aware that, even where an instrument of transfer is in principle liable to stamp duty, stamp duty is not required to be paid unless it is necessary to rely on the instrument for legal purposes, for example to register a change of ownership. An instrument of transfer need not be stamped in order for the BVI register of Shares to be updated, and the register is conclusive proof of ownership. Provided that the Shares are not registered in any register maintained in the U.K. by or on behalf of the Company and are not paired with any shares issued by a U.K. incorporated company, any agreement to transfer Shares will not be subject to U.K. SDRT. The Company currently does not intend that any register of the Shares will be maintained in the U.K. As noted above, the Directors intend to conduct the affairs of the Company so that it does not become resident in the U.K. for taxation purposes. Assuming this to be the case, no U.K. SDRT should be payable on the transfer of Depositary Interests through CREST.

### **Inheritance Tax**

The inheritance tax status of individual Shareholder's Shares will depend upon their personal circumstances. Shareholders should consult with their professional advisers if they are concerned with the potential inheritance tax implications of their shares in the Company.

**If any Shareholder is in any doubt as to his or her taxation position, they should seek independent and professional financial advice.**

## PART VII

### ADDITIONAL INFORMATION

#### 1 Responsibility

- 1.1 The Directors (whose names and functions appear on page 39 of this Document) and the Company (whose registered office address appears on page 39 of this Document) accept responsibility, both collectively and individually, for the information contained in this Document. To the best of the knowledge of the Directors and the Company (who have each taken all reasonable care to ensure that such is the case), the information contained in this Document is in accordance with the facts and contains no omission likely to affect its import.
- 1.2 Geoff Boswell, FSEG, AUSIMM, CP Geology and a competent person as defined under the JORC Code 2012 accepts responsibility for the Competent Person Report in Part VIII of this Document. To the best of the knowledge of Geoff Boswell (who has taken all reasonable care to ensure that such is the case), the information contained in such Competent Person Report in Part VIII of this Document is in accordance with the facts and contains no omission likely to affect its import.

#### 2 The Company

- 2.1 The Company was incorporated and registered in the British Virgin Islands under the BVI Companies Act on 12 March 2014 with registered number 1815373 as a private company limited by ordinary shares with the name Bluebird Merchant Ventures Limited.
- 2.2 The Company is not regulated by the British Virgin Islands Financial Services Commission. The Company is subject to the Listing Rules and the Disclosure Guidance and Transparency Rules (and the resulting jurisdiction of the UK Listing Authority), to the extent such rules apply to companies with a Standard Listing.
- 2.3 The principal legislation under which the Company operates and under which the Ordinary Shares are issued is the BVI Companies Act.
- 2.4 The registered office of the Company is at Harneys, Craigmuir Chambers, PO Box 71, Road Town, Tortola VG1110, British Virgin Islands. The telephone number of the Company is +1 284 494 2233.
- 2.5 The liability of the members of the Company is limited to the amount, if any, unpaid on the Ordinary Shares held by them.
- 2.6 The address of the Company's website is [www.bluebirdmv.com](http://www.bluebirdmv.com).
- 2.7 The ISIN of the Ordinary Shares is VGG118701058.

#### 3 The Group

- 3.1 At the date of this Document, the Company has four direct subsidiaries and two indirect subsidiaries:
- (a) MRL Gold Inc.\* (registered in the Philippines);
  - (b) Bluebird Merchant Ventures Inc.\*\* (registered in the Philippines);
  - (c) Gubong Project JV Co Pte Limited\*\*\* (registered in Singapore);
  - (d) Kochang Project JV Co Pte Limited\*\*\* (registered in Singapore);
  - (e) Gubong Project Co Limited\*\*\*\* (registered in South Korea); and
  - (f) Geochang Project Co Limited\*\*\*\* (registered in South Korea).

- \* 99.9984 per cent. of the shares in MRL Gold Inc. are held by the Company.
- \*\* 0.0028 per cent. of the shares in Bluebird Merchant Ventures Inc. are held on trust for the Company.
- \*\*\* 50:50 owned joint venture company with Southern Gold.
- \*\*\*\* wholly owned by Gubong Project JV Co Pte Limited.
- \*\*\*\*\* wholly owned by Kochang Project JV Co Pte Limited.

3.2 The Company has an associated company, Egerton Gold Philippines Inc. (registered in the Philippines) in which MRL Gold holds owns 39.99 per cent. of the issued share capital and MRL also has a contractual right to acquire a further 60 per cent. subject to compliance with local legislation.

3.3 At the date of this Document, the Group holds 647,668 Southern Gold Shares and has agreed to acquire a further 647,668 Southern Gold Shares at Admission pursuant to the Put Option. Therefore, on Admission, the Company will have an aggregate holding of 1,295,336 Southern Gold Shares representing approximately 1.04 per cent. of the total issued share capital of Southern Gold.

#### **4 Share Capital**

4.1 The issued share capital of the Company as at the date of this Document is as follows:

Existing Ordinary Shares	247,349,075
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4.2 The issued share capital of the Company immediately following Admission as enlarged by the New Ordinary Shares (assuming no Warrants are exercised) will be as follows:

Enlarged Share Capital	368,862,591
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4.3 At the date of this Document the following instruments that are convertible, exchangeable or with warrants into or over Ordinary Shares in the Company have been issued and are yet to be exercised:

- (a) the Vistra Warrants issued on the date of the IPO; and
- (b) the First Subscription Warrants further details of which are set out at paragraph 12.13 of this Part VII.

4.4 On 12 March 2014 (being the commencement of the period for which historical financial information on Bluebird has been provided in this Document), the issued share capital of the Company was USD 50,000 divided into 50,000 ordinary shares of USD 1.00 each all of which were issued fully paid.

4.5 Since 12 March 2014, the following changes have been made to the authorised and issued share capital of the Company:

- (a) on 21 October 2015, the Company redeemed the two ordinary shares of USD 1.00 each and those Ordinary Shares were re-issued as two Ordinary Shares;
- (b) on 21 October 2015, the Company issued 150,000,000 Ordinary Shares;
- (c) on 10 November 2015, the Company issued 4,702,970 Ordinary Shares;
- (d) on 26 November 2015, the Company redeemed 2 Ordinary Shares;
- (e) on 13 April 2016, 30,260,870 Ordinary Shares were issued in connection with the admission of the Company's Ordinary Shares to the standard segment of the Official List and to trading on the Main Market for listed securities of the LSE;
- (f) on 19 April 2016, the Company issued 10,349,923 Ordinary Shares, of such shares 5,757,924 Ordinary Shares were issued to Vistra Trust (Singapore) Pte. Limited pursuant to a convertible loan note agreement with the Company dated 25 May 2015 and 347,826 Ordinary Shares were issued to Charles Barclay, a director of the Company, pursuant to his service agreement;
- (g) on 16 May 2016, the Company issued 1,161,391 Ordinary Shares;
- (h) on 21 October 2016, the Company issued 191,304 Ordinary Shares;
- (i) On 23 February 2017, Company cancelled 1,913,047 Ordinary Shares;
- (j) 23 May 2017, the Company issued 8,710,527 Ordinary Shares including 8,000,000 Ordinary Shares to Momentum pursuant to the Momentum MOU;

- (k) on 29 June 2017, the Company issued 1,250,000 Ordinary Shares to RMML pursuant to the acquisition agreement summarised in paragraph 12.1919 of this Part VII;
  - (l) between 18 December 2017 and 19 February 2018 the Company issued the First Subscription Shares; and
  - (m) on 15 November 2018 the Company issued 11,761,840 Ordinary Shares pursuant to a private placement at 2.5 pence per share (the "November Subscription"); and
  - (n) on 18 March 2019 the Company issued 19,400,000 Ordinary Shares pursuant to a placing at 2.25 pence per share.
- 4.6 On the date of Admission the Company will issue the following warrants:
- (a) the Funding Facility Warrants, further details of which are set out at paragraph 12.15 of this Part VII;
  - (b) the A Warrants, B Warrants, C Warrants and D Warrants, further details of which are set out in paragraph 12.6 and 12.7 of this Part VII; and
  - (c) the Christopher Search Warrants, further details of which are set out in paragraph 12.20 of this Part VII.
- 4.7 At Admission the Company will issue and allot the following:
- (a) the Momentum Admission Shares;
  - (b) the Second Subscription Shares;
  - (c) the Funding Facility Shares;
  - (d) the Series A Shares;
  - (e) the Gubong Exchange Shares;
  - (f) the Salary Sacrifice Shares; and
  - (g) the Bridge Loan Conversion Shares.
- 4.8 Each of the issued Ordinary Shares in the capital of the Company is fully paid.
- 4.9 Save as disclosed in this Document:
- (a) no issued Ordinary Shares of the Company are under option or have been agreed conditionally or unconditionally to be put under option;
  - (b) no Ordinary Share or loan capital of the Company has been issued or is now proposed to be issued, fully or partly paid, either for cash or for a consideration other than cash;
  - (c) no commission, discount, brokerage or any other special term has been granted by the Company or is now proposed in connection with the issue or sale of any part of the Ordinary Share or loan capital of the Company;
  - (d) no persons have preferential subscription rights in respect of any share or loan capital of the Company or any subsidiary; and
  - (e) no amount or benefit has been paid or is to be paid or given to any promoter of the Company.
- 4.10 Application will be made for the New Ordinary Shares to be listed on the Official List and to be traded on the Main Market of the London Stock Exchange. The Ordinary Shares are not listed or traded on, and no application has been or is being made for the admission of the Ordinary Shares to listing or trading on, any other stock exchange or securities market.
- 4.11 When admitted to trading, the New Ordinary Shares will be registered with the existing ISIN VGG118701058.
- 4.12 Save as disclosed in this Document, as at the date of this Document, the Company will have no short, medium or long-term indebtedness.

## **5 Memorandum and Articles of Association**

The Memorandum of Association of the Company provides that the Company has, subject to the BVI Companies Act and any other British Virgin Islands legislation, irrespective of corporate benefit, full capacity to carry on or undertake any business or activity, do any act or enter into any transaction and full rights, powers and privileges for these purposes.

Set out below is a summary of the provisions of the Memorandum and Articles of Association of the Company. A copy of the Memorandum and Articles is available for inspection at the address specified in paragraph 26 of this Part VII "Documents available for inspection".

### **5.1 Objects of the Company**

For the purposes of section 9(4) of the Act, there are no limitations on the business that the Company may carry on. The respective provisions may be found in section 5 of Memorandum of Association.

### **5.2 Issue of New Ordinary Shares**

Following the adoption of the New Articles the Directors have unlimited authority to issue and allot Ordinary Shares on a non-pre-emptive basis.

The Ordinary Shares may be issued for consideration in any form or a combination of forms, including money, a promissory note or other written obligation to contribute money, real property, personal property (including goodwill and know-how), services rendered or a contract for future services.

### **5.3 Redeemable Ordinary Shares**

The Company may, subject to provisions of the Articles, purchase, redeem or otherwise acquire its own Ordinary Shares save that the Company may not purchase, redeem or otherwise acquire its own Ordinary Shares without the consent of the Member whose Ordinary Shares are purchased, redeemed or otherwise acquired. The Company may only offer to acquire Ordinary Shares if the Directors determine by a Resolution of Directors that, immediately after the acquisition, the value of the Company's assets will exceed its liabilities and the Company will be able to pay its debts as they fall due.

Sections 60 (Process for acquisition of own Ordinary Shares), 61 (Offer to one or more Members) and 62 (Ordinary Shares redeemed otherwise than at the option of the company) of the BVI Companies Act shall not apply to the Company.

### **5.4 Rights attached to Ordinary Shares**

Subject to the provisions of the Memorandum each Share in the Company confers upon the holder (i) the right to one vote at a meeting of Members of the Company or on any Resolution of Members of the Company and (ii) the right to an equal share in any dividend paid by the Company and (iii) the right to an equal share in the distribution of the surplus assets of the Company.

### **5.5 Changes in the Ordinary Shares**

Memorandum of Association and Articles of Association do not contain provisions governing changes in the Ordinary Shares, where such conditions are more stringent than is required by law.

### **5.6 Modifications to share class rights**

The rights attached to any class of Ordinary Shares may be varied through amending the Memorandum of Association or Articles of Association by a Resolution of Members which may take the form of a resolution approved at a duly constituted meeting of the Members of the Company by the affirmative vote of a simple majority, of the votes of the Ordinary Shares that were present at the meeting and entitled to vote and not abstaining or a resolution consented to in writing by a majority of the votes of Ordinary Shares entitled to vote with a copy sent to all Members not consenting.

## 5.7 **Share transfers**

Ordinary Shares in the Company may be transferred by a written instrument of transfer signed by the transferor and containing the name and address of the transferee and the instrument of transfer shall be sent to the Company at the office of its registered agent for registration.

The transfer of an Ordinary Share is effective when the name of the transferee is entered on the Company's Register of Members.

If the Directors of the Company are satisfied that an instrument of transfer relating to Ordinary Shares has been signed but that the instrument has been lost or destroyed, they may resolve by a Resolution of Directors (i) to accept such evidence of the transfer of Ordinary Shares as they consider appropriate and (ii) that the transferee's name should be entered in the Register of Members notwithstanding the absence of the instrument of transfer.

The Articles do not contain provisions on restrictions for free transfer of the Ordinary Shares.

## 5.8 **Dividends and other distributions**

The Directors of the Company may by a resolution of Directors authorise a distribution by way of dividend at a time, and of an amount, and to any Members it thinks fit if they are satisfied, on reasonable grounds, that, immediately after the distribution, the value of the Company's assets will exceed its liabilities and the Company will be able to pay its debts as they fall due.

The resolution of Directors authorising the distribution by way of dividend shall contain a statement that, immediately after the distribution, in the opinion of the Directors, the value of the Company's assets will exceed its liabilities and the Company will be able to pay its debts as they fall due.

In the event that a distribution by way of dividend is made in specie the Directors shall have responsibility for establishing and recording in the resolution of Directors authorising the distribution, a fair and proper value for the assets to be so distributed.

Notice of any distribution by way of dividend or of any other distribution that has been authorised shall be given to each Member in the manner hereinafter mentioned and all distributions by way of dividend unclaimed for 3 (three) years after having been authorised may be forfeited by a resolution of Directors for the benefit of the Company.

## 5.9 **Interests in Ordinary Shares not disclosed to the Company**

The provisions of Chapter 3 of the Disclosure Guidance and Transparency Rules shall be deemed to be incorporated into the Articles in full together with all associated definitions.

The Company may give a disclosure notice to any person whom the Company knows or has reasonable cause to believe: is interested in Ordinary Shares; or has been interested in Ordinary Shares at any time during three years immediately preceding the date on which the disclosure notice is issued (the "Disclosure Period").

The disclosure notice may require the person to confirm that fact or (as the case may be) to state whether or not it is the case, and if he holds, or has during the Disclosure Period held, any such interest, to give such further information including in respect of any other person who has received a disclosure notice as may be required in accordance with the disclosure notice.

The notice may require the person to whom it is addressed to give particulars of his own present or past interest in Ordinary Shares held by him at any time during the Disclosure Period.

The Company will keep a register of information received.

The provisions of Chapter 5 of the Disclosure Guidance and Transparency Rules ("DTR5") shall be deemed to be incorporated by reference into the Articles and accordingly the vote shareholder and issuer notification rules set out in DTR5 shall apply to the Company and each Shareholder.

For the purposes of the incorporation by reference of DTR5 into Articles and the application of DTR5 to the Company and each Shareholder, the Company shall be deemed to be an "issuer", as such term is defined in DTR5 and not, for the avoidance of doubt, a "non-UK issuer" (as such terms are defined in DTR5).

Defined terms in DTR5 shall bear the meaning set out in DTR5, and if the meaning of a defined term is not set out in DTR5, the defined term shall bear the meaning set out in the glossary to the United Kingdom Financial Conduct Authority Handbook (in such case, read as the definition

applicable to DTR5 and any reference to a "financial instrument" shall, for the avoidance of doubt, include a Depositary Interest (together with any appropriate amendments to the use of such term(s) as the Board may consider expedient from time to time.

If the Company determines that a Shareholder or a holder of financial instruments or Depositary Interests has not complied with the provisions of DTR5 (a "Defaulting Shareholder"), referred to above with respect to some or all of such Ordinary Shares held by such holder (the "Default Ordinary Shares") and provided that the Default Ordinary Shares represent at least 0.25 per cent. of the issued Ordinary Shares of the Company, the Company shall have the right by delivery of notice to the Defaulting Shareholder (a "Default Notice") to: suspend the right of such Defaulting Shareholder to vote the Default Ordinary Shares in person or by proxy at any meeting of the Company. Such a suspension shall have effect from the date on which the Default Notice is delivered by the Company to the Defaulting Shareholder or holder of financial instruments or represented by the relevant Depositary Interests until a date that is not more than 7 days after the Board has determined in its sole discretion that the Defaulting Shareholder has cured the non-compliance with the provisions of DTR5, provided however, that the Company may at any time by subsequent written notice cancel or suspend the operation of a Default Notice; and/or withhold, without any obligation to pay interest thereon, any dividend or other amount payable with respect to the Default Ordinary Shares with such amount to be payable only after the Default Notice ceases to have effect with respect to the Default Ordinary Shares; and/or render ineffective any election to receive Ordinary Shares of the Company instead of cash in respect of any dividend or part thereof; and/or prohibit the transfer of any Ordinary Shares or financial instruments of the Company held by the Defaulting Shareholder except with the consent of the Company or if the Defaulting Shareholder can provide satisfactory evidence to the Company to the effect that, after due inquiry, such stockholder has determined that the Ordinary Shares to be transferred are not Default Ordinary Shares.

#### **5.10 Appointment and removal of Directors**

The Directors shall be elected by (i) a resolution of Members for such term as the Members determine, or by (ii) a resolution of Directors for such term as the Directors may determine. The minimum number of Directors shall be one and the maximum number shall be twenty.

A Director may be removed from office (i) with or without cause, by a resolution of Members at a meeting of the Members called for the purpose of removing the Director or for purposes including the removal of a Director or, by a written resolution of Members; (ii) or with cause, by a resolution of Directors passed at a meeting of Directors called for the purpose of removing the Director or for purposes including the removal of the Director, or by a written resolution of Directors.

A Director may resign his office by giving written notice of his resignation to the Company and the resignation shall have effect from the date the notice is received by the Company or from such later date as may be specified in the notice. A Director shall resign as Director if he is, or becomes disqualified to act as Director under the Act.

#### **5.11 Alternate directors**

A Director of the Company may appoint as an alternate any Director or other person who is not disqualified for the appointment as a Director under the Act to exercise the appointing Director's powers, and carry out the appointing Director's responsibilities, in relation to the taking of decisions by the Directors in the absence of the appointing Director. No person shall be appointed as an alternate Director of the Company unless he has consented in writing to act as an alternate Director.

The appointment of an alternate Director and its termination shall be in writing and written notice of the appointment and termination shall be given by the appointing Director to the Company within 14 (fourteen) days.

An alternate Director has no power to appoint an alternate, whether of the appointing Director or of the alternate Director and does not act as an agent of or for the appointing Director.

An alternate Director has the same rights as the appointing Director in relation to any Directors' meeting and any written resolution circulated for written consent.

An alternate Director is liable for his own acts and omissions as an alternate Director and is subject to the same duties and responsibilities as a Director when acting as such.

The rights of an alternate Director shall automatically terminate if the appointing Director ceases to be a Director of the Company for any reason whatsoever.

#### **5.12 Retirement by rotation of Directors**

The Directors to retire by rotation shall be: (i) by rotation if there is any Director who wishes to retire and not to offer himself for re-election or (ii) there is any Director who has been, or who by the time of the next annual general meeting will have been, in office for 3 (three) years or more since his appointment or last re-election.

#### **5.13 Powers and proceedings of the Board**

The Directors of the Company or any committee thereof may meet at such times and in such manner and places within or outside the British Virgin Islands as the Directors may determine to be necessary or desirable. A Director shall be deemed to be present at a meeting of Directors if he participates by telephone or other electronic means and all Directors participating in the meeting are able to hear each other.

A Director shall be given not less than 3 (three) days' notice of meetings of Directors, but a meeting of Directors held without 3 (three) days' notice having been given to all Directors shall be valid if all the Directors entitled to vote at the meeting who do not attend, waive notice of the meeting; and for this purpose, the presence of a Director at the meeting shall be deemed to constitute waiver on his part. The inadvertent failure to give notice of a meeting to a Director, or the fact that a Director has not received the notice, does not invalidate the meeting.

At every meeting of the Directors the Chairman of the Board of Directors shall preside as chairman of the meeting. If there is no Chairman of the Board of Directors or if the Chairman of the Board of Directors is not present at the meeting another Director shall be appointed by the Board of Directors to preside.

An action that may be taken by the Directors or a committee of Directors at a meeting may also be taken by a Resolution of Directors or a committee of Directors consented to in writing or by telex, telegram, cable, facsimile or other written electronic communication by all Directors or all Members of the committee, as the case may be, without the need for any notice. The consent may be in the form of counterparts, each counterpart being signed by one or more Directors.

#### **5.14 Directors' interests**

A Director of the Company shall, forthwith after becoming aware of the fact that he is interested, in any way (either directly or indirectly) in a contract, arrangement, transaction entered into or proposed to be entered into by the Company and such interest conflicts or may conflict to a material extent with the interest of the Company, he shall disclose the nature and extent of his interest to the Board of the Company at which question of entering into the contract, arrangement, transaction or proposal is first considered, if he knows his interest then exists or, in any other case as soon as practical after that meeting, by notice in writing delivered to the secretary, at the first meeting of the Board after he knows that he is or has become so interested.

A Director shall not vote on (but shall still be counted in the quorum in relation to) any Resolution of the Directors or of a committee of the Directors concerning any contract, transaction, arrangement, or any other proposal whatsoever to which the Company is or is to be a party and in which he has an interest which (together with any interest of any person connected with him within the meaning of sections 252 and 254 of the UK Companies Act 2006) is to his knowledge a material interest otherwise than by virtue of his interests in Ordinary Shares or debentures or other securities of or otherwise in or through the Company, unless the resolution concerns any of the following matters: the giving of any guarantee, security or indemnity in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings; the giving of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security; other than a rights issue offered to all of the Shareholders of the Company, any proposal concerning an offer of Ordinary Shares or debentures or other securities of or by the Company or any of its subsidiary undertakings in which offer he is or may be entitled to participate as a shareholder of securities or in the underwriting or sub-underwriting of which he is to participate; any proposal concerning any other body corporate in which he (together with persons connected with him within the meaning of sections 252 and 254 of the UK Companies Act 2006) does not to his knowledge have an interest in one per cent or more of the issued equity share capital of any class of such body corporate or of the voting rights available to



members of such body corporate; any proposal relating to an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates; or any proposal concerning insurance which the Company proposes to maintain or purchase for the benefit of directors or for the benefit of persons who include directors.

If any question arises at any meeting as to the materiality of a director's interest (other than the chairman's interest) or as to the entitlement of any director (other than the chairman) to vote, and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting. The chairman's ruling in relation to the director concerned shall be final and conclusive.

#### **5.15 Officers**

The Company may by a Resolution of Directors appoint officers of the Company at such times as shall be considered necessary or expedient.

The officers shall perform such duties as shall be prescribed at the time of their appointment subject to any modification in such duties as may be prescribed thereafter by a Resolution of Directors or a Resolution of Members.

The officers of the Company shall hold office until their successors are duly elected and qualified, but any officer elected or appointed by the Directors may be removed at any time, with or without cause, by a Resolution of Directors.

#### **5.16 Indemnification and insurance of Directors**

The Company may indemnify against all expenses, including legal fees, and against all judgements, fines and amounts paid in settlement and reasonably incurred in connection with legal, administrative or investigative proceedings, any person who (i) is or was a party or is threatened to be made a party to any threatened, pending or contemplated proceedings, whether civil, criminal, administrative or investigative, by reason of the fact that the person is or was a Director of the Company (ii) or is or was, at the request of the Company, serving as a Director of, or in any other capacity is or was acting for, another body corporate or a partnership, joint venture, trust or other enterprise.

The Company may only indemnify a person if the person acted honestly and in good faith with a view to the best interests of the Company and, in the case of criminal proceedings, the person had no reasonable cause to believe that his conduct was unlawful.

#### **5.17 Meetings of Shareholders and Shareholder voting**

##### *General meetings*

The Directors of the Company may convene meetings of the Members of the Company at such times and in such manner and places within or outside the British Virgin Islands as the Directors consider necessary or desirable, provided that an annual general meeting of the Members of the Company shall be held in each year in addition to any other meetings which may be held in that year, and such meeting shall be specified as the annual general meeting in the notices calling it. Not more than 15 months shall elapse between the date of one annual general meeting and the date of the next.

Upon the written request of Members holding 10 per cent or more of the outstanding voting Ordinary Shares in the Company the Directors shall convene a meeting of Members.

A meeting of the Members shall be called by at least 14 days' notice. The period of notice shall in either case be exclusive of the day on which the notice is served or deemed to be served and of the day on which the meeting is to be held and the notice shall be given to all Members.

A meeting of Members held in contravention of the requirement in the Articles is valid if Members holding not less than 90 per cent of the total voting rights on all the matters to be considered at the meeting have waived notice of the meeting and, for this purpose, the presence of a Member at the meeting shall be deemed to constitute waiver on his part.

A Member may be represented at a meeting of Members by a proxy who may speak and vote on behalf of the Member.

No business shall be transacted at any meeting of the Members or annual meeting of the Members unless a quorum is present. If a quorum is not present a Chairman of the meeting can still be chosen and this will not be treated as part of the business of the meeting. Two Members

present in person or by proxy and entitled to attend and to vote on the business to be transacted shall be a quorum.

If within two hours from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of Members, shall be dissolved; in any other case it shall stand adjourned to the next business day at the same time and place or to such other time and place as the Directors may determine.

At every meeting of Members, the Chairman of the Board of Directors shall preside as chairman of the meeting. If there is no Chairman of the Board of Directors or if the Chairman of the Board of Directors is not present at the meeting, the Members present shall choose someone of their number to be the chairman. If the Members are unable to choose a chairman for any reason, then the person representing the greatest number of voting Ordinary Shares present in person or by prescribed form of proxy at the meeting shall preside as chairman failing which the oldest individual Member or representative of a Member present shall take the chair.

Directors of the Company may attend and speak at any meeting of Members of the Company and at any separate meeting of the holders of any class or series of Ordinary Shares in the Company.

An action that may be taken by the Members at a meeting may also be taken by a Resolution of Members consented to in writing or by telex, telegram, cable, facsimile or other written electronic communication subject to the proviso that a copy of the Resolution is sent to every Member eligible and entitled to vote upon such a proposal but if any Resolution of Members is adopted otherwise than by the unanimous written consent of all Members, a copy of such resolution shall forthwith be sent to all Members not consenting to such resolution. The consent may be in the form of counterparts, each counterpart being signed by one or more Members.

#### 5.18 **Change of Control**

The Memorandum and the Articles of the Company do not contain provisions that would have an effect of delaying, deferring or preventing a change in control of the Company.

#### 5.19 **Winding up**

The Company may voluntarily commence to wind up and dissolve by a Resolution of Members Continuation.

The Company may by a Resolution of Members or by a resolution passed unanimously by all Directors of the Company continue as a company incorporated under the laws of a jurisdiction outside the British Virgin Islands in the manner provided under those laws.

### **6 Takeover Code**

The Takeover Code does not apply to companies registered in the BVI and there are no rules or provisions under BVI law relating to mandatory takeover bids in relation to the Ordinary Shares. The Company has not adopted any equivalent provisions to the Takeover Code in its Memorandum or Articles of Association.

### **7 Directors and Senior Managers of the Company**

7.1 The Directors and Senior Managers of Bluebird and their respective functions are as follows:

<i>Director</i>	<i>Position</i>
Colin Patterson	Chief Executive Officer
Charles Barclay	Chief Operating Officer
Aidan Bishop	Executive Director
Jonathan Morley-Kirk	Non-executive Chairman
Clive Sinclair-Poulton	Non-executive Director
<i>Senior Manager</i>	
Stuart Kemp	Chief Financial Officer
Joseph Lee	President of the Gubong and Kochang Joint Venture Companies
Graeme Fulton	General Manager of the Gubong and Kochang Projects

7.2 The brief biographical details of the Directors and Senior Managers are set out in Part II of this Document.

7.3 The following table sets out the names of all companies and partnerships outside the Group of which any Director or Senior Manager is or has been a member of the administrative, management or supervisory body or partner at any time in the previous five years excluding subsidiaries of any company of which the Director or Senior Manager in question is also a member of an administrative, management or supervisory body:

<i>Name</i>	<i>Current Appointment</i>	<i>Former Appointment</i>
	<i>Company or Partnership</i>	<i>Company or Partnership</i>
<i>Colin David Patterson</i>	Momentum Resources Ltd Gubong Project JV Co Pte Ltd Kochang Project JV Co Pte Ltd IVAPPS Ltd Intelligent Valve Applications PTE Ltd Pipe Transformations Ltd	
<i>Charles Barclay</i>	Starsail Capital Ltd Gubong Project JV Co Pte Ltd Kochang Project JV Co Pte Ltd	Olympus Pacific Minerals Inc (currently Besra Gold Inc) Phuoc Son Gold Company Bong Mieu Gold Mining Company Kadabra Mining Corporation Red Mountain Mining Singapore Ltd
<i>Aidan Bishop</i>	BigDish Limited BigDish Inc. P.T. BigDish Ventures Indonesia Electric Metals Ltd BigDish Plc	Asia Oil Ltd Bikol Mineral Resources Inc Climate Capital Group Ltd Climate Capital Holdings Ltd Climate Capital Ltd Climate Capital Markets Ltd First Pacific Investment Group Ltd First Pacific Ltd Global PhilCoffee Inc Green Coal Technologies Ltd Islands Cocoa & Chocolate Ltd (renamed Firetree Chocolate Ltd) Philcocoa Inc PhilCocoa Ltd Philippine Metals Ltd PhilMin Resources Ltd Rainforest Capital Ltd White Tiger Mineral Resources Inc.

<i>Jonathan Morley-Kirk</i>	<p>East Siberian Plc  Northglen Capital SPC  Global Biotechnology Transfer  Foundation LTD  BigDish Plc  National Aquaculture Centre  Limited  Himera Ltd  Fox-Davies Capital (Dubai) Ltd  Fox-Davies Capital (UK) Ltd  Cross Border Capital Inc  Alchemac Ltd</p>	<p>Longreach Oil&amp;Gas Ltd  Longreach Oil&amp;Gas (UK) Ltd  Longreach Oil&amp;Gas Canada  Ltd  Iberian Minerals Inc  Jersey Oil&amp;Gas (E&amp;P)  Limited  Snap Ring Joint Limited  SRJ Technologies Ltd  Acorn Capital Holdings  Limited  Cehegin Iron Ore Holdings  SL  NT ADA Ltd  Nyota Minerals (UK) Ltd  Nyota Minerals Pty Ltd  Sarossa PLC  NT Ada LTD  Fox-Davies Capital Jersey  LTD  Ocana Enterprises Ltd  Tarragona Assets Ltd</p>
<i>Joseph Lee</i>	<p>Geochang Project Co Ltd  Gubong Project Co Ltd</p>	<p>Arco International Pty Ltd  Capstone Partners Pty Ltd  Enrichir Pty Ltd  Mongolian Juncao Industry  Holdings Ltd  Saint Martin Resources Pty  Ltd  San Martin Resources Pty  Ltd  Southern Gold Korea Limited</p>
<i>Clive Sinclair-Poulton</i>	<p>Waratah Resources Ltd  Josiah Tralgan and Sons Ltd  Merchant Adventurers  Company Ltd  Odyssey Advisers Ltd  Taiga Tungsten Ltd</p>	<p>Anglo Tanzania Gold Ltd  Beowulf Mining plc  Bezant Resources plc  Borak Consultancy Ltd  Emerging Markets  Development Ltd  Institute for Orthodox  Christian Studies Ltd  Noble Metals Ltd  Resource Catalyst Ltd  Sleipner Investments Ltd  South Islands Development  Ltd  Accedium Holdings (Ireland)  Ltd  Accedium (Ireland) Ltd  AFI Morgan Ltd  Griffith Resources Ltd  Hatfield Resources Ltd  Hawkeswood Resources Ltd  Lodestar Resources Ltd</p>
<i>Stuart Kemp</i>	<p>Intelligent Valve Applications  PTE Ltd  Star Incubator Sdn Bhd  IVAPPS Inc</p>	<p>BizAdvize Services Sdn Bhd  SH1 Solutions Ltd  Asia Inc Forum Sdn Bhd</p>

- 7.4 (a) Charles Alexander Fordyce Barclay was a director and the chief operating officer of Olympus Pacific Minerals Inc. (currently Besra Gold Inc) for the period from December 2005 until September 2011. In October 2015, the board of directors of Besra Gold Inc determined to commence restructuring proceedings under the Canadian law and on 19 October 2015 Besra

Gold Inc filed a Notice of Intention to make a proposal under the Bankruptcy and Insolvency Act (Canada). On 7 April 2016 the unsecured creditors of Besra Gold Inc approved Besra Gold Inc's reconstruction proposals for the company, which was subsequently approved on 23 May 2016 by the Ontario Superior Court of Justice. These proposals were conditional upon an exit financing which completed on 17 November 2017. The final total net dividend of CAD 68,660,707.66 was paid to the CAD 68,986,484.54 of proven creditors. The trustee of Besra Gold Inc, MNP Ltd, certified that the reconstruction proposal was fully performed as of 12 May 2017 and at that point Besra Gold Inc emerged from Bankruptcy and Insolvency Act proceedings.

(b) Jonathan Morley-Kirk was censured and fined £500 (the minimum possible fine) by the Institute of Chartered Accountants of England and Wales ("ICAEW") on 13 September 2016 for not having a practice certificate whilst a director of NT ADA Ltd ("NT ADA") for the period 12 February 2015 to 21 October 2015, a company registered in the Netherland Antilles. Mr Morley-Kirk was appointed as a non-executive director of NT ADA. Whilst under investigation from the ICAEW, Mr Morley-Kirk applied for, and obtained, a practice certificate.

There was one other director who was not a member of ICAEW. He was thus not fined or censured in any way by ICAEW. The Jersey Financial Services Commission took no action against Mr Morley-Kirk or the other director as it was only a breach of ICAEW rules according to ICAEW.

NT ADA had no new clients since 2013 and no physical offices or online presence. It also had no anticipation for further income and was in the process of being closed down. It was not in practice according to Mr Morley-Kirk. The ICAEW stated that Mr Morley-Kirk could appeal the decision which he declined due to the cost of an appeal. Mr Morley-Kirk resigned from membership ICAEW after the fine was paid. The ICAEW, on 7 July 2017, invited Mr Morley-Kirk to rejoin. He declined to do so.

7.5 Save as disclosed in paragraphs 7.4 above none of the Directors or Senior Managers:

- (a) is or has been a member of the administrative, management or supervisory body of any company or partner of any partnership outside the Group at any time in the previous five years; or
- (b) has any convictions in relation to fraudulent offences at any time in the previous five years; or
- (c) has been bankrupt, been the subject of or entered into an individual voluntary arrangement at any time in the previous five years; or
- (d) has at any time in the previous five years been a member of any administrative, management or supervisory body of any company that has been subject to any receivership, compulsory liquidation, creditors voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with that company's creditors generally or with any class of its creditors; or
- (e) has at any time in the previous five years been a partner in a partnership at the time of any compulsory liquidation, administration or partnership voluntary arrangement of such partnership; or
- (f) has at any time in the previous five years had any of his or her assets the subject of any receivership or has been a partner of a partnership at the time of any assets thereof being the subject of the receivership; or
- (g) has at any time in the previous five years been subject to any official public criticism, incrimination and/or sanction by any statutory or regulatory authority (including any designated professional body) nor has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of any company or from acting in the management or conducting the affairs of any company.

7.6 The following potential conflicts of interest arise for the following Directors and Senior Managers:

- (a) Colin Patterson is a director of Momentum which is a private investment company that considers investments in the natural resources industry. Mr Patterson, Mr Barclay, Mr Fulton and Mr Kemp also hold minority shareholdings in Momentum. Momentum has also subscribed for some of the Series A Loan Notes. The Series A Loan Notes will be converted into new Ordinary Shares at Admission removing this potential conflict;
- (b) Colin Patterson, Aidan Bishop and Charles Barclay each subscribed, in a personal capacity, for a number of Series A Loan Notes. The Series A Loan Notes will be converted into Ordinary Shares at Admission removing this potential conflict; and
- (c) ATO, has provided debt funding to the Company through the Funding Facility and the ATO Bridge Loan. ATO is a trust fund of which Colin Patterson is a beneficiary. The monies drawn down under the Funding Facility and the ATO Bridge Loan are to be converted into new Ordinary Shares at Admission removing these potential conflicts.

7.7 Save as disclosed in paragraph 7.6 above (in relation to the Directors' roles with other companies), the Directors do not currently have any potential conflicts of interest between their duties to the Company and their private interests or other duties that they may also have.

## 8 Directors' and Senior Managers' Interests

8.1 Save as disclosed in paragraphs 8.1 and 8.2 below, none of the Directors or the Senior Managers nor any member of their immediate families has or will have on Admission any interests (direct or indirect) in the Ordinary Shares of the Company.

<i>Name of Director / Senior Manager</i>	<i>At the date of this Document</i>		<i>Immediately following the Admission</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of Existing Ordinary Shares</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of Enlarged Share Capital</i>
Colin Patterson	15,348,876 (1)	6.2 per cent.	70,502,457 (2)	19.1 per cent.
Charles Barclay	3,670,236 (3)	1.5 per cent.	15,458,445 (4)	4.2 per cent.
Aidan Bishop (5)	55,800,205	22.6 per cent	63,380,043	17.18 per cent.
Jonathan Morley-Kirk	Nil	Nil	2,841,752	0.8 per cent.
Joseph Lee	Nil	Nil per cent	1,061,170	0.3 per cent.
Clive Sinclair-Poulton	Nil	Nil per cent.	1,674,192	0.5 per cent.
Stuart Kemp	986,000 (3)	0.4 per cent.	9,742,882 (4)	2.6 per cent.
Graeme Fulton	986,000 (3)	0.4 per cent	7,929,686 (4)	2.1 per cent.

- (1) Includes 986,000 Ordinary Shares held by Momentum and 8,869,124 Ordinary Shares held by ATO
- (2) Includes 4,205,654 Ordinary Shares held by Momentum and Ordinary Shares held by 44,177,167 ATO
- (3) Includes 986,000 Ordinary Shares held by Momentum
- (4) Includes 4,205,654 Ordinary Shares held by Momentum
- (5) Includes Monza Capital Ventures Limited which is ultimately owned and controlled by Oyster Trust SARL as trustees of Marco Polo Trust of which Aidan Bishop is a discretionary beneficiary and other parties connected with Aidan Bishop are beneficiaries.

8.2 The interests in Warrants of the Directors, Senior Managers and members of their immediate families as at the date of this Document and on Admission are set out in the table below:

<b>Name of Director / Senior Manager</b>	<b>Class of Warrant</b>	<b>Date of Grant</b>	<b>Number of Warrants as at the date of this Document</b>	<b>Number of Warrants as at Admission</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
Colin Patterson	Vistra Warrants	19 April 2016	5,757,924	5,757,924	5.75p	N/A
Colin Patterson (1)	Funding Facility Warrants	Date of Admission	Nil	9,951,920	4.0p	1 year from the date of grant (4)
Colin Patterson	A Warrants	Date of Admission	Nil	1,000,000	2p	12 months from the date of grant
Aidan Bishop (2)	A Warrants	Date of Admission	Nil	198,251	2p	12 months from the date of grant
Charles Barclay	A Warrants	Date of Admission	Nil	500,000	2p	12 months from the date of grant
Momentum (3)	A Warrants	Date of Admission	Nil	801,749	2p	12 months from the date of grant
Colin Patterson	B Warrants	Date of Admission	Nil	500,000	2p	12 months from the date of grant
Aidan Bishop (2)	B Warrants	Date of Admission	Nil	99,126	2p	12 months from the date of grant
Charles Barclay	B Warrants	Date of Admission	Nil	250,000	2p	12 months from the date of grant
Momentum (3)	B Warrants	Date of Admission	Nil	400,874	2p	12 months from the date of grant
Colin Patterson	C Warrants	Date of Admission	Nil	250,000	3.5p	18 months from Grant
Aidan Bishop (2)	C Warrants	Date of Admission	Nil	99,126	3.5p	18 months from the date of grant
Charles Barclay	C Warrants	Date of Admission	Nil	250,000	3.5p	18 months from the date of grant
Momentum (3)	C Warrants	Date of Admission	Nil	400,874	3.5p	18 months from the date of grant
Colin Patterson	D Warrants	Date of Admission	Nil	375,000	3p	18 months from the date of grant
Aidan Bishop (2)	D Warrants	Date of Admission	Nil	99,126	3p	18 months from the date of grant

Charles Barclay	D Warrants	Date of Admission	Nil	400,874	3p	18 months from the date of grant
Momentum (3)	D Warrants	Date of Admission	Nil	250,000	3p	18 months from the date of grant

(1) Includes interests of Colin Patterson held through ATO;

(2) Includes Monza Capital Ventures Limited is ultimately owned and controlled by Oyster Trust SARL as trustees of Marco Polo Trust of which Aidan Bishop is a discretionary beneficiary and other parties connected with Aidan Bishop;

(3) Messrs Barclay, Patterson, Kemp and Fulton have a minority shareholding in Momentum Resources Limited and Colin Patterson is a director of Momentum Resources Limited.

8.3 Save as disclosed in paragraphs 8.1 and 8.2, of this Part VII on Admission, no Director will have any interest, whether beneficial or non-beneficial, in the share capital of the Company.

8.4 Further information in relation to the Warrants at paragraph 8.2 of this Part VII above are set out in paragraphs 12.6 and 12.7 of this Part VIII.

8.5 Save as disclosed in this Document, there are no outstanding loans granted by any member of the Group to the Directors or any guarantees provided by any member of the Group for the benefit of the Directors.

8.6 Save as disclosed in this Document, no Director has or has had any interest in any transaction which is or was unusual in its nature or conditions or which is or was significant to the business of the Group and which was effected by the Group during the current or immediately preceding financial year, or which was effected during an earlier financial year and remains in any respect outstanding or unperformed.

## 9 Remuneration and Benefits

9.1 On 1 June 2017, the Board approved a salary sacrifice scheme for its directors and employees, pursuant to which directors and employees may sacrifice their directors' fees or salaries in return for Ordinary Shares (the "Salary Sacrifice Scheme"). The Salary Sacrifice Scheme came into effect on 1 July 2017.

9.2 The number of Ordinary Shares allotted to participants under the Salary Sacrifice Scheme is determined by reference to the VWAP during each quarter period for which the participants' fees or salaries are due.

9.3 The amount of remuneration paid or due and salary sacrifice to be paid to each Director and Senior Manager of the Group for services in all capacities to the Group in respect of the interim period from 01 July to 2018 to 30 April 2019 were as follows:

<i>Name of Director/Senior Manager</i>	<i>Salary paid or due (USD)</i>	<i>Salary sacrifice (USD)</i>	<i>Total (USD)</i>
Colin Patterson	-	88,397	88,397
Charles Barclay	83,696	13,183	96,879
Aidan Bishop	61,454	13,504	75,158
Jonathan Morley-Kirk	-	29,794	29,794



Clive Sinclair-Poulton	4,325	17,127	21,452
Joseph Lee	96,000	29,649	125,649
Graeme Fulton	73,857	15,815	89,672
Stuart Kemp	90,545	25,069	115,614

- 9.4 Some of the remuneration for the period prior to the date of this Document has not yet been satisfied. The Company has decided to settle all unpaid remuneration as at 30 April 2019 due to directors and senior managers on Admission. Therefore, on Admission the Company will issue the following Ordinary Shares.

<i>Name of Director/Senior Manager</i>	<i>No. Shares to be issued on Admission for accrued remuneration</i>	<i>Remuneration for period prior to Admission to be paid in cash at Admission or shortly thereafter</i>
Colin Patterson	6,117,956	Nil
Charles Barclay	Nil	Nil
Aidan Bishop	5,543,003	Nil
Jonathan Morley-Kirk	2,841,752	Nil
Clive Sinclair-Poulton	1,674,192	Nil
Joseph Lee	1,061,170	Nil
Graeme Fulton	2,619,639	Nil
Stuart Kemp	2,630,522	Nil

## 10 Directors' and Senior Managers' Letters of Appointment, Service Agreements and Consultancy Agreements

- 10.1 Details of the Directors' and Senior Managers' service contracts or appointment letters, all of which are between each individual Director or Senior Manager and the Company are set out below:

### *Non-Executive Chairman*

- (a) Pursuant to a letter of appointment dated 22 September 2015, the Company appointed Jonathan Morley-Kirk to the office of the Non-Executive Chairman with effect from that date. The appointment shall continue for the period of one year unless terminated by either party giving to the other not less than three months' notice in writing. Mr Morley-Kirk's remuneration is GBP 27,500 per annum and there are no pension, retirement or similar benefits.

### *Executive Directors*

- (b) On 31 March 2017, the Company entered into a service agreement with Charles Barclay in substitution for his previous employment agreement dated 3 August 2015 pursuant to which Mr Barclay acts as Chief Operating Officer of the Company. The contract had an initial term of 30 months with the contract then rolling for 6 month periods thereafter. The contract can be terminated by the Company, either (i) giving six months' notice within the first 24 months of his contract; (ii) by giving one months' notice in the event of his incapacity, ill-health or repeated underperformance; or (iii) immediate summary notice in certain circumstances, including, serious misconduct, disqualification as a director or being convicted of a criminal offence relating to his honesty or integrity. Charles Barclay may terminate his appointment by providing 3 months' notice in writing. Charles Barclay is paid on the basis of a variable day rate depending on how much time the Company requires him to work. In the 10 months to 30 April 2019 his average monthly salary was USD 9,688. This day rate increases by 10 per cent. if a Project enters the Construction Phase and a further 10 per cent. if a Project enters the production phase. Mr Barclay is also eligible to participate in the Salary Sacrifice Scheme and in any other employee incentive scheme established for employees and directors.
- (c) On 1 August 2018 Mr Bishop's contract was amended so that he was paid a per diem rate which decreases as he works more hours. On average since the amendment was made the average rate has been USD 6,962 per month. Mr Bishop's contract can be terminated by the Company, either (i) giving 6 months' notice after the first 24 months; (ii) by giving 1 months' notice in the event of his incapacity, ill-health or repeated underperformance; or (iii) immediate summary notice in certain circumstances, including, serious misconduct, disqualification as a director or being convicted of a criminal offence relating to his honesty or integrity.
- (d) On 31 March 2017, the Company entered into a service agreement with Colin Patterson in substitution for his previous employment agreement under which Mr Patterson agree to act as Chief Executive Officer of the Company. The contract had an initial term of 30 months with the contract then rolling for 6 month periods thereafter. His contract can be terminated by the Company, either (i) giving six months' notice within the first 24 months of his contract; (ii) by giving one months' notice in the event of his incapacity, ill-health or repeated underperformance; or (iii) immediate summary notice in certain circumstances, including, serious misconduct, disqualification as a director or being convicted of a criminal offence relating to his honesty or integrity. Mr Patterson is paid on the basis of a variable day rate depending on how much time the Company requires him to work. In the 10 months to 30 April 2019 his average monthly salary was USD 8,840. This day rate increases by 10 per cent. if a Project enters the Construction Phase and a further 10 per cent. if a Project enters the production phase.

### *Other Non-Executive Director*

- (e) Pursuant to a letter of appointment dated 23rd September 2015, the Company appointed Clive Sinclair-Poulton to the office of the Non-Executive Director with effect from that date. The appointment of Clive Sinclair-Poulton shall continue for the period of one year unless terminated by either party giving to the other not less than three months' notice in writing. Clive Sinclair-Poulton is entitled to a fixed rate of compensation for the work at GBP 19,800 per annum. The appointment of Mr Sinclair-Poulton does not provide for any amounts set aside or accrued by the Company to provide pension, retirement or similar benefits.

### *Senior Managers*

- (f) On 31 March 2017, the Company entered into an executive engagement agreement with Stuart Kemp in respect of his appointment as Chief Financial Officer of the Company. The contract had an initial term of 30 months with the contract then rolling for 6 month periods thereafter. The contract can be terminated by the Company,

either (i) giving six months' notice within the first 24 months of his contract (ii) by giving one months' notice in the event of his incapacity, ill-health or repeated underperformance; (iii) immediate summary notice in certain circumstances, including, serious misconduct, disqualification as a director or being convicted of a criminal offence relating to his honesty or integrity. Stuart Kemp may terminate his appointment by providing 3 months' notice in writing. Mr Kemp is paid on the basis of a variable day rate depending on how much time the Company requires him to work. In the 10 months to 30 April 2019 his average monthly salary was USD 11,516. This day rate increases by 10 per cent. if a Project enters the Construction Phase and a further 10 per cent. if a Project enters the production phase.

- (g) On 1 September 2018, the Company entered into an executive engagement agreement with Joseph Lee to act as Chief Executive Korea from 1 September 2018. His contract can be terminated by the Company, either (i) giving 6 months' notice; (ii) by giving 1 months' notice in the event of his incapacity, ill-health or repeated underperformance; or (iii) immediate summary notice in certain circumstances, including, serious misconduct, disqualification as a director or being convicted of a criminal offence relating to his honesty or integrity. Joseph Lee is paid on the basis of a variable day rate depending on how much time the Company requires him to work. In the 87 months to 30 April 2019 his average monthly salary was USD 15,706.
- (h) On 1 May 2017, the Company entered into an executive engagement agreement with Graeme Fulton to act as Project Manager. From 1 May 2017, his contract shall roll continuously with six months employment always ahead of the executive, save that the first 30 months of his employment are guaranteed by the Company. His contract can be terminated by the Company, either (i) giving six months' notice within the first 24 months of his contract; (ii) by giving one months' notice in the event of his incapacity, ill-health or repeated underperformance; or (iii) immediate summary notice in certain circumstances, including, serious misconduct, disqualification as a director or being convicted of a criminal offence relating to his honesty or integrity. Graeme Fulton may terminate his appointment by giving 3 months' notice. Graeme Fulton is paid on the basis of a variable day rate depending on how much time the Company requires him to work. In the 10 months to 30 April 2019 his average monthly salary was USD 8,967. This day rate increases by 10 per cent. if a Project enters the Construction Phase and a further 10 per cent. if a Project enters the production phase.

## 11 Major Shareholders

- 11.1 Save for the interests of the Directors, Senior Managers and members of their immediate families, at the date of this Document and immediately following Admission, so far as the Directors are aware, no person is directly or indirectly interested in more than three per cent. of the issued Ordinary Shares other than as set out below:

Shareholders	At the date of this Document		Immediately following Admission	
	Number of Ordinary Shares	Percentage of Existing Ordinary Shares	Number of Ordinary Shares	Percentage of Enlarged Share Capital
Monza Capital Ventures Ltd <sup>(1)</sup>	55,800,205	22.6%	63,380,043	17.18%
LDOA Holdings Ltd <sup>(2)</sup>	29,455,642	11.9%	29,773,304	8.1%
Harwood Capital LLP <sup>(3)</sup>	18,500,000	7.5%	18,500,000	5.0%
Kensington Trust Singapore Limited at IS&P (First Names Singapore) Retirement Fund – FN3 <sup>(5)</sup>	16,999,286	6.9%	66,296,803	18.0%
Momentum Resources Ltd <sup>(4)</sup>	8,000,000	3.2%	34,109,417	9.3%

- (1) Monza Capital Ventures Limited is ultimately owned and controlled by Oyster Trust SARL as trustees of Marco Polo Trust of which Aidan Bishop is a discretionary beneficiary.
- (2) LDOA Holdings Ltd is ultimately owned and controlled by Oyster Trust SARL as trustee of the Queensbury Trust of which Mitchell Tarr is one of the discretionary beneficiaries together with Kim Tarr, Mia McCarthy and Bobby Thorpe.
- (3) Harwood Capital LLP is a limited liability partnership in England and Wales with company registration number OC304213. The designated members of Harwood Capital LLP are Harwood Capital Management Limited and J. J. Brade.
- (4) Messrs Patterson, Barclay, Fulton and Kemp have minority interests in Momentum Resources Ltd.
- (5) Kensington Trust Singapore Limited at IS&P (First Names Singapore) Retirement Fund – FN3 is associated with Colin Patterson

11.2 Immediately following Admission, as a result of the issue of the New Ordinary Shares, the Directors anticipate that persons other than the Directors may have an interest, directly or indirectly, in at least three per cent. of the voting rights attached to the Company's issued Ordinary Shares. Such persons may be required to notify such interests to the Company in accordance with the provisions of Chapter 5 of the Disclosure Guidance and Transparency Rules (DTR5), and details of such interests will be notified by the Company to the public, insofar as the Company is aware of such interests.

11.3 At the date of this Document, save for the significant shareholdings of the Directors (and parties connected to them) the Company was not aware of any person or persons who, directly or indirectly, jointly or severally, exercise or could exercise control over the Company nor is it aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company.

11.4 Those interested, directly or indirectly, in three per cent. or more of the issued Ordinary Shares of the Company do not now, and, following Admission, will not, have different voting rights from other holders of Ordinary Shares.

## 12 Material Contracts

The following are all of the contracts (not being contracts entered into in the ordinary course of business) that have been entered into by the Company since the Company's incorporation which: (i) are, or may be, material to the Company; or (ii) contain obligations or entitlements which are, or may be, material to the Company as at the date of this Document.

### 12.1 SP Angel Engagement Letter

Pursuant to an engagement letter dated 13 March 2017, the Company has appointed SP Angel to act for the Company as *inter alia*, the financial adviser in respect of the Prospectus. The Company has agreed to pay to SP Angel a corporate finance fee of £70,000 on Admission.

### 12.2 SP Angel Broker Agreement

Pursuant to an engagement letter dated 20 March 2017, the Company has appointed SP Angel to act for the Company as its broker on a continuing basis. The Company has agreed to pay to SP Angel a fee of £25,000 annum payable quarterly in advance. The appointment of SP Angel is terminable by either party providing at least three months' notice in writing to the other.

### 12.3 Momentum Memorandum of Understanding

On 24 March 2017, the Company entered into a memorandum of understanding with Momentum pursuant to which the Company secured the opportunity to undertake the farm-in to the joint venture in relation to the South Korean Projects from Momentum.

The Momentum team have joined the Company and to incentivise their performance they shall be entitled to receive up to 80,000,000 Ordinary Shares, subject to the achievement of the following milestones:

	<b>Milestone</b>	<b>No. Ordinary Shares</b>
(i)	Execution of the Gubong Farm-in Agreement	8,000,000*
(ii)	Execution of the Kochang Farm-in Agreement	8,000,000**
(iii)	Completion of the Gubong SG Share Subscription	8,000,000**
(iv)	Completion of the Kochang SG Share Subscription	8,000,000**
(v)	Funding of the Construction Phase for any of the South Korean Projects	24,000,000 (being 50 per cent. of the remaining Ordinary Shares to be issued under the Momentum MOU)
(vi)	Pouring the first gold from one of the South Korean Projects	24,000,000 (being 50 per cent. of the remaining Ordinary Shares to be issued under the Momentum MOU)

\* These Ordinary Shares were issued to Momentum on 23 May 2017

\*\* These Ordinary Shares will be issued to Momentum on Admission

Momentum is entitled to a bonus issue of Ordinary Shares, subject to the following key share price milestones being achieved:

- (a) a total of USD 1,000,000 of Ordinary Shares at market price upon the Ordinary Shares achieving a 90 days VWAP of £0.06 (6p) per Ordinary Share; and
- (b) a total of USD 1,000,000 of Ordinary Shares at market price upon the Ordinary Shares achieving a 90 days VWAP of £0.10 (10p) per Ordinary.

On Admission, the Company will issue 8,000,000 Ordinary Shares to Momentum following completion of milestone (i).

Momentum is a related party of Colin Patterson, further details of which are contained in paragraph 7.6 of this Part VIII.

## 12.4 Gubong and Taechang Farm-in Agreements

### (a) Conditional Farm-in Agreement

On 25 March 2017, the Company entered into a conditional agreement with Southern Gold Korea and Southern Gold, pursuant to which the Company was granted a right to farm-in to the First Gold Projects. The Company decided initially to pursue the farm-in to the Gubong Project.

The Company can earn a 50 per cent. interest in each (or either) the First Gold Projects by:

- spending USD 500,000 on investigating the feasibility of re-opening the historic mines for a project, or a total of USD 1,000,000 on the First Gold Projects;
- producing a report summarising the results of the preliminary assessment of options to re-open the mines at the First Gold Projects and providing a preferred option;

- deliver an in-house report on the technical, commercial and economic feasibility of reopening the First Gold Projects using the preferred option from the preliminary assessment and targeting a low capital start-up of less than USD 10,000,000; and
- subscribing for AUD 250,000 of Southern Gold Shares at AUD 0.386 per share for each of the First Gold Projects.

This agreement was superseded by the agreement summarised in paragraph 12.4(c) below.

(b) **Gubong SG Share Subscription**

On 28 June 2017 it was agreed between the Company and Southern Gold that ATO (a trust of which Colin Patterson is a beneficiary) would subscribe for the Gubong SG Shares in respect of the Gubong Project in substitution for the Company. On 30 June 2017, ATO subscribed for 647,668 Southern Gold Shares priced at AUD 0.386 per share for total proceeds of AUD 250,000.

(c) **Gubong Farm-In and Incorporated Joint Venture Agreements**

On 28 March 2018, following the Company's meeting the expenditure and share subscription requirements of the farm in to the Gubong Project, the Company and Southern Gold agreed to enter into a new Farm-In and Incorporated Joint Venture Agreement (Gubong JV Agreement), pursuant to which:

- the Gubong and Taechang Farm-in Agreements summarised in paragraph 12.8 (a) were replaced;
- it confirmed that the Company had completed the USD 500,000 initial farm in expenditure requirement in respect of the Gubong Project;
- the framework for management of a joint venture incorporated in Singapore was established; and
- the parties agreed to form an incorporated joint venture when the Company submitted a report on feasibility of the Gubong Project to Southern Gold.

Following delivery of the Gubong Feasibility Report to Southern Gold in late July 2018 the Company completed its farm-in obligations and earned a 50 per cent. interest in the Gubong Project. The Company now holds 50 per cent. of the issued shares in a Singapore company, Gubong JV Co. Under the Gubong JV Agreement Southern Gold is obliged to procure that the Mining Rights for the Gubong Project are transferred to Gubong Project Co, a South Korean company wholly owned by Gubong JV Co. This was completed in January 2019.

## 12.5 Southern Gold Put Option

In consideration for ATO agreeing to undertake the Gubong SG Share Subscription on behalf of the Company, on 22 June 2017 the Company agreed with the ATO Trustee that ATO shall have the option to put on the Company the Gubong SG Shares in exchange for which the Company would be obliged to issue to ATO (or its nominee) new Ordinary Shares to the value of A\$250,000. The Put Option will expire if the price of Southern Gold Shares remains above A\$0.386 for 10 consecutive days. ATO has notified the Company that it wishes to exercise the Put Option. Accordingly, the Gubong SG Shares will be acquired by the Company on Admission in exchange for 6,553,222 new Ordinary Shares (the Gubong Exchange Shares) which will be issued on Admission.

## 12.6 **Series A Loan Notes**

On 27 April 2017, the Board approved the creation of a USD 500,000 Fixed Rate Unsecured Loan Notes Series A 2017 (the **Series A Loan Notes**) which are governed by the terms of a loan note instrument dated April 2017 (the **Series A Loan Notes Instrument**).

USD 492,000 of the Series A Loan Notes were subscribed for by Directors, management and others.

The key terms of the Series A Loan Notes at the time of issue were as follows:

- (a) the Series A Loan Notes are issued in units of USD 50,000 (a **Unit**);
- (b) the Company may drawdown the Series A Loan Notes in such amounts and at such times as it may prescribe to the Loan Note Holder;
- (c) each Unit carries a coupon of 8 per cent. per annum calculated from first drawdown and the interest is to be satisfied in Ordinary Shares at an issue price based on 5 days VWAP;
- (d) the Series A Loan Notes are not transferrable;
- (e) if the Company undertakes a placing during the term of the Series A Loan Notes, the Loan Note Holder may at its option choose to convert their Series A Loan Notes at the price of the placing, including any amounts which have not been drawn down; and
- (f) each Unit shall entitle each Loan Note Holder to warrants over 500,000 Ordinary Shares at an exercise price of 2p each to be granted upon the maturity of the note with an exercise period of 12 months from the date of grant (the **A Warrants**).

The Series A Loan Notes carried a term of 6 months from the date of first drawdown. This term has been extended as detailed below.

The Company entered roll over agreements with each Loan Note Holder further to which the time for payment was extended for 6 months and such additional periods agreed between the Loan Note Holder and the Company. In consideration for these extensions, the Company agreed to grant in aggregate the following number of warrants, on the following terms:

- (a) B Warrants over 2,450,000 Ordinary Shares, exercisable at 2.5p each, expiring 12 months from the date of issue;
- (b) C Warrants over 2,325,000 Ordinary Shares, exercisable at 3.5p each, expiring 18 months from the date of Admission; and
- (c) D Warrants over 2,200,000 Ordinary Shares, exercisable at 3p each, expiring 12 months from the date of issue.

In accordance with the terms of the Series A Loan Notes, a number of Loan Note Holders have elected to convert their Series A Loan Notes and any coupon due thereon into 15,162,217 Ordinary Shares on Admission.

## 12.7 **Series A Loan Notes Warrant Instruments**

On Admission, the Company will enter into warrant instruments to create the A Warrants, the B Warrants, the C Warrants and the D Warrants. All of the warrants issued under these instruments will have the same terms as set out in paragraph 12.6 above.

## 12.8 **Funding Facility**

Pursuant to a letter dated 30 November 2017, ATO (a trust of which Colin Patterson is a beneficiary) had committed to fund the Gubong Project through to joint venture stage by providing a facility to the Company of up to US\$700,000. Under the terms of this facility, the Company was permitted to drawdown funds in tranches of US\$50,000. In consideration for ATO

making the Funding Facility available to the Company, the Company agreed to issue the Funding Facility Shares and the Funding Facility Warrants to ATO on Admission.

A total of USD 350,000 was drawn down by the Company under the Funding Facility. The Funding Facility has now expired.

Upon the original terms of the Funding Facility, monies drawn down were to convert into new Ordinary Shares when the Funding Facility expired. However the Company and ATO agreed that 9,951,920 Ordinary Shares (the "Funding Facility Shares") will be issued on Admission at a price of £0.025 (2.5p) per share.

In addition to the Funding Facility Shares, the holder of the debt advanced under the Funding Facility is entitled to receive one warrant to subscribe for one Ordinary Share for every Funding Facility Share issued to it (the "Funding Facility Warrants"). The Company and ATO have agreed that the Funding Facility Warrants (over 9,951,920 Ordinary Shares) will be granted on Admission with an exercise price of £0.04 (4.0p) being a premium of £0.015 (1.5p) to the price at which the monies drawn down under the Funding Facility convert into Ordinary Shares.

The Funding Facility Warrants will expire on the first anniversary of their issue if not exercised unless the Company carries out a new issue of Ordinary Shares with an aggregate value at the issue price of at least £100,000 where the issue price is more than £0.01 (1p) greater than the price at which the Funding Facility Warrants may be exercised then such warrants must be exercised or they will expire.

#### 12.9 **Kochang Project Farm-in and Joint Venture Term Sheet**

On 12 February 2018, the Company reached agreement with Southern Gold on the terms of a farm-in to the Kochang Project. The term sheet set out the basis on which the Company may earn a 50 per cent. interest in the Kochang Project. Following the entry into this agreement the Company commenced farming-in to the Kochang Project. This term sheet was superseded by the Share Subscription, Farm-in and Incorporated Joint Venture Agreement summarised in paragraph 12.10 below.

#### 12.10 **Kochang Share Subscription, Farm-in and Incorporated Joint Venture Agreement**

On 12 June 2018, the Company entered into a Share Subscription, Farm-in and Incorporated Joint Venture Agreement in respect of the Kochang Project. This agreement formalised the commercial agreement set out in the term sheet summarised in paragraph 12.9 above. Under the terms of the Kochang Share Subscription, Farm-In and Incorporated Joint Venture Agreement the Company agreed to:

- invest USD 0.5 million (less Gubong Expenses) in compiling a preliminary assessment of the options to develop the Kochang Project and produce an in house high level report on feasibility of re-opening the Kochang mine targeting a capital expenditure of no more than USD 10 million (the **Kochang Feasibility Report**); and
- subscribe for 647,668 Southern Gold Shares to the value of AUD 250,000 on or before 60 days after 12 June 2018 (the **Kochang SG Share Subscription**).

After satisfactory completion of the Kochang Farm-In Investment, the Kochang Feasibility Report and the Kochang SG Share Subscription, the Company will have earned a 50 per cent. equity stake in the Kochang Project and Southern Gold will procure (if it has not already done so) that a private limited company registered in Singapore is established which will be 50 per cent. owned by the Company (or its subsidiaries and 50 per cent. owned by Southern Gold (or its subsidiaries). This joint venture company will wholly own a South Korean private company which will hold the Mining Rights related to the Kochang Project.

- 12.11 On 20 August 2018 an entity controlled by the Company completed the Kochang SG Share Subscription. The Group completed the necessary expenditure on the Kochang Project to farm-in to that Project in the Autumn 2018 and presented the Kochang Feasibility Report to Southern Gold in January 2019. The Company now holds 50 per cent. of the issued shares in a Singapore



company, Kochang JV Co. Under the Kochang JV Agreement Southern Gold was obliged to procure that the Mining Rights for the Kochang Project were transferred to Geochang Project Co Limited, a South Korean company wholly owned by Kochang JV Co. This was completed in February 2019.

#### **12.12 First Subscription Agreements**

Between 18 December 2017 and 19 February 2018 the Company entered into several agreements with investors under which the investors in aggregate subscribed for 6,460,000 new Ordinary Shares which were issued at a price of 2.5p per Ordinary Share.

#### **12.13 First Subscription Warrant Deeds**

A condition of the First Subscription was that the Company issue to the subscribers 6,460,000 warrants over new Ordinary Shares exercisable at £0.04 and expiring 18 months from the date of issue. These First Subscription Warrants were issued between 18 December 2017 and 19 February 2018.

#### **12.14 Second Subscription Agreements**

On 22 February 2018 the Company entered into agreements with two investors under which the investors in aggregate subscribed for 4,000,000 new Ordinary Shares which were issued at a price of 2.5p per Ordinary Share.

#### **12.15 Funding Facility Warrant Deed**

Pursuant to the conversion of the Funding Facility into Ordinary Shares the Company agreed to issue at Admission and conditional upon Admission 9,951,920 warrants over Ordinary Shares exercisable at 4p on or before 29 June 2021. The terms of these are set out in warrant deed between the Company and ATO dated as at the date of this Document.

#### **12.16 ATO Bridge Loan (Bridge Loan Conversion Shares)**

On 27 July 2018 the Company entered into a bridge loan note with ATO pursuant to which ATO agreed to advance up to USD 500,000 to the Company in the 100 Business Days from the date of the loan note. USD 400,000 was drawn down by the Company. Interest will be paid in Ordinary Shares at the lowest of the average daily VWAP for the 5 days preceding the date on which the interest payment is due. ATO has agreed to convert this loan at Admission.

The arrangement fee of USD 25,000 will be satisfied by the issue of Ordinary Shares on Admission. The Company is also obliged to pay an exercise fee of 8 per cent. of each tranche in Ordinary Shares based the average daily VWAP for the 5 days preceding the date of the agreement. ATO has agreed that all fees and coupon will be paid in Ordinary Shares.

On Admission the Company will issue the Bridge Loan Conversion Shares.

#### **12.17 November Subscription and March placing**

On 15 November 2018 the Company issued 11,761,840 Ordinary Shares at 2.5p.

On 18 March 2019 the Company issued 19,400,000 Ordinary Shares at 2.25p.

#### **12.18 Sale of White Tiger Mineral Resources Inc.**

On 28 August 2017 the Company entered into an agreement to sell WTMR to a group of several private individuals for a nominal sum of P5,500,000 (approximately USD 109,136). This was to be paid in a number of instalments. The initial tranche of P1,300,000 (approximately USD 25,796) was received in September 2017 and the balance is to be paid in tranches of P200,000 upon each shipment of copper concentrate by WTMR over the following 2 years.

## **12.19 Acquisition of Batangas Gold Project**

On 29 November 2016 the Company agreed with RMML that RMMS would sell to the Company its 75 per cent. interest in MRL in exchange for 1.25 million new Ordinary Shares in the Company and a perpetual 1 per cent. net smelter production royalty over the Batangas Gold Project. The formalities of this transaction were completed on 24 May 2017 and 1.25 million new Ordinary Shares were issued to RMML on 29 June 2017.

## **12.20 Christopher Search Warrants**

On Admission, the Company will issue Christopher Search warrants over 2,500,000 new Ordinary Shares with an exercise price of 5.75p per share and an expiry date of 12 months from the date of Admission.

## **13 Corporate governance**

13.1 The Company is not subject to a code of corporate governance in the BVI.

13.2 The Directors are aware of the UK Corporate Governance Code that is applicable to all companies admitted to the premium segment of the Official List. The Company is admitted to the Standard Segment of the Official List and is not required to comply with the provisions of the UK Corporate Governance Code.

13.3 The Directors have responsibility for the overall corporate governance of the Company and recognise the need for appropriate standards of behaviour and accountability. The Directors are committed to the principles underlying best practice in corporate governance and intend to comply with the principles of the UK Corporate Governance Code to the extent they consider appropriate for the Company given its size, early stage of operations and complexities.

## **14 BVI taxation**

The Company is not liable to pay any form of taxation in the BVI and all dividends, interests, rents, royalties, compensations and other amounts paid by the Company to persons who are not persons resident in the BVI are exempt from all forms of taxation in the BVI and any capital gains realised with respect to any shares, debt obligations, or other securities of the Company by persons who are not persons resident in the BVI are exempt from all forms of taxation in the BVI. No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not persons resident in the BVI with respect to any shares, debt obligation or other securities of the Company. Subject to the payment of BVI stamp duty on the acquisition of property in the BVI by the Company, all instruments relating to transfers of property to or by the Company and all instruments relating to transactions in respect of the shares, debt obligations or other securities of the Company and all instruments relating to other transactions relating to the business of the Company are exempt from payment of stamp duty in the BVI. There are currently no withholding taxes or exchange control regulations in the BVI applicable to the Company or its shareholders. If you are in any doubt as to your tax position, or are subject to tax in a jurisdiction other than the UK, you should consult your professional adviser.

## **15 Share option scheme**

The Company does not currently have a share option scheme in place but intends to put one in place after Admission.

## **16 Working capital**

The Company is of the opinion that the Group does not have sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of this document.

In the opinion of the Company, the Group has sufficient working capital to fund the Pre-Construction Phase, which is expected to be completed by 30 June 2019 and to fund its administrative expenses until 30 June 2019.

In order for the Group to be able to continue to meet its administrative costs after 30 June 2019 and to progress the South Korean Projects beyond the Pre-Construction Phase the Company will need to raise additional funding before 1 July 2019.

The Company estimates currently that it will require an additional USD 1.05 million to fund its share of the costs of the Construction Phase which includes the Group's working capital needs during the Construction Phase. The additional capital will provide sufficient working capital for a period of at least 12 months. The Construction Phase will not commence until the South Korean Permits are granted. The Construction Phase is expected to be completed over a minimum period of 12 months.

If the South Korean Permits are granted within the time frame expected, the Company is confident that the additional capital required to fund the Construction Phase, being USD 1.05 million, can be sourced from either an equity placing of new Ordinary Shares, or debt funding or a combination of equity and debt funding. It is likely the total amount required will be raised in a series of separate transactions.

In sourcing such additional capital, the Company intends to target both UK and South Korean investors. The Company is confident that the additional capital will be raised when required due to the relatively modest cost to complete the Construction Phase, as well as the Directors previous experience in funding mining development projects and the high level of interest being shown from investors in South Korea. If the Company is unsuccessful in raising additional capital at the time required it is likely to lead to the postponement or delay in progressing the South Korean Projects, including the commencement of production. If the Company is not successful in raising additional capital or does not raise the full amount required, it is possible a third party may fund the South Korean Projects resulting in a dilution of the Company's interest in these assets.

Should the South Korean Permits not be granted by 30 June 2019 then the Company will need to have funding in place to cover the Group's administrative costs and maintain the South Korean Projects on a "care and maintenance" basis whilst waiting for the South Korean Permits to be granted. The Company estimates that funds of USD 350,000 would be sufficient for the Group to operate on this basis for a period of 12 months from 30 June 2019. Directors and major shareholders have expressed a willingness to provide such funding in this scenario therefore the Company is confident that funds would be raised successfully if required by 30 June 2019. The Company is confident that such funding would be raised, if needed, due to the fact that the Directors and major shareholders have been the major participants in the Company's previous two placings announced on 15 November 2018 and 18 March 2019 the proceeds of which have been used in order to progress the South Korean Projects and Colin Patterson and other Directors have previously provided substantial loans to the Company to enable it to progress. If such capital was raised successfully, the Company would also need to raise additional capital to commence the Construction Phase if the South Korean Permits were then granted.

Should the South Korean Permits not be granted by 30 June 2019 and the Company is unsuccessful in raising the required capital of USD 350,000 to cover the Group's administrative costs and maintain the South Korean Permits on a "care and maintenance" basis it may cause the Company to enter into administration at any point from 1 July 2019.

## **17 Environmental issues**

The Company is not aware of any environmental issues or risks affecting the utilisation of the property, plant or machinery of the Company.

## **18 Litigation**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) since the Company's incorporation which may have, or have had in the recent past, significant effects on the financial position or profitability of the Company and/or the Group.

## **19 Significant change**

There has been no significant change in the financial position or trading position of the Group which has occurred since 31 December 2018 save for:

- the March placing which issued 19,400,000 shares at 2.25p which generated gross proceeds of GBP 436,500
- a decrease in unsecured current debt of USD 91,708.

## **20 Related Party Transactions**

The Company has not entered into any related party transactions other than as set out in paragraphs 8, 9, 10, 12.3, 12.5, 12.6, 12.7, 12.8, 12.15 and 12.16 of this Part VII.

## **21 Consents**

- 21.1 BDO LLP has given and has not withdrawn its written consent to the issue of this Document with the inclusion herein of the references to its name in the form and context in which they appear.
- 21.2 Geoff Boswell (in his capacity as competent person) has given and has not withdrawn his written consent to the inclusion in this Document of the Competent Person Report in in Part VIII in the form and context in which it appears, and has authorised the contents of such parts of this Prospectus as comprise the Competent Person Report for the purposes of Rule 5.5.3R(2)(f) of the Prospectus Rules.
- 21.3 SP Angel Corporate Finance LLP has given and has not withdrawn its written consent to the issue of this Document with the inclusion herein of the references to its name in the form and context in which they appear.

## **22 General Financial Information**

- 22.1 At the date of this Document, the auditors of the Company are BDO LLP, a limited liability partnership incorporated in England and Wales with registration number OC305127 and having its registered office address at 55 Baker Street, London, W1U 7EU. BDO LLP is authorised and regulated by the Institute of Chartered Accountants of England and Wales under registration number C001055835 and is subject to the ICAEW Code of Ethics. BDO LLP was appointed as auditor in March 2018.
- 22.2 The financial information contained in this document does not comprise statutory accounts for the purposes of section 434 of the Act.
- 22.3 The accounting reference date of the Company is 30 June and the current accounting period will end on 30 June 2019.

## **23 Employees**

- 23.1 At 30 June 2018, the Group employed 12 people made up of 5 Directors, 3 members of management and administration team and 4 mining, processing and exploration staff. The employees of the Company are primarily located in South East Asia and South Korea.

## **24 General**

- 24.1 The total fees and expenses incurred (or to be incurred) by the Company in connection with Admission are expected to be approximately USD 140,000. Of this amount USD 51,000 will be settled by the issuance of 1,774,067 shares at Admission.
- 24.2 SP Angel Corporate Finance LLP is registered in England and Wales under number OC317049 and its registered office address is located at Prince Frederick House, 4<sup>th</sup> Floor, Maddox Street, London W1S 2PP, England. SP Angel is regulated by the FCA and is acting as financial adviser and broker to the Company.

- 24.3 Save as set out in this document, there are no patents or intellectual property rights, licences or particular contracts which are of fundamental importance to the Group's business.
- 24.4 Except as disclosed in the financial information incorporated by reference in Part IX of this document, the Company has not been a party to any transaction with any related party required to be disclosed under International Financial Reporting Standards.
- 24.5 Save as set out in this document, the Directors are not aware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for at least the current financial year.
- 24.6 The Company confirms that information included in this Document that has been sourced from third parties has been accurately reproduced and that as far as it is aware and is able to ascertain no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 24.7 The Ordinary Shares are enabled for settlement in CREST.
- 24.8 Save as set out in this Document and so far as the Directors are aware, there are no arrangements relating to the Company, the operation of which may at a subsequent date result in a change of control of the Company.
- 24.9 Save as disclosed in this document, no person has made a public takeover bid for the Company's issued share capital since its incorporation or in the current financial period and the Company is not aware of the existence of any takeover pursuant to the rules of the Takeover Code.

## **25 Availability of this Document**

- 25.1 Copies of this Document may be collected, free of charge during normal business hours, from 9 Howard House, Esplanade, St Helier, Jersey, JE2 3QA.
- 25.2 In addition, this Document will be published in electronic form and be available on the Company's website at [www.bluebirdmv.com](http://www.bluebirdmv.com) and through the National Storage Mechanism (NSM) website located at [www.morningstar.co.uk/uk/nsm](http://www.morningstar.co.uk/uk/nsm).

## **26 Documents for inspection**

Copies of the following documents may be inspected at the registered office of the Company during usual business hours on any day (except Saturdays, Sundays and public holidays) from the date of this Document until one month following Admission:

- (a) the Memorandum and Articles of Association of the Company;
- (b) the documents incorporated by reference into this Document as set out in "Part IX — Documents Incorporated by Reference";
- (c) the material contracts outlined in paragraph 12 of this "Part VII — Additional Information";
- (d) the letters of consent referred to in paragraph 21 of this "Part VII — Additional Information"; and
- (e) this Document.

The date of this Document is 13 June 2019.

**PART VIII  
COMPETENT PERSON REPORT**

# Competent Person Report Gubong and Kochang Projects, South Korea



Map of Republic of Korea showing the location of the Joint Venture projects.

Prepared By: Geoff Boswell, FSEG, AUSIMM (Competent Person – Geology)  
Document No: KSG-001  
Date: 13<sup>th</sup> June 2019

## **Disclaimer**

This Technical Report (Report) has been prepared for Bluebird Merchant Ventures by Geoff Boswell, FSEG, AUSIMM, CP Geology, a competent person as defined under the JORC Code 2012 and under paragraph 133 (i) (a) of the European Securities and Markets Authority (ESMA) update of the CESR recommendations (2013). This report is based on assumptions as identified throughout the text and upon information and data supplied by others.

The Report is to be read in the context of the methodology, procedures and techniques used, the author's assumptions, and the circumstances and constraints under which the Report was written. The Report is to be read as a whole, and sections or parts thereof should therefore not be read or relied upon out of context.

The author has, in preparing the Report, followed methodology and procedures, and exercised due care consistent with the intended level of accuracy, using his professional judgment and reasonable care.



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## 1 EXECUTIVE SUMMARY

### 1.1 Overview

This competent person's report is prepared at the request of Bluebird Merchant Ventures Ltd (Bluebird) for the purpose of providing management and shareholders with an independent review of the Korean Projects. The "Korean Projects" comprise the Gubong Project and the Kochang Project which are the subject of the report and are described herein.

The author was retained to visit the project areas and to view all available research materials and reports held in the Southern Gold Korea Inc. offices in Daejeon City, Republic of Korea. The assignment included to prepare a report in the format of a competent person's report to detail the geological setting of the Korean Projects, the detailed geology of each of them, the historical mining history and the exploration history of each of the Korean Projects, then to make conclusions and recommendations as to their continued prospectivity and viability as proposed mines to be reopened. The author visited the Republic of Korea from the 10<sup>th</sup> until the 15<sup>th</sup> September 2017 and visited the prospect areas. The Gubong and Kochang Projects were visited on 11<sup>th</sup> September 2017. Various staff were spoken to and reports and historical data were viewed and copied for further research and to aid in report writing during the week in the Republic of Korea.

### 1.2 Property Description, Location and Ownership

Gubong Project      2,484 ha      9 contiguous blocks of 276 ha. In Chungnam Province

Kochang Project      837 ha      3 contiguous blocks of 279 ha. In Gyeongnam Province.

Both of the projects that are the subject of this report were granted prior to 2011 as Mining Rights under the mining law of the Republic of Korea.

The tenements were held 100% by Southern Gold Korea which is in turn 100% owned by Southern Gold Ltd of Australia.

Gubong Project JV Co Pte Limited was incorporated in Singapore on 1 September 2018, is owned equally by Bluebird and Southern Gold pursuant to the Gubong JV Agreement, and is the 100% owner of Gubong Project Co Limited, an entity which owns the Mining Rights for the Gubong Project.

Kochang Project JV Co Pte Limited was incorporated in Singapore on 1 September 2018, is owned equally by Bluebird and Southern Gold pursuant to the Kochang JV Agreement and is the 100% owner of Geochang Project Co Limited, an entity which owns the Mining Rights for the Kochang Project.

On completion of joint venture obligations by Bluebird the Gubong tenements were transferred to Gubong Project Co Ltd in January 2019 and the Kochang tenements were transferred to Geochang Project Co Ltd in February 2019.

There are no government royalties or excise taxes applicable in the Republic of Korea. The Republic of Korea receives its share of mine production as corporate and income taxes from the project.

Heesong Metals Co., Ltd bought 16 gold project areas from Mr Sim on 24<sup>th</sup> December 2010. Heesong Metals Co., Ltd changed its name to Southern Gold Korea in September 2016. Under the sale agreement Mr Sim retains a royalty for each mining project area and four annual cash payments on establishment of each mine as set out in section 1.5.

### **1.3 Current and Anticipated Progress of Exploration and Mine Development**

#### **1.3.1 Gubong Progress**

On both projects, historical data has been collated, translated if necessary and old resources and mining extents have been recreated as reports and 3D computer models. Underground access has been gained at Gubong and Kochang and initial work to check the safety and water levels has begun.

At Gubong the surface access to the inclined shaft has been rehabilitated, the water level in the mine has been reduced and access ladderways in the inclined shaft have been rehabilitated allowing access to many of the levels. Metallurgical test work has been completed at Gubong to determine the optimum plant specifications.

Historical data has been checked and is being reworked into a database and 3D mine model. The historical drill results have been converted into a database for use in Datamine and Surpac. Historic workings and the last known mining extent and all underground sample and assay points have been entered into a database and are being used to recreate a 3D model of the mine, both physical extent of workings and face assays to assist with remnant tonnes and resources calculations.

Underground face sample data exists for the lower 7 levels of the mine and can be used to infer ore shoot geometry but will need to be supplemented with additional sampling once the underground mine is reopened.

It is noted that Bluebird staff accessed the underground mine during October 2017 and cleared the top 50m of the inclined shaft, found a second inclined shaft that was not on the mine plans and explored the top adit (No 4) for 300m sampling exposed veins. Gold assays from dropped ore assayed 10, 20 and 3 g/t Au.

Currently, Bluebird has announced that a water treatment plant is operational and processing water being released in dewatering of the mine. Assays of discharge water show that no heavy metals were detected showing that the water treatment plant is effective in safeguarding the environment. This has been very well received by the local community who have voiced their support for the project.

Access has been gained to many levels of the mine and metallurgical samples have been taken and accessed to determine the optimum plant design.

Bluebird has announced completion of the initial \$500k farm-in expenditure and the execution of the formal Joint Venture Agreement with Southern Gold for the Gubong mine, signed on 28 March 2018. Bluebird presented Southern Gold with its report on the feasibility of reopening the Gubong Mine in July 2018.

As per the joint venture agreement, Gubong Project JV Co Pte Limited was incorporated in Singapore on 1 September 2018, is owned equally by Bluebird and Southern Gold pursuant to the Gubong JV Agreement, and is the 100% owner of Gubong Project Co Limited, an entity which owns the Mining Rights for the Gubong Project. Both parent companies will share costs to production.

The Gubong tenements were transferred to Gubong Project Co Ltd in January 2019.

Bluebird's business plan contained in the Gubong Feasibility Report ("Report on the Feasibility of Reopening the Gubong Mine" prepared by Bluebird and dated July 2018) estimates that the capital cost for building the mine and plant is approximately \$4,850,000.



The Company's strategy over the next 12 months is, in conjunction with its Joint Venture Partner, to further develop the Korean Projects and to complete the pre-construction work. In respect of Gubong, Bluebird plans to prioritise dewatering and refurbishment of the adit, opening up further working points and undertaking further sampling to assist with mineral inventory estimations.

An application for a permit to develop the Gubong mine was made on January 23<sup>rd</sup> 2019.

Application will also be made for the necessary permits and licenses to enable the construction of an industrial processing plant once the Gubong and Kochang permits have been granted. Bluebird estimates that the pre-construction phase for both Gubong and Kochang will cost the Company approximately \$448,000.

In the medium-term, the Directors intend to re-establish operations at both mines simultaneously and construct a single facility to treat ore from both mines. The processing plant is likely to be located at Gubong and design and engineering plans will be drawn up as part of the pre-construction work.

### **1.3.2 Kochang Progress**

At Kochang access has been gained to the main drive and swift progress has been made in exploring the mine and the findings are extremely encouraging. The workings are in a predominantly excellent state after 38 years since closure.

The mine records have been collated into a 3D Surpac mine model and checked by underground survey by the latest 3D laser technology. Extensive mapping and surface sampling has been carried out during mining and in recent years by Heesong Metals and Southern Gold and this work is currently being collated, plotted and checked.

Access has been gained to over 2,000m of tunnels and considerable quantities of broken ore have been observed to have been left behind and ready for transport to surface. Systematic mapping and sampling has been completed of 1,330m of exposed veins in drives. Significant assays >3 g/t Au were returned by 589 samples (44%) with an average channel width, equivalent to vein width of 0.42m. The average for channel samples was 5.92 g/t Au and 31.54 g/t Ag.

Based on the above results an initial mineral potential was developed using historical plans, production statistics, recent surface exploration mapping and sampling, historic drilling and 3D computer modelling.

The total estimate of the mineral potential is between 550,000 and 700,000 tonnes, with a range of grades between 5.2 g/t to 6.6 g/t Au, and 27.3 g/t to 34.8 g/t Ag. The tonnage range was 40% to 50% of the calculated total tonnage which is the same percentage as that of significant results obtained by sampling. The calculated ounces are 116,000 Au.

Given an expected production level of 60,000 tonnes per annum a mine life of 10 years is estimated with an annual yield of approximately 10,000 ounces per annum.

Bluebird has completed metallurgical test work based on samples from Kochang which has proved the viability of proposed production processes.

Bluebird is also continuing to model the ore veins in the underground mine and connecting the 3D underground modelling with 3D surface mapping and assays some 150m above. The

detailed data will be used to connect the 600m gap between the gold and silver mines to understand them better.

It is noted that this type of orogenic gold deposit can be up to 1 kilometre in depth and the mine currently shows only 150 metres in vertical extent. Some recent drilling intersected three veins up to 90 metres below the current mined depth, so the potential to extend the resource to depth is very good.

Future workstreams are expected to focus on refurbishing adits and drives; and increasing access to the silver mine and upper levels of the gold mine. Additional sampling and a drill programme are expected to be undertaken at Kochang as part of the pre-construction work.

Bluebird has announced completion of the initial farm-in expenditure and the execution of the formal Joint Venture Agreement with Southern Gold for the Kochang mine, signed on 28 March 2018. Bluebird presented Southern Gold with its report on the feasibility of reopening the Kochang Mine in January 2019.

As per the joint venture agreement, Geochang Project JV Co Pte Limited was incorporated in Singapore on 1 September 2018, is owned equally by Bluebird and Southern Gold pursuant to the Gubong JV Agreement, and is the 100% owner of Gubong Project Co Limited, an entity which owns the Mining Rights for the Gubong Project. Both parent companies will share costs to production.

The Kochang tenements were transferred to Geochang Project Co Ltd in February 2019 and an application for a permit to develop the Kochang mine was made on March 8th 2019.

Bluebird's business plan contained in the Kochang Feasibility Report ("Report on the Feasibility of Reopening the Kochang Mine" prepared by Bluebird and dated January 2019) estimates that the capital cost for building a mine and plant is approximately \$4,000,000.

However, in their current business plan and based on experience, Bluebird management has decided to reestablish operations at both mines simultaneously and construct a single pilot plant facility to treat ore mainly from Kochang but also from both mines. The budgeted cost of this plan to first production is \$1,500,000 including a Vat Leach plant and mining equipment, 50% of which is payable by each JV partner. First production will be produced as a proof of concept that can be expanded to full scale production for both projects once full efficiencies and recoveries have been achieved.

Bluebird will thus reduce the capital costs involved in land acquisition, plant construction, operating costs and more.

The author considers that this plan is achievable and will result in first production at a very reasonable cost.

#### **1.4 Accessibility, Climate, Local Resources, Infrastructure and Physiography**

Both properties are easily accessible from main highways and are close to towns and cities that will supply staff and materials easily. Each prospect is accessed from county concrete and asphalt roads a short distance from main highways. At Gubong the outcropping quartz veins, inclined shaft and adits are exposed in the top of the central hill and accessible by farm roads and clay tracks. At Kochang, the main adit under current investigation is beside a concreted county road and the vein outcrop is exposed on the lightly wooded hill above.

Gubong is located on a hill 160m above sea level and near the coast while Kochang is located at 290m above sea level and inland. All projects occur in a temperate climate with rice

cultivation in the valleys, crops on the rolling land and deciduous forest on the hills. Both may be subject to snow in winter although Kochang has the coldest winter climate.

Periodic snowfall in winter is not expected to limit access. In fact, the dry deciduous vegetation makes exploration easier in winter.

### **1.5 Project History**

After a hiatus in mining since 1991, in 2009 a private Korean national, Mr Jae Youl Sim applied for numerous Mining Rights. The tenements were granted in his name and in the name of his son in their personal capacities.

The tenements were bought from Mr Sim and his son by Heesong Metals Co., Ltd (Heesong or Heesong Metals) and on 24<sup>th</sup> December 2010. Heesong Metals was in turn owned 100% by International Gold Private Limited (International Gold), a Singaporean company, in turn 100% owned by Asiatic Gold Ltd, an ASX limited company.

International Gold Private Limited started the process of translation of prior data and understanding what resources remain at Gubong in the form of an Economic Evaluation Study Report (Gubong Scoping Study).

Southern Gold Ltd (ASX) purchased 100% of International Gold Private Limited from Asiatic Gold Ltd in 2016, thus transferring 100% control of the properties to Southern Gold Ltd. Heesong Metals changed its name to Southern Gold Korea Inc in September 2016. As at writing, Southern Gold Ltd of Australia owns (100% of) Southern Gold Korea Inc, the Republic of Korea operations company and tenement holder.

Mr Jae Youl Sim retains a royalty and payment on first production from all projects. This is structured as below:

- 2% NSR upon commencement of production
- Within 1 month of 2nd anniversary of production- \$500,000
- Within 1 month of 3rd anniversary of production- \$500,000
- Within 1 month of 4th anniversary of production- \$500,000
- Within 1 month of 5th anniversary of production- \$500,000

Bluebird Merchant Ventures signed conditional agreements in March 2017 with Southern Gold Ltd to spend \$500,000 on each project and carry out feasibility studies on the two projects mentioned in this report. The agreement envisaged that on completion of JV obligations Joint Ventures (JV) would be signed giving 50:50 control through development and mining. The joint venture would allow for equal spending or dilution to commercial production.

Gubong Project JV Co Pte Limited was incorporated in Singapore on 1 September 2018, is owned equally by Bluebird and Southern Gold pursuant to the Gubong JV Agreement, and is the 100% owner of Gubong Project Co Limited, an entity which owns the Mining Rights for the Gubong Project.

Kochang Project JV Co Pte Limited was incorporated in Singapore on 1 September 2018, is owned equally by Bluebird and Southern Gold pursuant to the Kochang JV Agreement and is the 100% owner of Geochang Project Co Limited, an entity which owns the Mining Rights for the Kochang Project.

On completion of joint venture obligations by Bluebird the Gubong tenements were transferred from Southern Gold to Gubong Project Co Ltd in January 2019 and the Kochang tenements were transferred from Southern Gold to Geochang Project Co Ltd in February 2019.

## 1.6 Summary of Geology and Mineralisation

Korea sits on the Pacific Rim with affinities to gold producing belts in China and Japan. It appears to be under represented in terms of world class deposits, possibly due to lack of recent exploration and mining. Many small to medium sized mines in the Republic of Korea closed during the mid-1980s and exploration has been generally not carried out until the late 1990s.



Figure 1.1: Major Lithologic Units in East Asia

The North China Block is a Pre-Cambrian craton amalgamated from a number of sub-cratons. In Korea the North China block has collided with the Proterozoic Cathaysia Block. The Permian Hongseong-Odesan Collision Belt resulted from this collision. A sliver of the Yangtze Block, another Pre-Cambrian craton is sandwiched between the Hongseong-Odesan Collision Belt and the Okcheon Metamorphic Belt to the south. This sliver of the Yangtze Block hosts many gold deposits including Gubong (Fig 1.1). The Kochang deposit is hosted within the Okcheon Metamorphic Belt. The NE-SW collision margin trend is host to a number of major faults and subordinate faults that mimic that trend and are responsible for forming the plumbing for many metallic deposits. In the far SE of the Korean peninsula, Cretaceous volcanics represent a more recent Pacific Rim style volcanism Fig (1.2).

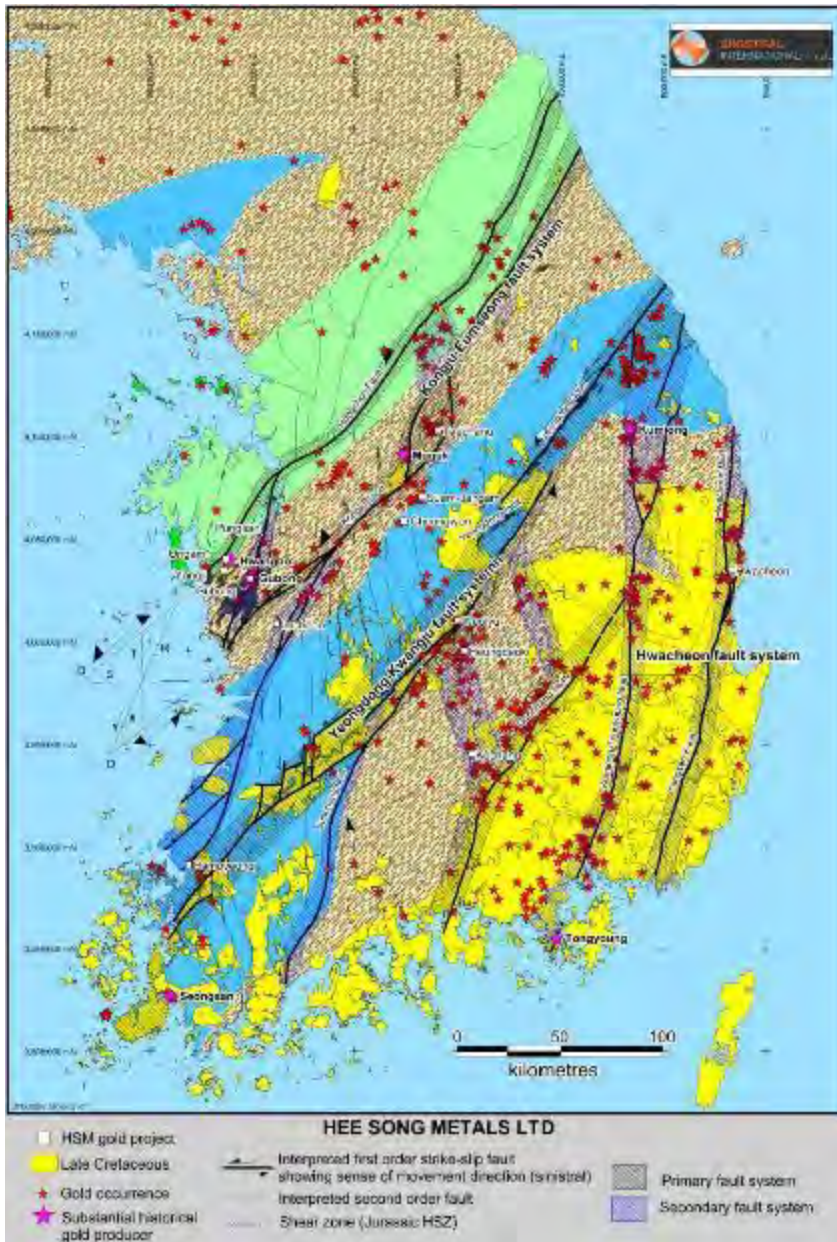


Figure 1.2: Major Lithologic Units in Korea

### 1.6.1 Gubong

The Gubong Mine was the Republic of Korea's 3<sup>rd</sup> largest gold mine in the 1970s with recorded production of 428,647 ounces during 1932-1971. An additional 176,193 oz of combined gold and silver was mined during the years 1926 to 1931 but not reported separately.

The Gubong orogenic gold mineralisation consists of quartz veins formed with schists and gneisses of Pre-Cambrian age. The veins are formed in a NNE trending corridor, possibly in response to nearby Jurassic to Cretaceous granite. The mineralisation was formed at 2.4-3km below paleosurface by relatively high salinity (~14% NaCl wt %) magmatic/mesothermal fluids.

The veins show an Au:Ag ratio of 1:1 to 4:1 and form milky white quartz veins with a narrow band of sulphides, generally associated with the strongest gold mineralisation near the margin. Gold is deposited in response to brecciation, pressure release and sulphide deposition rather than rheological reaction with wall rock so wallrock alteration halos are very narrow.

Sennit provides a structural model for the mine area that allows for the quartz veins to be faults and fissures immediately above the contact between the schists and gneisses. He also suggests that the Danbong Vein to the SE may be a mirror image of the Gubong veins on the opposite arm of a syncline.

Of the 9 stacked veins known and the additional Danbong, Bongnam and Gunryong veins only a few were mined and other veins in this system may be productive.

The mine has an historic resource of 2,346,440t @ 7.36g/t Au (555,299 oz Au).

### **1.6.2 Kochang**

The Kochang mine was worked from 1928 until 1975 and by some sources produced 88,023 oz Au. The production from 1928 to 1938 is unreported. A 1991 Kores report states that the mine produced 110,000 oz gold and 5.9 Moz silver between 1961 and 1975.

An historic resource figure of 182,190t @ 12 g/t Au (70,298 oz Au) is quoted in a Heesong Metals 2011 memo but this figure cannot be substantiated.

The Kochang deposit is an epithermal vein deposit hosted in Pre-Cambrian aged banded biotite granitic gneiss, k-feldspar porphyroblastic gneiss and partial melt migmatite gneissic units that form older basement lithologies of the wider Yeongnam Massif. Rocks in the vicinity of the southern silver mine are metamorphosed to upper amphibolite facies.

Mineralisation consists of Au-Ag-bearing quartz veins up to 600m in length, with accessory pyrite-sphalerite-galena-chalcopyrite-pyrrhotite. At least five auriferous quartz veins trending in a northeasterly direction and dipping to the northwest at between 50° and 70° are known. The mineralisation is calculated to have formed from low salt (<5 wt % NaCl) fluids at temperatures of 350° to 200°C at 150-30 bars corresponding to a depth of mineralisation of 370-600m below surface, likely due to fluid mixing with cooler meteoric waters.

Gold and gold-silver mineralisation is associated with hydrothermal quartz sulphide veins and vein-breccia's. At surface, heavily oxidised, hydrothermal breccia units are identified in close association with narrow ribbon quartz veining along the tight structural shear zones. Ore mineralogy of the quartz veins typically includes disseminated to aggregated clusters and bands of pyrite + arsenopyrite + galena ± sphalerite ± chalcopyrite.

Historically, the main vein was mined at the "Gold Mine" and the south vein was mined at the "Silver Mine". However, from the Au, Ag and As surface chip sample assay maps and from recent surface mapping, it can be seen that there are a number of separate veins associated with the main vein that have not been exploited in the past and that provide a great exploration target. Additionally, the "Silver Mine" shows significant gold assays. A number of additional veins have been found during surface mapping and sampling that were not accessed during the mining.

Arsenic is an excellent indicator element for mineralisation, whether gold or silver and will allow gross mineralisation patterns to be discerned using surface chip samples or soil sample grids.

These structures are expressed as narrow shear zones within basement lithologies. Quartz veining is typically hosted within tight 5-15cm wide shear zones, mylonitic in places. Mineralised quartz veins consist of narrow quartz-sulphide veins and veinlets of between 2-10cm wide developed along the (typically) HW or FW margin of shears. In two (2) significant

outcrop exposures along the “Main Vein” trend, shear zones up to 1.4m wide have been seen, with multiple parallel, oxidised, quartz-sulphide veins and breccia veins of 5-15 cm wide developed within the broader structure.

Additionally, the newly rediscovered Sanpo mine area has mineralised zones of up to 2.5m wide. The veins appear to be generally narrow but have flattened zones and structural flexure zones that contain significant mineralisation and are up to 2.5m wide. These structural/mineralisation relationships and zones will be early exploration targets.

### **1.7 Summary of Exploration Concept**

The Gubong is orogenic in nature. That is to say “epigenetic, structurally-hosted lode-gold vein systems in metamorphic terranes” (Kerrick 1993), (Groves et.al., 1997). They have formed as parallel sets of structurally-hosted gold and silver bearing quartz-calcite veins in metamorphic terranes at depths of 1.2 to 4km depth. This deposit type may be formed by fluids with magmatic origin at depth from within granitic intrusions or from metamorphic fluids including meteoric and connate waters that are heated during metamorphism and which transfer and concentrate metals from the country rock into vein locations.

At Gubong the evidence suggests that nearby Jurassic to Cretaceous granite to granodiorite intrusions provided the magmatic source fluids for mineralisation.

The Kochang deposit is an epithermal deposit in a metamorphic setting. Veins are fissures formed by structural influence on schistose to gneissic metamorphic rock on one arm of an anticline. The over-riding structural influences are regional in nature. It is directly formed by hydrothermal fluids that originate and gain metals from nearby granite and granodiorite intrusives.

As both deposits have similar physical characteristics due the metamorphic rocks they occur in they are treated similarly. Both deposits consist of high grade quartz veins developed in narrow, structurally controlled fissures or shears. In each case there are numerous stacked veins but generally only one or a few that have been recognised as economically significant (and mined) in the past. Each deposit has a well-developed mine on it with many kilometers of adits, drives, stopes and shafts.

These deposits should be explored by re-entering the underground workings but also by diamond drilling. Re-entering the underground workings will allow access to the mining faces and unstoped remnant ore that may contain economic ore at today’s gold price. This will provide an immediate resource and potentially a mine plan.

However, the old mine workings are unlikely to access multiple stacked veins should they exist, and the known veins extend along strike and down dip. These potential additional resources can only be assessed by drilling. It is expected that the need for drilling will be assessed as the true extent of resources is made known through underground mapping, sampling and 3D modelling. The results of both underground assessment and drilling should ultimately yield the true value and extent of the resources available for mining.

### **1.8 Environmental Permitting**

In the Republic of Korea, the state owns all mineral resources. A mining right gives access and permission to the mining company, from exploration up to reopening mines and bulk sampling. However, access to private or public land must be separately negotiated with land owners or local councils, generally based on crop value or opportunity losses.



For drilling, a simple access arrangement with the local council allows road building, drill site preparation etc.

Similarly, mines that have been closed by the Mine Reclamation Corporation of Korea (MIRECO) may be opened but MIRECO must be informed and must give permission. On opening the mine, environmental liabilities associated with the mine closure become the responsibility of the mining company.

The joint venture mining company for each mine will monitor all water and materials that leave the mine site and ensure that they comply with Republic of Korea water discharge laws and regulations. The monitoring of discharge water is the responsibility of the mining company but will be regularly inspected and sampled by the mines safety office during operations.

This is the process up to and including refurbishing and restarting the mines. To restart a mine, a final exploration report will need to be submitted as well as an economic feasibility study. Any mine plant and processing plant facilities on the surface will need to apply for an industrial processing planning permit.

If each site can be kept smaller than 1500 pyong (4,950m<sup>2</sup>) then individual permits can be granted by the local government. For larger areas an EIA process is required which is longer and more complicated, involving the central environmental agency.

The application for the permit to develop Gubong was made 23<sup>rd</sup> January 2019.

The application for the permit to develop Kochang was made on 8 March 2019.

## 1.9 Summary of Assets

Table 1.1: Summary of Tenements

Project	Province	Area (ha)	No Tenement Blocks	Date Granted	Date of Final Exploration Report / Feasibility Report
Gubong	Chungnam	2,484	9	1 Sept 2009	1 Sept 2018
Kochang	Gyoungnam	837	3	1 Sept 2009	1 Sept 2018

The joint venture agreement struck between Southern Gold and Bluebird is over specific mining projects held within the package of tenants, specifically the Gubong and Kochang projects. Bluebird agreed to spend \$500,000 on each project to gain 50% of each project (50:50 JV). In addition, Bluebird was required to invest AU\$250,000 into a placing of Southern Gold shares for each mine. The placings can be made at any time between 90 and 120 days after Bluebird is provided access by Southern Gold to the respective mines. The agreement envisaged that on satisfaction of expenditure requirements, a new company (the joint venture) would be formed to manage each project, the investment by each company and the percentage control all of the joint venture held by each group.

The Kochang feasibility report was submitted to Southern Gold in January 2019 and the Gubong feasibility report was submitted to Southern Gold in July 2018.

Gubong Project JV Co Pte Limited was incorporated in Singapore on 1 September 2018, is owned equally by Bluebird and Southern Gold pursuant to the Gubong JV Agreement, and is the 100% owner of Gubong Project Co Limited, an entity which owns the Mining Rights for the Gubong Project.



Kochang Project JV Co Pte Limited was incorporated in Singapore on 1 September 2018, is owned equally by Bluebird and Southern Gold pursuant to the Kochang JV Agreement and is the 100% owner of Geochang Project Co Limited, an entity which owns the Mining Rights for the Kochang Project.

On completion of joint venture obligations by Bluebird the Gubong tenements were transferred from Southern Gold to Gubong Project Co Ltd in January 2019 and the Kochang tenements were transferred to Geochang Project Co Ltd in February 2019.

## **1.10 Conclusions and Recommendations**

### **1.10.1 Conclusions**

Both deposits have similar physical characteristics due to their metamorphic occurrence and similar deposit types, they are treated similarly. Both deposits consist of high grade gold – silver bearing quartz veins developed in narrow structurally controlled fissures or shears. In each case there are numerous stacked veins but generally only one or a few veins that have been recognised as economically significant (and mined) in the past. Each deposit has a well-developed mine infrastructure on it with many kilometers of adits, drives, stopes and shafts.

It is recommended that these deposits should be explored by re-entering the underground workings to establish remnant resources through mapping and channel sampling. Re-entering the underground workings will allow access to the mining faces and unstopped, remnant ore blocks that may contain economic ore at today's gold prices. This is expected to provide sufficient resources to establish a mining plan for the Gubong Project as well as the Kochang Project.

Metallurgical test work has been conducted at the Mines and Geoscience Bureau (MGB) and Intertek in Manila, Philippines to determine the most appropriate method of gold and silver recovery from the Kochang ore. The work has been conducted under the direction and guidance of Bluebird's Metallurgical Manager, Peter Wallwin, who has over 40 years of experience of project development (Regulatory News December 5, 2018).

The metallurgical test work results from Gubong and Kochang completed to date have shown that neither mine has ore which will be problematic and does not require complicated or expensive extraction techniques and will allow the company to consider low cost options for the design and construction of its process plant (Regulatory News December 5, 2018).

However, the old mine workings will not access potential resources outside the old mine envelope and are unlikely to access multiple stacked veins within each mine that have not been exploited in the past. These can only be assessed by drilling and the results of both approaches should yield the true nature of the resources available for mining and therefore the most efficient mine plan to exploit all potential resources.

### **1.10.2 Recommendations**

For each deposit, a comprehensive 3D model of all old plans and mine information is very important, and this must be integrated with detailed surface mapping and all previous exploration as well as re-established underground access, mapping and channel sampling of remnant ore in the mines by Bluebird. This work is currently underway by Bluebird on both projects.

Access to the underground workings will be very important so that all remaining pillars, remnants and broken ore can be assessed for future mining and so that additional channel sampling can take place of all quartz veins to help with resource assessments.

Gubong offers the greatest potential resources, in the order of >1 million ounces of gold and has the largest area to explore. It seems that surface mapping around the old Gubong mine needs to be infilled, updated and integrated with the 3D model currently being built. Mapping over the Danbong vein system is also a priority so it can be integrated with the drill holes drilled there since 1989 and further targets developed. Veins further to the NE in gneiss are of lower priority.

The Bluebird business plan for Gubong described in Section 15.1 and 15.2 and summarised in section 1.3.1 and 1.3.2 appears to be sound and it is recommended that this plan which envisages first gold production be followed and implemented.

Kochang has a less well developed 3D model than Gubong and this will need to be developed early on. Kochang has adequate surface mapping coverage but this should be extended to include the Sanpo deposit. It also has adequate surface chip sampling but may be helped by a trial close spaced soil sampling grid using multi-element analysis.

Both projects will be advanced by re-establishing underground access, and underground mapping and sampling and this alone may indicate sufficient remnant resources to begin mining.

In their current business plan and based on experience, Bluebird management has decided to alter its strategy with respect to both mines. Bluebird intends to reestablish operations at both mines simultaneously and construct a single pilot plant facility at Kochang to treat ore mainly from Kochang but also from both mines. Areas for positioning the plant at Kochang have been identified and are currently being assessed for tenure and cost. Some of the plant can be repositioned at the time of building the full capacity plant. Bluebird will thus reduce the capital costs involved in land acquisition, plant construction, operating costs and more.

The budgeted capital cost of this plan to first production is \$1,500,000, with half of this figure being input by each JV partner. This capital cost is made up of \$600,000 for the vat leach plant, \$200,000 for infrastructure and facilities at both mines and \$700,000 for mining equipment that will also be used at both locations. First production will be produced as a proof of concept that can be expanded to full scale production for both projects once full efficiencies and recoveries have been achieved.

The author agrees that this approach would appear to be the most efficient and cost-effective method of managing production and processing of ore from both mines.

It is understood that the initial capital raising will allow the company to continue the opening up operations at both mines and confirm capital estimates prior to moving into plant construction.

Later diamond drilling will extend underground resources once they have been established by underground work. Known priority targets and step out drilling will extend underground remnant resources once established. Great care should be taken to allow future drill holes to fully explore possible stacked quartz veins by continuous (multi-element) assaying through all potential ore zones and not only selectively sampling specific quartz vein intersections.

## **2 INTRODUCTION**

### **2.1 Terms of Reference and Issuer for Whom the Technical Report is Prepared**

This Competent Person report is prepared at the request of Bluebird Merchant Ventures (Bluebird) for compliance in preparing a prospectus for the London Stock Exchange (LSE) for capital raising.

Bluebird Merchant Ventures is a project development company which has entered into a farm-agreement with an Australian listed gold exploration company, Southern Gold Ltd. (Southern Gold).

Southern Gold has several exploration tenements in South Korea, many of which have old mines or old mine workings on the properties. The focal point of the agreement between the two companies is the goal of reopening old workings as operating mines.

Currently, Bluebird and Southern Gold have formed joint venture companies to manage and develop two projects; Gubong and Kochang.

### **2.2 Qualified Person and Inspection of the Property**

The competent person for this report is Geoffrey Bruce Boswell MAusIMM CP Geology, Fellow of the Society of Economic Geologists (FSEG). Mr Boswell has a BSc, Geology from the University of Auckland.

Mr Boswell has more than 30 years of experience as an exploration and mine geologist, exploration manager, exploration company manager, feasibility study manager and environmental scientist in New Zealand, The Philippines, and Papua New Guinea with short assignments in Fiji, Republic of Korea, Vietnam, Indonesia, Kyrgyzstan and Peru.

Mr Boswell has significant experience with various types of gold deposits including underground deposits which include resource evaluation, resource modelling, managing geological staff, mine feasibility study work, environmental impact assessments, development and economic geological work.

The projects in question are preliminary stage exploration targets as defined by Clause 17 of the JORC Code and no resource or reserve estimates are applicable. The projects are at a moderate stage of exploration, with previous mining and extensive exploration carried out by a number of operators over the last 8 years which is undergoing checking and compilation by Bluebird geologists. Gubong and Kochang Projects were visited on 11 September 2017 but little evidence of recent exploration is visible and although mine entrances were seen, they have yet to be re-opened and accessed.

Voluminous exploration reports, scientific papers and computer models were made available and were viewed and assessed by Mr Boswell in his assessment of these projects. Mr Boswell has critically examined this information, made his own inquiries and applied his general geological competence to conclude that the information presented in this CPR complies with the definitions and guidelines of the JORC Code.

Mr Boswell is responsible for sections 1 to 16 of this report.

Unless otherwise stated all currencies quoted are in USD and units of measurement are metric.

## **2.3 Declaration**

Mr Boswell will receive a fee for the preparation of this report in accordance with normal professional consulting practice. This fee is not contingent on the outcome of the CPR and Mr Boswell will receive no other benefit for the preparation of this report. Mr Boswell does not have any pecuniary or any other interests that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the assets and the projections and assumptions included in the various technical studies completed by Southern Gold or Bluebird, opined upon by Mr Boswell and reported herein.

Mr Boswell, the competent person who is responsible for authoring this CPR, has not, at the date of this report, nor has had within the past two years, any shareholding in Bluebird or Southern Gold or any of their advisors. Subsequently, Mr Boswell considers himself to be independent of Bluebird and Southern Gold.

### **2.3.1 Consent**

Mr Boswell have given his written consent to the publishing of this CPR, and to the inclusion of any extracts from the CPR in Bluebirds regulatory announcements and has confirmed in writing that the information presented in Bluebirds initial regulatory announcement concerning the CPR is accurate, balanced, complete and not inconsistent with the CPR.

Mr Boswell's Letter of Consent is included as Appendix I

Where any information in the CPR has been sourced from a third party, such information has been accurately reproduced and no facts have been omitted that would render the reproduced information inaccurate or misleading.

### **2.3.2 Copyright**

Copyright of all text and other matter in this document, including the manner of presentation, is the exclusive property of Mr Boswell.

It is an offence to publish this document or any part of this document under a different cover, or to reproduce and/or use, without written consent, any proprietary technical procedure and/or technique contained within this document. The intellectual property reflected in the contents resides with Mr Boswell and shall not be used for any activity that does not involve Mr Boswell, without the written consent of Mr Boswell.

## **3 RELIANCE ON OTHER EXPERTS**

Exploration Information was provided by the following personnel:

Charles Barclay	– Chief Operating Officer - Bluebird Merchant Ventures
Graham Fulton	– Project Manager - Bluebird Merchant Ventures
Joseph Lee	– Country Manager - Bluebird Merchant Ventures
Rod Campbell	– Senior Project Geologist - Southern Gold Ltd Australia

### **Charles Barclay**

Charles has over 40 years' experience in the mining industry. Charles holds a South African Metalliferous Mine Manager's Certificate (1987) and South African Metalliferous Mine Overseer's Certificate (1978), Business Development (University of Southern Africa) (1979), Louis Allen Management (1982) and Loss Control Certificate (1984). He has held the positions of Chief Technical Officer and Chief Operating Officer (August 2007 to September 2011) and Country Manager (VP-Operations) (December 2005 to July 2007) for for Besra Gold Inc. (formerly called Olympus Pacific Minerals Inc). He Contracted as Mine Development Manager (October 2000 to December 2005) for Kainantu Gold Mines. Advisor on Karangahake Project (October 2000 to November 2005) for Heritage Gold NZ. He was Chief Operating Officer

(January 1997 to September 2000), General Manager (January 1992 to December 1996) and Operations Manager (January 1991 to December 1991) for Emperor Mines Ltd. (Australia). He was Project Manager (September 1988 to December 1990) for Crocodile River Platinum Mine – a subsidiary of Impala Platinum Mines. He was Underground Production Manager; and Production Manager for Open Pit Operations (February 1980 to August 1988) for East Rand Property Mines (ERPM) – also part of Rand Mines. He was Mine Manager (July 1977 to January 1980) for Blyvooruitsicht – part of Rand Mines and Shift Boss; seconded to the Chamber of Mines' Research Group (June 1975 to June 1977) for Rand Mines.

### **Graeme Fulton**

Graeme has been involved in the mining industry for more than 30 years. He has worked in New Zealand, Canada, Malaysia, Papua New Guinea, Vietnam, South Africa and Australia. He has expertise in geological modelling & evaluation; Resource & Reserve definition/modeling; mine design & scheduling; feasibility studies audits and due diligence. Graeme is a Fellow of the Australian Institute of Mining and Metallurgy. He has a degree in Mining & Petroleum Engineering from Strathclyde University, Glasgow, Scotland.

### **Joseph Lee**

Joseph Lee has over 12 years' experience in resources sector corporate finance and ECM, spanning IPO's, capital raisings, M&A, asset divestments & acquisitions, investor relations and corporate restructuring. His experience includes directorships in a Korean government supported Mongolian gold-copper exploration company with assets in the South Gobi, Mongolian trade and business consultancy. Additionally, Mr. Lee is partner in Hong Kong based mining and agribusiness focused private equity fund. He holds a Bachelors of Applied Finance and a post-graduate degree in Law from Macquarie University Australia.

### **Rod Campbell**

Rod Campbell has 10 years experience as a geologist in Australia, the Pacific, the United States and the Republic of Korea with gold, copper, iron, manganese, bauxite and nickel. He has worked as a project geologist and an independent geologist, researching, planning and running exploration programs including field work, drilling programs and GIS support and resource definition.

## **3.1 Units and Currency and Abbreviations; Glossary of terms**

AAS	Atomic Absorption Spectroscopy
ASX	Australian Stock Exchange
AU\$	Australian Dollars
Chi	Korean unit of length. 347mm (1912-1946) for naming levels only
\$	Assumed to represent US Dollars unless otherwise noted.
FA	Fire Assay
g/t	grams per tonne, equivalent to parts per million
g/t Au	grams of gold per tonne
ha	Hectares. Area. 10,000 square meters
ICP	Inductively Coupled Plasma Analysis
JV	Joint Venture. A contractual arrangement between two parties whereby agreed inputs of work or expenditure earn agreed percentage ownership and control of a project.
JORC	Joint Ore Reserves Committee. An agreed ore reserves reporting schedule approved and managed by the Australasian Institute of Mining and Metallurgy

(AusIMM). Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

KIGAM	Korea Institute of Geoscience and Mineral Resource, Daejeon Korea
KORES	Korea Resources Corporation
km	Kilometers
m	Meters
m <sup>2</sup>	Area. Square meters
MIRECO	Mine Reclamation Corporation of Korea under the Ministry of Trade and Industry
pyong	A Korean unit of area (3.3m <sup>2</sup> )
oz	Ounce. Gold is measured in Troy ounces which equal 31.1035g each
Au	Chemical symbol for gold
Ag	Chemical symbol for silver
As	Chemical symbol for arsenic
Fe	Chemical symbol for iron
Cd	Chemical symbol for cadmium
Pb	Chemical symbol for lead
Zn	Chemical symbol for zinc
Cu	Chemical symbol for copper
CN	Chemical symbol for cyanide
Cr	Chemical symbol for chromium
BOD	Biological Oxygen Demand
COD	Chemical Oxygen Demand
SS	Suspended Solids
pH	potential of Hydrogen - Chemical abbreviation for acidity (pH<7) or alkalinity (pH>7)

Pre-Cambrian A Geological Age from 4.6 Billion years to 541 M years before present

Proterozoic A Geological Age from 2,500M years to 541M years before present, specifically that time from the appearance of oxygen in the atmosphere until the appearance of complex life.

Cambrian A Geological Age from 541 M to 485.4 M years before present

Permian A Geological Age from 298.9 M to 251.902 M years before present

Jurassic A Geological Age from 201.3 M to 145 M years before present

Cretaceous A Geological Age from 145 M to 65 M years before present

Orogenic Gold Gold deposits related to mountain building and associated metamorphism.

Metamorphic During uplift and mountain building rocks are subjected to metamorphism whereby they are deeply buried, squeezed and through these forces they recrystallise into different crystals from the original rock. Fluids are mobilised

which may remove some elements and bring in new elements to a region of metamorphosed rock.

Gneiss	A strongly metamorphosed rock that is characterised by foliation and alternating light and dark bands, the growth of large crystals that are more complex than micas.
Schist	A moderately metamorphosed rock that is characterised by recrystallisation of original minerals into mica, platy crystals which are similarly oriented into plates and show foliation in section.
Granite	A quartz rich felsic crystalline intrusive rock
Granodiorite	A plagioclase rich version of granite, an intrusive rock
Tonalite	An extreme plagioclase rich form of granodiorite
Porphyry	Intrusive rock with large, well developed plagioclase crystals within a finer crystal mass.
Paleosurface	The original surface level as at the particular time being talked about (eg mineralisation). The deposit may have been exposed by erosion since that time.
Anticline	A fold that is arch-like with the oldest beds at its core.
3D Computer Models	Wireframes of tunnels and extents of ore, and three dimensionally located data points and chemical assays designed to represent a mine in three dimensions in a computer using specialised software.
Bluebird	Bluebird Merchant Ventures Ltd – Abbreviation of company name
Bulk Density	The dry in-situ tonnage factor used to convert volumes to tonnage. Bulk density testwork is carried out on site and is relatively comprehensive, although samples of the more friable and broken portions of the mineralised zones are often unable to be measured with any degree of confidence, therefore caution is used when using the data. Bulk density measurements are carried out on selected representative samples of whole drill core wherever possible. The samples are dried and bulk density measured using the classical wax-coating and water immersion method.
Cut-off grade	The lowest grade value that is included in a resource statement. Must comply with JORC requirement “reasonable prospects for eventual economic extraction” the lowest grade, or quality, of mineralised material that qualifies as economically mineable and available in a given deposit. May be defined on the basis of economic evaluation, or on physical or chemical attributes that define an acceptable product specification.
Diamond Drill Hole, Diamond Core	Rotary drilling technique using diamond set or impregnated bits, to cut a solid, continuous core sample of the rock. The core sample is retrieved to the surface, in a core barrel, by a wireline in 1.5m lengths. It is then cut in half using a diamond saw. Half is retained in a core library and half is sent to a laboratory for analysis.
Down-hole Survey	Drill hole deviation as surveyed down-hole by using a conventional single-shot camera and readings taken at regular depth intervals, usually every 50 metres.
Drill-hole database	The drilling, surveying, geological and analyses database is produced by qualified personnel and is compiled, validated and maintained in digital and hardcopy formats.

- Exploration** A process that includes geological mapping, surveying, drilling, sample taking and chemical analysis, the results being entered into maps and digital databases for the purpose of finding a deposit and defining a mineable resource.
- Extraction** The process of digging the ore out of the ground. This may be done as an open pit or through underground adits (tunnels) and stopes which are large underground openings where the ore is contained.
- Feasibility Study** A study that encompasses, geology, metallurgy, resources, processing design, engineering, environment, taxation, financing and profitability of a mining project. Usually the last stage of exploration before financing and construction. Early (partial) forms may be called Economic Evaluations or Scoping Studies.
- Geophysical Surveys** Geophysical surveys may be ground based or airborne and involve measuring electrical potential, resistivity, magnetic, radiometric response or gravitational fields to interpret the makeup of the rocks and the extent of the mineralisation beneath the surveyed area.
- Heesong Metals** Heesong Metals Co. Limited – abbreviation of company name.
- Hydrothermal fluids** These are water dominated fluids of between 50 and 800°C that are affected by magmatic and metamorphic fluids below them and take over the transfer of metals at near surface depths.
- Inclined shaft** A shaft is a vertical tunnel that gives quick access from the surface to many levels for the purpose of mining. An inclined shaft is the same but angled off the vertical.
- International Gold** International Gold Private Limited — abbreviation of company name.
- Landowner** The owner of the surface of the earth. This may be a person, a corporation or the government, each holding government issued title. The landowner is entitled to the fruits of the surface of the land including soil and crops but not minerals which are owned by the government. The miner holding a mining right must obtain access to the minerals below the surface of the land from the titled landowner.
- Level** A series of tunnels (adits, crosscuts or drives) on a roughly similar depth along which mining can proceed.
- LHD** Underground loader (Load-Haul-Dump) with an upward operating shovel and rubber-tyres.
- Magmatic Fluids** Fluids made up of silica, water and CO<sup>2</sup> at equilibrium with magma (>700°C) associated with magmatic intrusions that may travel some distance from the magma and become hydrothermal fluids. The fluid carries metals copper, lead, zinc, silver and gold; alkalis and alkaline earths and others, including: lithium, beryllium, boron, rubidium and volatiles fluorine, chlorine and CO<sup>2</sup> in solution.
- Metamorphic Fluids** Fluids generated by partial melting of rocks at depth in the crust during mountain building that carry similar elements to magmatic fluids. The fluids may be at temperatures from 100°C to 1000°C and range from water dominated to silica dominated with increasing temperature.
- Mineralisation** This consists of the minerals that are emplaced in fractures of faults that make up veins of ore in the rock. Mineralisation includes quartz, calcite, sulphides with gold, silver and other trace minerals.



Mining Right	A government sanctioned right of explore and mine a defined area. Set out in a formal contract with the government and governed by the mining Act and applicable environmental and industrial laws that include the rights and responsibilities of the company, the government and the split of mining profits between both parties.
Mining	The act of removing (mining or digging) the resource from the ground and into a process plant which may include crushing, grinding and chemically processing the rock to concentrate the valuable metals contained within. Also includes the process of storing the used rock waste and managing environmental aspects to ensure a safe environment for those living around the mine.
Pacific Rim	A term acknowledging the string of volcanoes around the rim of the Pacific Ocean and relating to pacific oceanic crust being subducted as the cause for the volcanoes (The volcanoes being the source of numerous hydrothermal metallic deposits).
Quartz	Crystals of silicon dioxide SiO <sub>2</sub> formed as the major mineral group in hydrothermal veins.
Resource	An informed estimation of the total contained economic mineral within a mine area using an agreed cut off grade
Reserve	An informed estimation of the mineable and economically recoverable portion of the resource above taking into account geological, engineering and financial considerations.
Southern Gold	Southern Gold Ltd – Abbreviation of company name
Sulphides	A number of metallic sulphides occur as accessory minerals to quartz, especially pyrite, sphalerite, galena, chalcopyrite, pyrrhotite in these deposits being sulphides of iron, zinc, lead, copper and iron respectively.
Tailings Impoundment	Also called a Tailings Storage Facility (TSF). An engineered, dammed area in a valley designed to receive finely ground rock and waste waters from the mining and processing of rock. During its life, water is taken from the dam and recycled through the plant. Water that is to be released is assayed and treated if necessary to conform to legal discharge standards. At the end of mine life, the sediment is allowed to drain, settle and is formed and vegetated to form a lasting, safe engineered landform.
Tenement	A mining title document that describes the area of the mining right.
Waste dump	This is an engineered mound of waste rock from the mine with a base that allows drainage of acid forming or metalliferous waters into an area for treatment if found to be a possible result of the dump. The surface may be covered with soil and vegetated to rehabilitate it.

## **4 PROPERTY DESCRIPTION AND LOCATION**

### **4.1 Area**

The Gubong exploration project has an area of 2,484 ha made up of 9 contiguous blocks of 276 ha.

The Kochang exploration project has an area of 837 ha made up of 3 contiguous blocks of 279 ha.

## 4.2 Location

The Gubong exploration project is in Cheongyang County, inside Chungnam Province. The closest town is Guryong – ri. The County office is in Cheongyang - Eup.

The Kochang exploration project is in Geochang County, inside Gyoungnam Province. The closest town is Daeya-ri. The County office is in Geochang - Eup.

## 4.3 Type of Mineral Tenure

### Mining Tenement Law

All of the projects that are the subject of this report were granted prior to 2011 (Table 4.1) and fall under the “Old Mining Rights” law. This law operates in the following way.

1. “Mining Right” up to 20 years
2. Including an “Exploration period” of up to 9 years

**Table 4.1: Main aspects of the Mining Law before 2011**

	Event	Time	Description
Mining Right	a)	0	Grant date of Mining Right.
	b)	Within 2 years of Event a	Submit prospecting plan.
	c)	Within 3 years - 3 months of Event b	Submit extension application (for 36 months) if prospecting records cannot be produced. Extension application will need to be submitted with the completion of at least half of the regulatory requirement.
	d)	Within 8 years of Event a	Submit completed prospecting results.
	e)	Within 9 years of Event a	Submit all mining plans for approval.
	f)	Within 20 years from Event a	Mining production from year 9 to year 20 reporting to County. Income and tax reporting to Central Government.

The post 2011 Mining Rights Law is very similar but time scales are amended.

3. “Exploration Right” up to 7 years and
4. “Extraction Right” up to 20 years following exploration
  - An exploration program must be submitted 1 year after granting
  - Exploration reports must be made at the end of years 4 and 7
  - Mining Application documents must be submitted at the end of year 8
  - The exploration period and mining periods require separate mining permits
  - The mining period is 20 years and separate from the prospecting stage
  - The State retains ownership of minerals and the company is allowed to hold a concession to mine, process and sell minerals and pay taxes
  - Korea receives its share of mine production as corporate and income taxes from the project.
  - Permits for developing and environmental permits for mining are treated similarly to any industrial undertaking such as a water treatment plant or a factory.

### **Landowners Rights**

Surface rights belong to the landowner who may be a government agency, a private person or a corporation while mineral rights belong to the state. Access to mineral rights must be given by the landowner and are not to be unreasonably withheld.

If land belongs to a government agency then permission must be sought in writing. If a private landowner then written permission must be sought from the landowner. For mapping and sampling this is normally a formality. For more intensive exploration such as drilling then permission is sought from the landowner and presented to the county government as a courtesy for which they will give permission. Compensation is normally based on the value of crops destroyed or on opportunity cost for the land being used by the mining company.

For longer term permission such as mine access, roads, waste dumps or tailings impoundments, government land is best sought for this purpose. Government agencies have a formula to work out land compensation based on land taxes.

### **Mining and Environmental Permits**

Separate permits can be sought for individual aspects of the mine such as mine access, mine plant, waste dumps and tailings dams. A mine access requires a mine permit (see above) while a mine processing plant requires an industrial plant permit which is simpler than a mineral permit.

If each site can be kept smaller than 1500 pyong (4,950m<sup>2</sup>) then individual permits can be granted by the local government. For larger areas an EIA process is required which is longer and more complicated, involving the central environmental agency.

Smelter permits require a large capital cost to justify and are therefore possibly not included in most small to medium gold mines. The Ivanhoe mine exported concentrate rather than have a smelter (gold room) (per. comm. Joseph Lee).

## **4.4 Issuers Interest**

The tenements were held 100% by Southern Gold Korea which is in turn 100% owned by Southern Gold Ltd of Australia.

Gubong Project JV Co Pte Limited was incorporated in Singapore on 1 September 2018, is owned equally by Bluebird and Southern Gold pursuant to the Gubong JV Agreement, and is the 100% owner of Gubong Project Co Limited, an entity which owns the Mining Rights for the Gubong Project.

Kochang Project JV Co Pte Limited was incorporated in Singapore on 1 September 2018, is owned equally by Bluebird and Southern Gold pursuant to the Kochang JV Agreement and is the 100% owner of Geochang Project Co Limited, an entity which owns the Mining Rights for the Kochang Project.

On completion of joint venture obligations by Bluebird the Gubong tenements were transferred from Southern Gold to Gubong Project Co Ltd in January 2019 and the Kochang tenements were transferred from Southern Gold to Geochang Project Co Ltd in February 2019.

Southern Gold currently has 17 gold projects in Korea in all and also has exploration interests in Kalgoorlie in Western Australia.

#### **4.5 Royalties, Third Party Interests, Payments, Agreements and Encumbrances**

There are no government royalties or excise taxes applicable in the Republic of Korea. Korea receives its share of mine production as corporate and income taxes from the project.

Southern Gold Korea (formerly Heesong Metals) bought 16 gold project areas off Mr Jae Youl Sim on 24<sup>th</sup> December 2010. Under the sale agreement Mr Jae Youl Sim retains a royalty for each mining project area structured as below:

- 2% NSR upon commencement of production
- Within 1 month of 2nd anniversary of production- \$500,000
- Within 1 month of 3rd anniversary of production- \$500,000
- Within 1 month of 4th anniversary of production- \$500,000
- Within 1 month of 5th anniversary of production- \$500,000

Bluebird Merchant Ventures signed conditional agreements in March 2017 with Southern Gold Ltd to spend \$500,000 on each project and carry out feasibility studies on the two projects mentioned in this report. The agreement envisaged that on completion of JV obligations Joint Ventures (JV) would be signed giving 50:50 control through development and mining. The joint venture would allow for equal spending or dilution to commercial production.

On completion of joint venture obligations by Bluebird the Gubong tenements were transferred from Southern Gold to Gubong Project Co Ltd in January 2019 and the Kochang tenements were transferred from Southern Gold to Geochang Project Co Ltd in February 2019.

#### **4.6 Permits**

The tenements involved in this report are held under mining rights under the old system of mining rights from before 2011.

Gubong was granted on 1 September 2009

Kochang was granted on 1 September 2009

These mining rights have been granted until 1 September 2029 (see Appndix II and III). All the mining rights are permitted for exploration including drilling and refurbishing of underground workings. For all surface disturbance such as roads and drill pads a compensation price must be agreed with the land owner and a plan must be submitted to the county or city office for approval. For all physical reopening of old mines MIRECO must be consulted as their seals must be broken, and the county or city environmental office must be consulted with regards to mine water and muck out materials.

At the time when a resource is established and the project moves towards mining, an extraction plan (Mine Feasibility Study) shall be written and submitted to the Economic Policy Division of the Provincial Government and to the Resource Management subdivision of that office. The Provincial office submits the report to the Environmental Department of the Central Government and to the County or City Government nearest to the project. The mining license is granted by the Provincial Government.

The Gubong project comprises 8 granted tenements (Cheongyang blocks 134, 135, 136, 145, 146 & 147 and Daechon blocks 6 & 7) and 7 application tenements (Cheongyang blocks 125, 127, 139, 148 & 149 and Daechon blocks 8 & 9) (Fig 4.1).

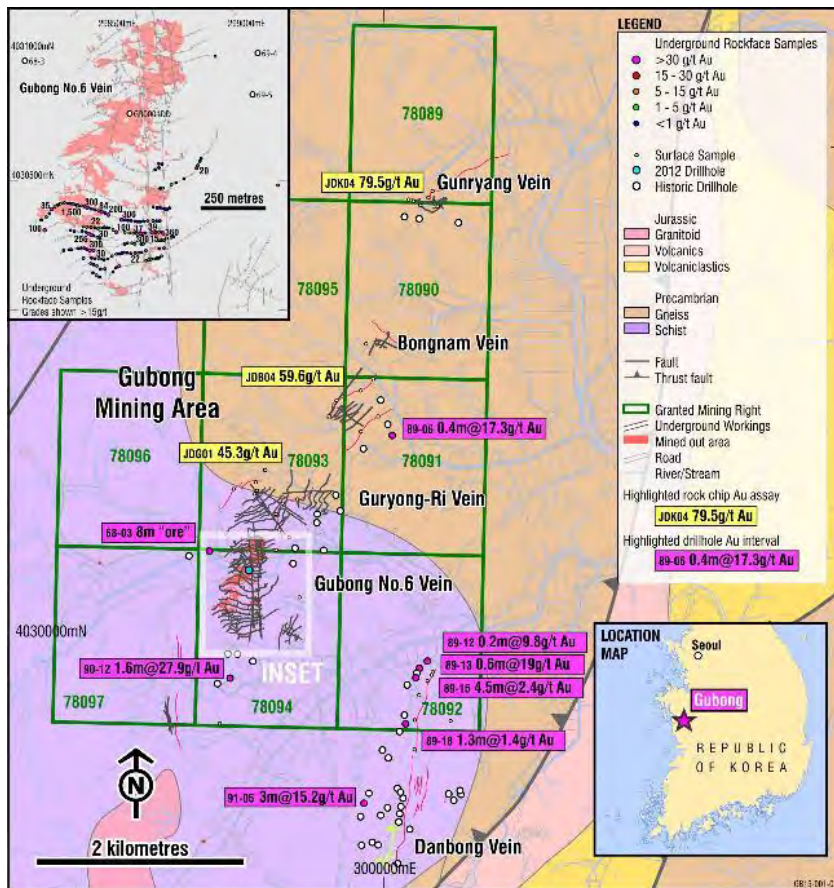


Figure 4.1: Gubong Mine showing tenements, workings, drill holes and underground samples

The Gubong and Kochang mining rights are shown in Appendix II and III respectively. The first page is translated into English. Pages 2 and 3 are a list of the companies that have held the mining rights and the dates held.

Tenements covering the Kochang Gold Project area comprise 3 granted Mining Rights 78086, 78087 and 78088 (Fig 4.2) for a total of 8.37 square kilometres.

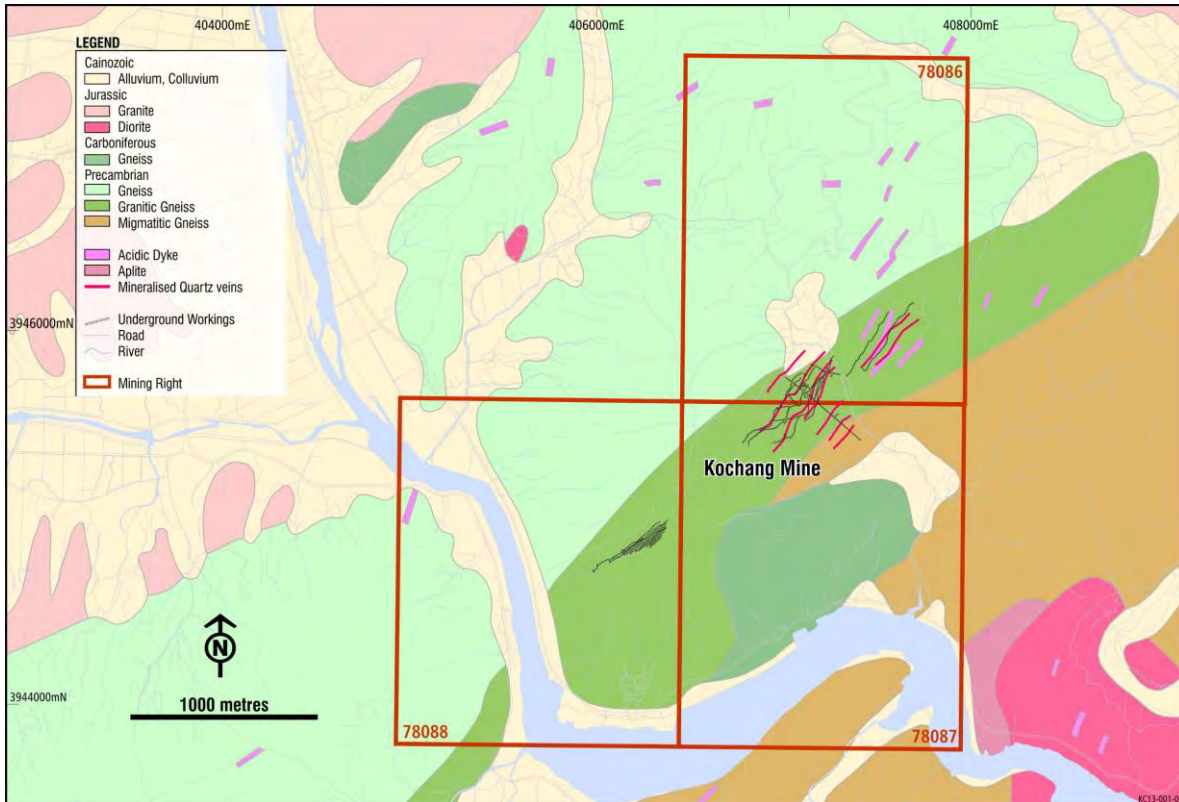


Figure 4.2: Kochang Summary Map showing Tenements, Mine Workings and veins

#### 4.7 Other Liabilities including Environmental Liabilities

MIRECO has control and responsibility for all old mines and has been testing and treating the two mines that are the subject of this report. On application for the permit to develop, the company assumes responsibility for environmental aspects of the site.

The application for the permit to develop Gubong was made on 23 January 2019 and for the permit to develop Kochang on 8 March 2019.

The joint venture mining company for each mine will monitor all water and materials that leave the mine site and ensure that they comply with Republic of Korea water discharge laws and regulations. The monitoring of discharge water is the responsibility of the mining company but will be regularly inspected and sampled by the mines safety office during operations according to Korean mine effluent standards.

##### 4.7.1 Environmental and Mine Access Permits

In Korea, the state owns all mineral resources. A mining right gives access and permission to the mining company, from exploration up to reopening mines and bulk sampling. However, access to private or public land must be separately negotiated with land owners or local councils, generally based on crop value or opportunity losses.

For drilling, a simple access arrangement with the local council allows road building, drill site preparation etc.

Similarly, mines that have been closed by the Mine Reclamation Corporation of Korea (MIRECO) may be opened but MIRECO must be informed and must give permission. On opening the mine, environmental liabilities associated with the mine closure become the responsibility of the mining company.

The joint venture mining company for each mine will monitor all water and materials that leave the mine site and ensure that they comply with Republic of Korea water discharge laws and regulations. The monitoring of discharge water is the responsibility of the mining company but will be regularly inspected and sampled by the mines safety office during operations according to Korean mine effluent standards (Table 4.2).

The mine waters will be released through a settling pond and monitored to make sure they meet Korean discharge standards, if the waters are outside standards they will be treated by turbulence and addition of lime and iron oxide to stabilise pH, metals and suspended solids before release. The monitoring of discharge water is the responsibility of the company but will be regularly inspected and sampled by the mines safety office during operations.

**Table 4.2: Korean Mine Effluent Standards (Translated)**

<b>An Effluent Standard of Mine Water and Waste Water</b>								
1. Biological oxygen demand(BOD), chemical oxygen demand(COD), suspended solid(SS), pH								
(mg/L)								
	DOD	COD		SS		pH		
Coal Mine	≤ 120	≤ 130		≤ 120		5 ≤ 9		
Mine	≤ 80	≤ 90		≤ 80		5 ≤ 9		
※ In case of "clean area, Ga-region, Na-region" statutory (A law on water quality and hydroecological preservation), apply to effluent quality standard of same legislation.								
2. Heavy metal etc. pollutant standard								
(mg/L)								
	Fe	As	Cd	Pb	Zn	Cu	CN	Cr
Coal Mine	≤ 10	-	-	-	-	-	-	-
Mine	≤ 10	≤ 0.5	≤ 0.1	≤ 1	≤ 5	≤ 3	≤ 1	≤ 2
3. No limitation inside the mine								

This is the process up to and including refurbishing and restarting the mines. To restart a mine, a final exploration report will need to be submitted as well as an economic feasibility study. Any mine plant and processing plant facilities on the surface will need to apply for an industrial processing planning permit.

If each site can be kept smaller than 1500 pyong (4,950m<sup>2</sup>) then individual permits can be granted by the local government. For larger areas an EIA process is required which is longer and more complicated, involving the central environmental agency.

Permits to gain access to the old mines and for environmental aspects of mine exploration have proven readily accessed and quickly processed. The full permission is granted under the mining rights and permit to develop. Certified translations of the mining rights for Gubong and Kochang are shown in Appendix II and III.

As the mine is rehabilitated a waste rock dump will be developed for rock and silt. All concrete, wood etc will be stockpiled and disposed of by a registered local waste disposal operator.



The application for the permit to develop Gubong was made 23<sup>rd</sup> January 2019 and the application for the permit to develop Kochang was made on 8 March 2019.

## **5 CURRENT AND ANTICIPATED PROGRESS OF EXPLORATION AND MINE DEVELOPMENT**

Bluebird Merchant Ventures signed conditional agreements in March 2017 with Southern Gold Ltd to spend \$500,000 on each project and carry out feasibility studies on the two projects mentioned in this report. Thereafter a Joint Venture (JV) will be signed giving 50:50 control through development and mining. The joint venture allows for equal spending or dilution to commercial production.

On all projects, historical data has been collated, translated if necessary and old resources and mining extents have been recreated as reports and 3D computer models. Underground access has been gained at Gubong and Kochang and initial work to check the safety and water levels has begun.

At Gubong the surface access to the Inclined shaft has been rehabilitated, the water level in the mine has been reduced and access ladderways in the inclined shaft have been rehabilitated allowing access to many of the levels. Samples are being taken and the levels mapped to verify historical data. It is intended that continuous channel sampling of vein outcrop in the levels and shafts around remnant blocks and at the old mining extents will suffice to establish resources for an initial feasibility study to re-open the mine. Diamond drilling will take place during mining to establish resources outside the area of historic mining. Metallurgical test work has been completed at Gubong to determine the optimum plant specifications.

Access has been gained to the main drive at Kochang and safety inspections and rehabilitation are ongoing. At Kochang swift progress has been made in exploring the mine and the findings extremely encouraging. This can be attributed to the predominantly excellent state that the excavations are in after 38 years since the mine closed. Access has been gained to over three kilometres of tunnels and considerable quantities of broken ore have been observed to have been left behind and ready for transport to surface. Systematic sampling of the underground workings at Kochang is progressing at a rapid rate.

Bluebird reports that a study on the “Feasibility of Reopening the Gubong Mine” was completed in July 2018 and that the study on the “Feasibility of Reopening the Kochang Mine” is in progress and expected to be completed by late January 2019.

Metallurgical test work has been completed at the Mines and Geoscience Bureau (MGB) and Intertek in Manila, Philippines to determine the most appropriate method of gold and silver recovery from the Kochang ore. The work has been conducted under the direction and guidance of Bluebird’s Metallurgical Manager, Peter Wallwin, who has over 40 years of experience of project development.

The completed metallurgical test work results from Gubong and Kochang have shown that neither mine has ore which will be problematic and does not require complicated or expensive extraction techniques and will allow the company to consider low cost options for the design and construction of its process plant.

Private land access negotiations are underway.



In the mining law, all major reports and permits are required to be answered by the requisite government department within 40 days of application.

## **6 OTHER ASSETS**

There are over 1400 abandoned gold mines in South Korea. Once Bluebird has established a production base and pipeline of projects there will be many more opportunities however Bluebird has no further interests at this stage

## **7 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY**

### **7.1 Topography, Elevation and Vegetation**

#### **7.1.1 Gubong**

The Gubong property is characterised by incised hill ranges trending generally northeast with generally eastern drainage before draining south in the extreme eastern sector to join the Kung-gang River outside the tenement. Hills in the vicinity of the Gubong mine are in the order of 200m above sea level above a prominent, broad, flat east trending valley at about 100m above sea level. Further away from the mine the ranges heights extend up to 450m above sea level.

Land uses within the tenement include cultivation of rice in valley areas and other crops on low hills. In the valley areas, rivers have been canalised to irrigate cropped land and food production is increased locally using temporary structures covered by plastic sheeting for more intensive cultivation of cash crops. Hilly areas are generally forested, mainly by deciduous trees and conifers up to 6 metres height.

#### **7.1.2 Kochang**

The Kochang tenement occurs at the head of a valley at 290m above sea level in low rolling hills and is accessed by a sealed road which winds through the valley.

Land uses within the tenement include cultivation of rice in valley areas and other vegetable crops on inclined land. Hilly areas are generally forested, mainly by deciduous trees and conifers up to 6 metres height.

### **7.2 Accessibility**

#### **7.2.1 Gubong**

The Gubong mine is located at an altitude of 160m above sea level, 130km south of Seoul and 56km from Daejeon in Chungchong Nam province of the Republic of Korea (South Korea). The nearest city is Cheongyang, 10km to the north northeast.

The project area is served generally by excellent sealed roads from Seoul and the provincial town of Cheongyang, some 7km northeast of Gubong mine. Within the property, unsealed vehicle tracks allow general access to most areas of current interest although more remote forested areas must be accessed by foot. Surrounding valleys lie at an altitude of 100-110m above sea level.

The southern side of the project area and the spurs of some hills and mountains commonly have traditional grave sites. There is a government process for moving these sites for construction of motorways.

### **7.2.2 Kochang**

The Kochang Gold Mine is situated in the center of the Korean peninsula. The mine is located at Namba-myeon, Kochung-gun, Southern Gyeongsang Province. It is 240km from Seoul by road, and 97km from Daejeon and 9km south east of the city of Geochang.

The mine access is beside a sealed road at an altitude of 290m above sea level. The majority of the project area is covered by forested hills which rise to 300-500m above sea level with roads, settlements and agricultural land concentrated along a river valley which passes through the property in the west and south. Both valleys at an altitude of between 170 and 200m above sea level. Farming settlements are also present in a valley in the northern portion of the property.

### **7.3 Climate and length of operating season**

For all project areas, the climate is humid continental, characterised by cold generally dry winters and warm summers with the majority of annual monsoonal rainfall, sometimes associated with destructive typhoons, falling between June and September.

Gubong has the mildest winters since it is near the sea. Kochang is subject to periodic snowfall in winter, however this does not prevent access to the project. In fact, the dry deciduous vegetation makes exploration easier in winter.

### **7.4 Local Resource and Infrastructure**

All projects are within 2-3 km of the nearest small town and associated safety and fire services and county governments. All projects are also within 10km of the nearest city with associated resources and city or provincial governments. All projects are on or close to sealed roads and have access to abundant water resources and high voltage power from the local national power supply network (Fig 7.1).

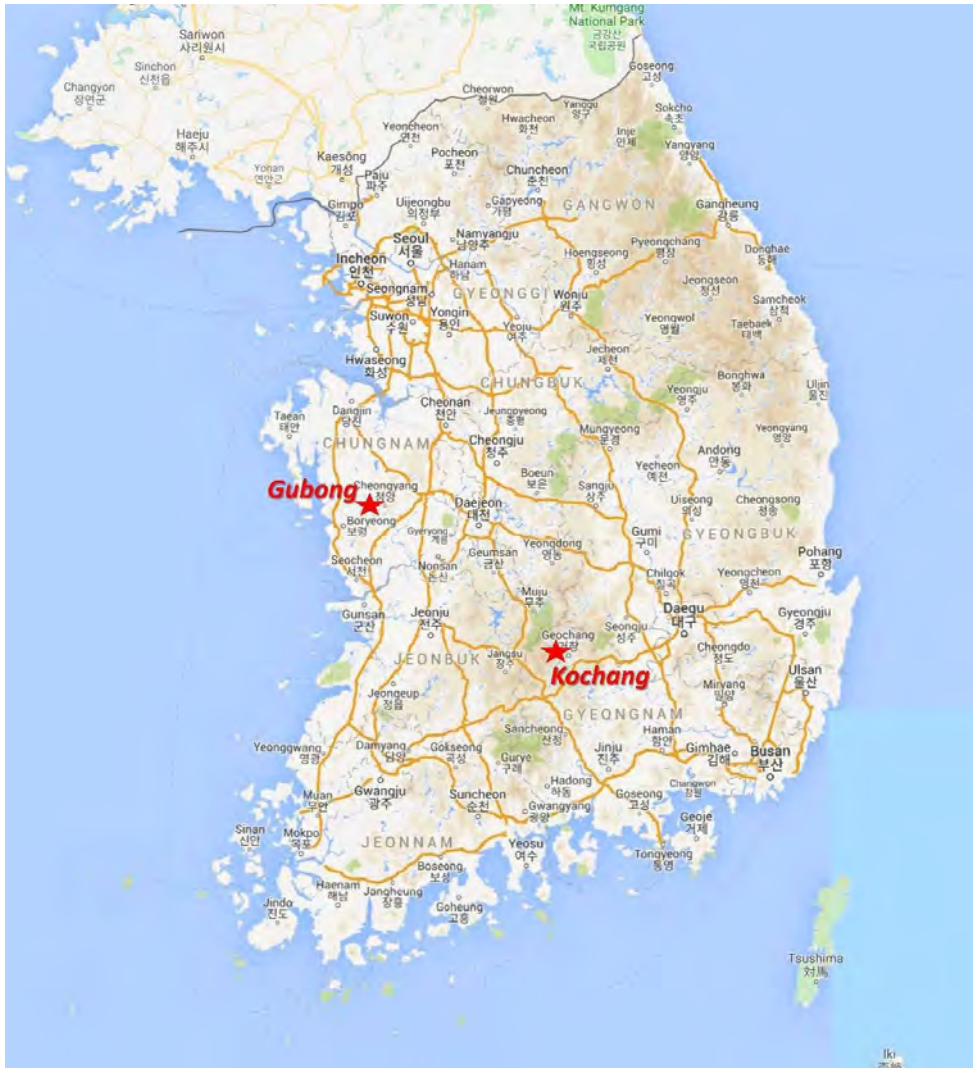


Figure 7.1: Cities, provincial centers and road networks in Southern Korea in relation to the project locations

## 8 HISTORY

### 8.1 Prior Ownership and Ownership Changes

After a hiatus in mining since 1991 where the project areas were not held under mining right, in 2009 a private Korean national, Mr Jae Youl Sim applied for numerous Mining Rights. The tenements were granted in his name and in the name of his son in their personal capacities.

The tenements were bought from Mr Sim and his son by Heesong Metals Co., Ltd (Heesong Metals) and on 24<sup>th</sup> December 2010. Heesong Metals was in turn owned 100% by International Gold Private Limited, a Singaporean company, in turn 100% owned by Asiatic Gold Ltd, an ASX listed company.

International Gold Private Limited started the process of translation of prior data and understanding what resources remain at Gubong in the form of an Economic Evaluation Study Report (Gubong Scoping Study).

Southern Gold Ltd (ASX) purchased 100% of International Gold Private Limited from Asiatic Gold Ltd in 2016, thus transferring 100% control of the properties to Southern Gold Ltd. Heesong Metals changed its name to Southern Gold Korea Inc in 2016. As at writing, Southern Gold Ltd of Australia owns (100% of) Southern Gold Korea Inc, the Korean operations company and tenement holder.

Mr Jae Youl Sim retains a royalty and payment on first production from all projects. This is structured as below:

- 2% NSR upon commencement of production
- Within 1 month of 2nd anniversary of production- \$500,000
- Within 1 month of 3rd anniversary of production- \$500,000
- Within 1 month of 4th anniversary of production- \$500,000
- Within 1 month of 5th anniversary of production- \$500,000

Bluebird Merchant Ventures signed conditional agreements in March 2017 with Southern Gold Ltd to spend \$500,000 on each project and carry out feasibility studies on the two projects mentioned in this report. The agreement envisaged that on completion of JV obligations Joint Ventures (JV) would be signed giving 50:50 control through development and mining. The joint venture would allow for equal spending or dilution to commercial production.

Gubong Project JV Co Pte Limited was incorporated in Singapore on 1 September 2018, is owned equally by Bluebird and Southern Gold pursuant to the Gubong JV Agreement, and is the 100% owner of Gubong Project Co Limited, an entity which owns the Mining Rights for the Gubong Project.

Kochang Project JV Co Pte Limited was incorporated in Singapore on 1 September 2018, is owned equally by Bluebird and Southern Gold pursuant to the Kochang JV Agreement and is the 100% owner of Geochang Project Co Limited, an entity which owns the Mining Rights for the Kochang Project.

On completion of joint venture obligations by Bluebird the Gubong tenements were transferred from Southern Gold to Gubong Project Co Ltd in January 2019 and the Kochang tenements were transferred from Southern Gold to Geochang Project Co Ltd in February 2019.

### **8.1.1 Gubong**

In 1908 a local villager first identified a gold bearing outcrop which became the Gubong mine. The mine was first registered in 1911 and was operated until 1939 when the government closed the mine. In 1946 the mine was reopened, closed from 1950 to 1952 for the Korean War and then was mined continuously until 1971 when the mine was closed due to “difficult working conditions”.

From 1926 to 1971, records show that approximately 434,291 ounces of gold and 109,307 ounces of silver were produced. The Gubong mine was a significant producer and South Korea’s largest gold producer between 1930 and 1943.

The mine was reopened by Youngpung Company in 1988 and mined until 1991. Records of gold production during this period have not been found.

KORES drilled two deep drill holes in 2004 to establish the gold potential of the depth extent of the Gubong mine.

Asiatic Gold Ltd drilled one diamond drill hole at Gubong in 2012 and 4 diamond drill holes in 2015.

### **8.1.2 Kochang**

The Kochang (or Koch'ang or Kyosho) mine was under a series of owners from 1928 until it was purchased by the Nippon Mining Co in 1935 and worked until 1942.

After 1945, several mining companies mined the deposit until 1975, when the production figures stop. It was abandoned from 1975 to 1988 but then restarted and an exploration adit was dug towards the south from 1989 to 1990. No production figures exist after 1975.

There are records of geologists entering the mine and sampling underground on two levels in 1981-2. Kores drilled 4 drill holes in 1984 of which only one has been located successfully to date.

Asiatic Gold Ltd drilled 6 diamond drill holes at Kochang in 2016.

## **8.2 Previous Exploration and Development Work**

### **8.2.1 Gubong**

The Gubong mine, up until the early 1970s, exploited six high-grade quartz veins (No.1 to No.6 Veins) within schist and gneiss over an area of some 14 square kilometres (Figure 8.1). The most extensive workings were on the No.6 Vein that was mined down-dip for approximately one kilometre or 550 vertical metres below surface. It is estimated by Bluebird in recent work that historical infrastructure includes major adits, two vertical shafts, an inclined shaft and several hundred kilometres of underground development (Fig 8.1).

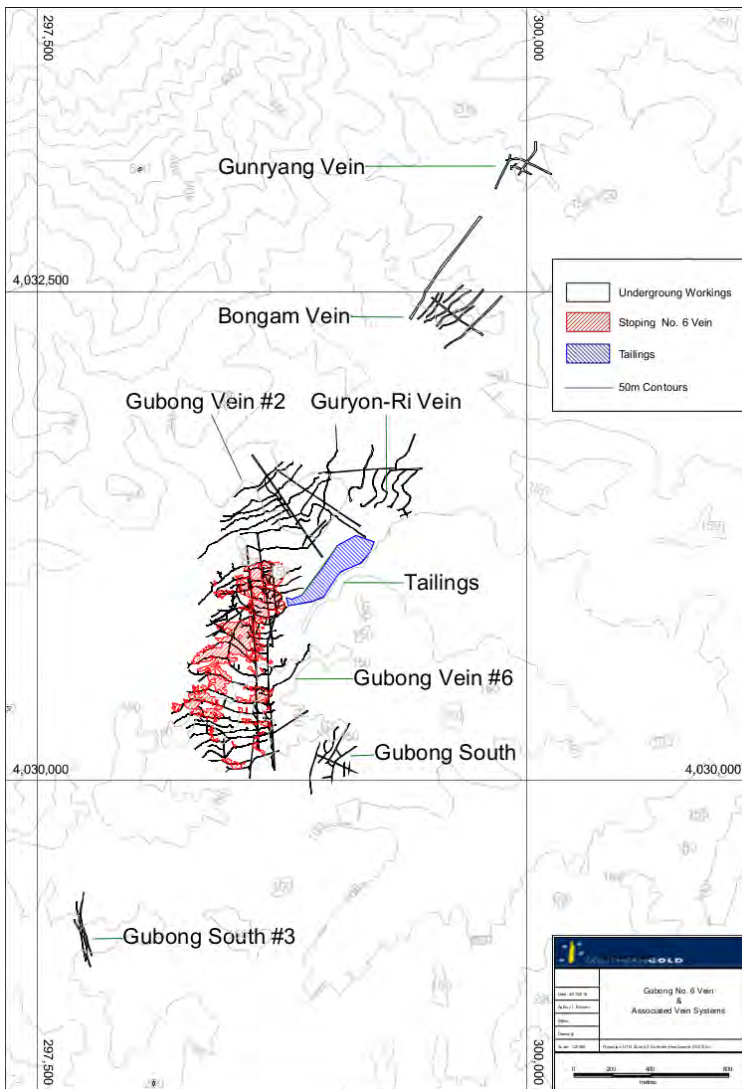


Figure 8.1: Gubong Mine

Previous work campaigns carried out over the Gubong mine and nearby mines are summarised in a 2012 Heesong Metals report as follows:

**1968 May:** 1968 Gubong Mine Field Survey Report by Dong Yeol Kim, Resource Exploration Department, Survey Division, Korea Resources Corporation (1-1 Gubong '68 Field Survey Report).

They noted that the “orebody of the current working is found at a considerable depth, and grades are worsening.”

They also noted that “the upper part of the mine (above the gallery) is almost collapsed, and inclined shaft No.7 is flooded, and many shafts cannot be investigated.”

They comment the mine is thought to be open on 3 sides: east, west and south. They point out that there are no geology maps for the many collapsed and flooded shafts, that it is impossible to check the ore status, and accordingly, exploration plans cannot but be vague speculation. They recommend a change in ore status must be investigated in the deep parts, and the lower limits of the orebody must be predicted. A recommendation for 3 boreholes is given, one in the south and 2 boreholes 350m west (300m for each borehole), totaling 950m.

**1968-1969:** 1968-1969 Gubong Mine Drilling Report (1-2 Gubong '68-'69 Drilling Report).

Results for 68-1 (no vein intersected), 68-2 (no vein intersected), 68-3 (no vein was intersected), 69-1 (no vein was discovered), 69-2 boreholes (no vein discovered).

**1972:** 1972 Gubong Mine Status Report (1-3 Gubong 1972 Mine Status Report).

For 60 years veins from No.1 through to No.9 were developed and mined, and the current main vein is an extension or minor branch of vein No. 6.

This mine has a single bonanza (ore shoot). As for its magnitude, the lower extension continues from the outcrop to -1760ML at a 20-25-degree slope, and the extension of the strike is 400m long from the gallery (0m level) to -1,440ML, but the length decreases to 200m or so further below.

As of the end of August 1970, the -1,760ML vein, the lowest part of the bonanza, is 1-2.5m wide, and the average grade is high at Au 20g/t, but the working conditions inside the shaft are unfavorable i.e. temperature inside the shaft is 29-30 degrees C, and the discomfort index is 80-85%. Production costs have risen due to long distance of transportation.

**1977:** Gubong Mine Status Report (1-4 Gubong 1977 Mine Status Report).

Added no new information

**1985:** 1985 Gubong Mine Status Report (1-5 Gubong '85 Mine Status Report).

They claim it was impossible to survey this mine as all its shafts were flooded at the time of this survey. Consequently, existing survey reports were referenced for this report.

**1990:** No translated report – however the 2004 Gubong Mine Drilling Report (below) refers to borehole No. 90-12 which discovered a 0.9-1.5m wide vein Au 1.1-27.9g/t and Ag 4-25g/t, but adjacent boreholes No's 90-11 (950m) and 91-8 (950m) discovered 0.9-1.5m wide veins, but the quality is rather poor i.e. Au ND

**2004:** 2004 Gubong Mine Drilling Report, December 2004, by Kang Heung-seok, Korea Resources Corporation, Resource Prospecting Department (1-9 Gubong '04 Drilling Report).

2 boreholes drilled:

04-1 drilled for 750m to understanding the mining status of the deep parts and review the possibility of re-development of vein No. 6. Several quartz veins were intersected however the grade was Au <0.05g/t. Vein No. 6 was discovered – true width 0.43-1.64m wide.

04-2 drilled to 820m to understand the mining status of the deep parts and review the possibility of re-development of vein No.6. Several quartz veins were intersected however the grade was Au <0.05g/t. The vein No.6 was 0.9m wide.

They concluded that the vein continues to develop at depth but the quality (grade) is rather poor!

The mine was reopened by Youngpung Company in 1988 and mined until 1991. Records of gold production during this period have not been found. Youngpung drilled 25 drill holes in 1989, 12 drill holes in 1990 and 8 drill holes in 1991.

KORES drilled five deep drill holes in 2004 to establish the gold potential of the depth extent of the Gubong mine.

Significant work was completed by Heesong Metals and International Gold Private Limited on compiling mine data. An in-depth structural interpretation and comment on IGL work was carried out by Sennit in 2011 (S8.3.1 Gubong Geology, Structure) in which he invokes a flat



lying reverse thrust fault at the contact of the schist and gneiss immediately below the Gubong veins which may be the controlling structure and may have been responsible for repeated activation of the Gubong faults/veins and subsequent mineralisation.

Asiatic Gold Ltd drilled one diamond drill hole at Gubong in 2012 for 515.3m and 4 diamond drill holes in 2015 for 976.96m. These have been reported under S9.1 Exploration as they have been reworked and reported by Bluebird.

The drill results have been gathered, checked and compiled into a drill database by workers since 2011 as have the underground face samples and underground workings plans and extents (Fig 8.2) (Table 8.1).

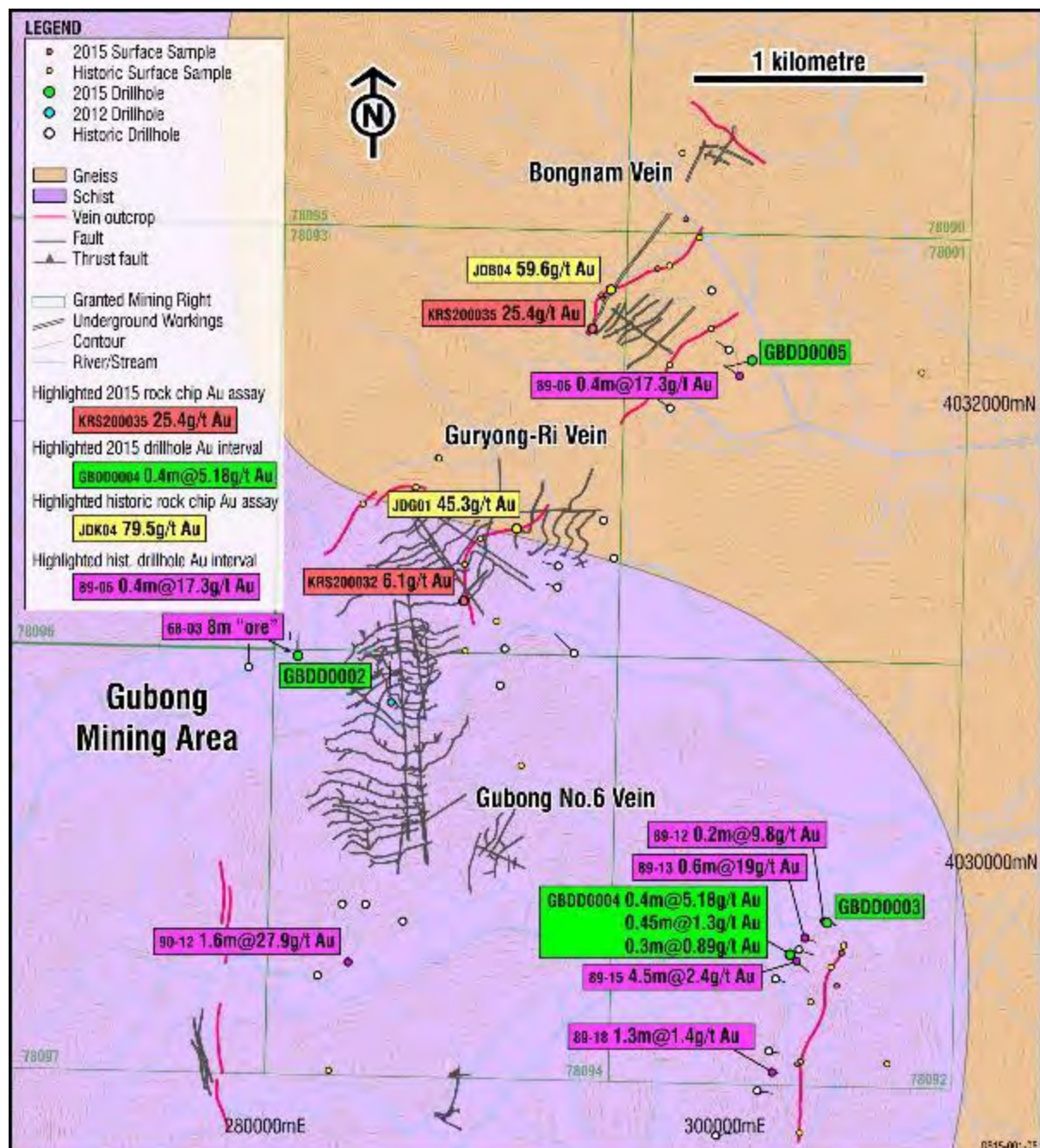


Figure 8.2: Gubong Summary Map showing Drill Holes and Significant Assays



**Table 8.1: Gubong Drill Hole Collars and Specifications**

DataSet	Hole_ID	Hole_Type	GridID	East	North	RL	Max_Depth	Date_Completed	Prospect
Gubong	68-1	DDH	WGS84z52n	299352	4030970	109	350	26/09/1968	Guryong-ri
Gubong	68-2	DDH	WGS84z52n	297936	4030910	112	300	1/07/1968	Guryong-ri
Gubong	68-3	DDH	WGS84z52n	298150	4030960	109	300	26/12/1968	Guryong-ri
Gubong	69-4	DDH	WGS84z52n	299050	4030990	119	350	1/07/1969	Guryong-ri
Gubong	69-5	DDH	WGS84z52n	299030	4030830	113	400	1/07/1969	Guryong-ri
Gubong	89-1	DDH	WGS84z52n	300768	4034411	155	200	6/11/1989	Gunryang
Gubong	89-2	DDH	WGS84z52n	300200	4034473	175	180	12/06/1989	Gunryang
Gubong	89-3	DDH	WGS84z52n	300355	4034452	160	150	28/05/1989	Gunryang
Gubong	89-4	DDH	WGS84z52n	299949	4032548	125	100	4/09/1989	Bongnam
Gubong	89-5	DDH	WGS84z52n	300025	4032291	115	200	30/10/1989	Bongnam
Gubong	89-6	DDH	WGS84z52n	300071	4032176	120	260	12/08/1989	Bongnam
Gubong	89-7	DDH	WGS84z52n	299769	4032037	120	200	7/07/1989	Bongnam
Gubong	89-8	DDH	WGS84z52n	299480	4031549	120	350	20/07/1989	Guryong-ri
Gubong	89-9	DDH	WGS84z52n	299524	4031383	100	350		Guryong-ri
Gubong	89-10	DDH	WGS84z52n	299282	4031349	120	200	2/09/1989	Guryong-ri
Gubong	89-11	DDH	WGS84z52n	299279	4031258	120	150	17/08/1989	Guryong-ri
Gubong	89-12	DDH	WGS84z52n	300441	4029804	100	160	22/07/1989	Danbong
Gubong	89-13	DDH	WGS84z52n	300356	4029730	100	200	3/07/1989	Danbong
Gubong	89-14	DDH	WGS84z52n	300330	4029679	103	200	24/07/1989	Danbong
Gubong	89-15	DDH	WGS84z52n	300319	4029631	100	200	27/05/1989	Danbong
Gubong	89-16	DDH	WGS84z52n	300228	4029553	113	250	21/06/1989	Danbong
Gubong	89-17	DDH	WGS84z52n	300200	4029237	115	150	21/11/1989	Danbong
Gubong	89-18	DDH	WGS84z52n	300212	4029146	140	150	25/10/1989	Danbong
Gubong	89-19	DDH	WGS84z52n	300149	4029066	174	200	23/11/1989	Danbong
Gubong	89-20	DDH	WGS84z52n	300126	4028468	200	250	30/10/1989	Danbong
Gubong	89-21	DDH	WGS84z52n	299748	4027870	213	300	25/10/1989	Danbong
Gubong	89-22	DDH	WGS84z52n	300665	4028411	240	100	10/12/1989	Danbong
Gubong	89-23	DDH	WGS84z52n	300717	4028343	213	150	5/12/1989	Danbong
Gubong	89-24	DDH	WGS84z52n	300793	4028403	195	100	16/07/1989	Danbong
Gubong	89-25	DDH	WGS84z52n	300783	4028446	200	100	5/08/1989	Danbong
Gubong	90-1	DDH	WGS84z52n	299740	4028171	226	9	1/07/1990	Danbong
Gubong	90-2	DDH	WGS84z52n	300139	4028115	249	9	1/07/1990	Danbong
Gubong	90-3	DDH	WGS84z52n	299825	4028416	161	500	22/09/1990	Danbong
Gubong	90-4	DDH	WGS84z52n	300157	4028426	212	250	1/07/1990	Danbong
Gubong	90-5	DDH	WGS84z52n	300184	4028364	210	200	1/07/1990	Danbong
Gubong	90-6	DDH	WGS84z52n	300162	4028277	235	250	1/07/1990	Danbong
Gubong	90-7	DDH	WGS84z52n	300149	4028203	239	250	13/07/1990	Danbong
Gubong	90-8	DDH	WGS84z52n	300139	4028115	210	300	1/07/1990	Danbong
Gubong	90-9	DDH	WGS84z52n	300021	4028265	227	350	1/07/1990	Danbong
Gubong	90-10	DDH	WGS84z52n	300254	4028038	248	200	11/07/1990	Danbong
Gubong	90-11	DDH	WGS84z52n	298606	4029803	113	950	22/09/1990	Vein 6
Gubong	90-12	DDH	WGS84z52n	298367	4029627	118	900	1/07/1990	Vein 6
Gubong	91-1	DDH	WGS84z52n	300130	4027677	186	300	1/07/1991	Danbong
Gubong	91-2	DDH	WGS84z52n	299923	4027874	230	500	1/07/1991	Danbong
Gubong	91-3	DDH	WGS84z52n	299861	4027900	224	500	1/07/1991	Danbong
Gubong	91-4	DDH	WGS84z52n	299949	4028185	234	450	1/07/1991	Danbong
Gubong	91-5	DDH	WGS84z52n	299774	4028312	175	500	1/07/1991	Danbong
Gubong	91-6	DDH	WGS84z52n	300030	4028788	176	350	1/07/1991	Danbong
Gubong	91-7	DDH	WGS84z52n	299968	4028871	157	350	1/07/1991	Danbong
Gubong	91-8	DDH	WGS84z52n	298235	4029568	122	950	1/07/1991	Vein 6
Gubong	04_1	DDH	WGS84z52n	298444	4029878	138	800	1/07/2004	Vein 6
Gubong	04_2	DDH	WGS84z52n	298344	4029879	160	820	1/07/2004	Vein 6
Gubong	GB0001DD	DDH	WGS84z52n	298555	4030756	128.304	415.3	3/05/2012	Vein 6
Gubong	GBDD0002	DDH	WGS84z52n	298150	4030960	109	303.5	3/11/2015	
Gubong	GBDD0003	DDH	WGS84z52n	300453	4029797	96	213	29/10/2015	
Gubong	GBDD0004	DDH	WGS84z52n	300290	4029658	98	300.5	30/10/2015	
Gubong	GBDD0005	DDH	WGS84z52n	300126	4032244	120	245	22/11/2015	

### 8.2.1.1 International Gold Economic Evaluation Study

In September 2011 International Gold completed an Economic Evaluation Study report on the Gubong deposit (the “International Gold EES”). This is a substantial piece of work and stands as a Pre-Feasibility Study for re-opening the Gubong mine (Plowright and McGinnis 2011).

The scope of work was to prepare an Economic Evaluation Study on the Gubong Gold Project to consider the mining and processing options at a conceptual level and develop an estimate of capital and operating costs to  $\pm 35\%$  accuracy associated with the design, mining and construction of a 0.5 Mtpa gold mining and processing facility, related infrastructure and services.

The authors considered that the Gubong project has a historic resource which is classified under JORC/ASX rulings as historical, and which, they considered could be upgraded to JORC compliant using 2007 core, and subject to further drilling. They based the study on a “sustainable realistic” world gold price of AU\$1,350 per oz. They also considered that there is the potential to incorporate a number of satellite orebodies, to which IGL have the tenure to and are within trucking distance. These include the Imcheon, Pungsan, Ongam and Yangi deposits calculated by the KORES independent agency of Korea as containing a further 300,000 ounces of gold.

The study also considered tailings deposits from previous mining as a potential source of gold that could be considered during the next stage of studies to improve the negative cashflow considerably.

The International Gold EES estimates that an ore quantity of 2.7M tonnes of ore, at an average grade of 7.0g/t with over 575,000 ounces recovered exists. This gives a potential cash flow of around AU\$285M over a mine life of 33 quarters or 8.25 years, using a gold price of AU\$1350 per oz.

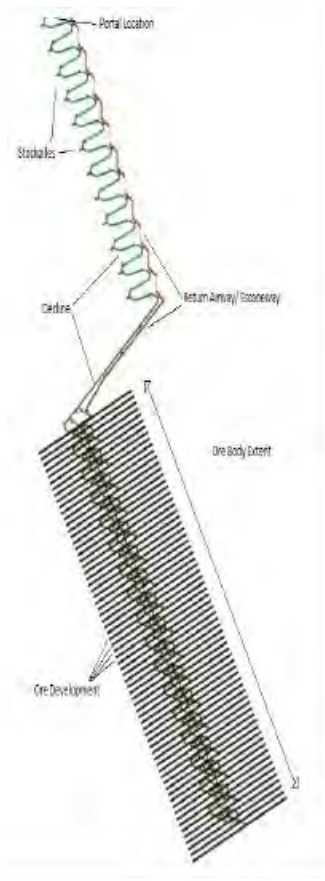
The report concludes that the Gubong historic resource appears to be potentially profitable at this level of study and International Gold therefore recommended further studies should be performed to achieve a JORC compliant resource.

It should be noted that this report is an extensive and detailed document and includes appendices by GR Engineering with a full plant design (Fig 8.3) and costing at scoping study level;



Figure 8.3: GR Engineering Scoping Study Level Plant Design

and Rock Team of Perth who have delineated the historic resources in 3D and planned mining access (Fig 8.4), mining methodology and mining schedule in some detail for a decline, 20t truck and remote mucker operation.



**Figure 8.4: Rock Team Decline Driven Overall Mine Layout**

A brief study of the open pit potential at Gubong was made in 2012 by Heesong Metals (Butler, J; 2012). It was noted that the memo was preliminary and that no resource had then been outlined that would support an open pit and that it would involve accessing and dewatering the underground workings, and moving graves, barns and schools.

### **8.2.2 Kochang**

The Kochang Mine was worked in four phases as described in paragraph 7.1.2 above. Development and mining began in 1928 but production records start in 1938 with the Nippon Mining Co which mined until 1942. Production restarted in 1961 and was fairly constant until 1975.

The workings extend over 1.2-1.5 km (2.5 km including the silver shaft area) from south west to north east and extend down dip to about 120 m below surface (Fig 8.5). The workings exploit 5-7 veins striking 050° with a dip of 50-70NW. There seem to have been four shafts (North shaft, south shaft, main shaft and silver shaft). The gold and silver mines have been worked as separate mines in the past but recent work suggests that they are part of the same deposit and that resources may extend between them.

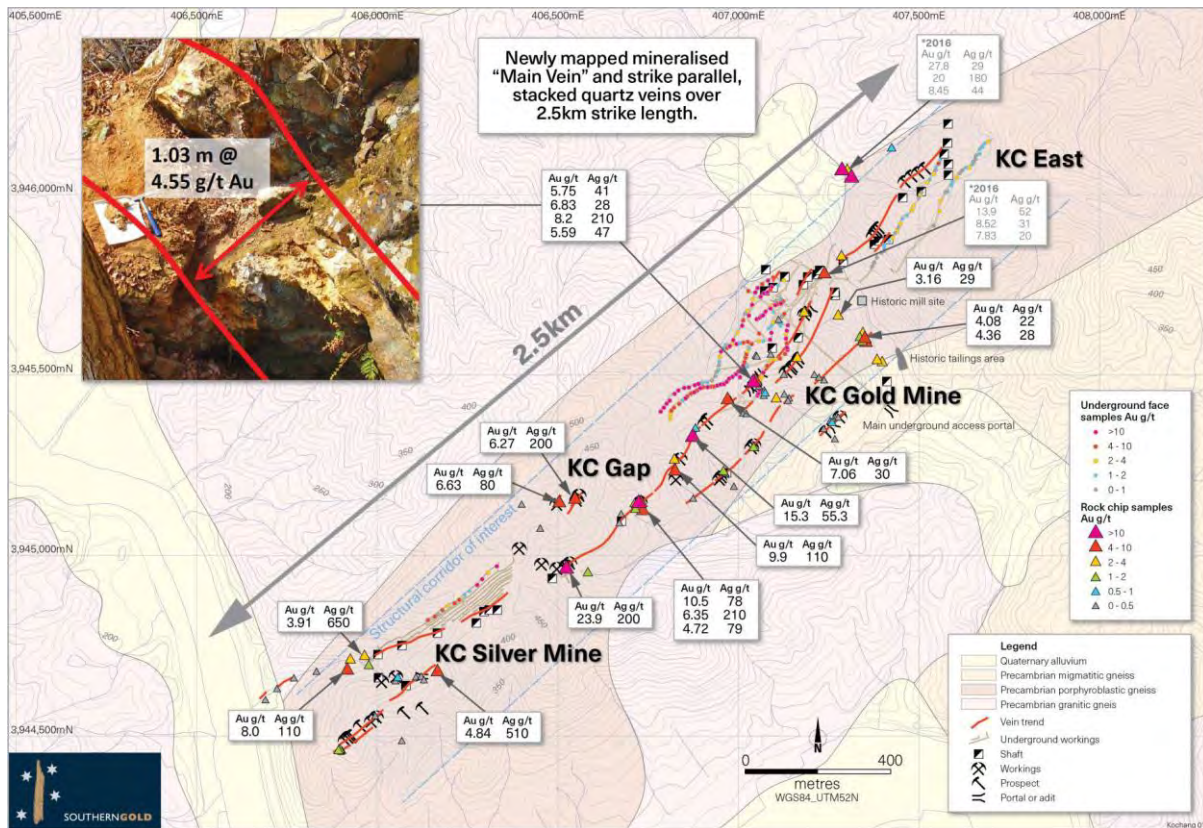


Figure: 8.5. Showing the 2.5 km length of mineralisation delineated at Kochang by Southern Gold Geologists with sampling highlights.

Following the last year of recorded production in 1975, exploratory level development was carried out in 1981 and 1990, presumably by KORES. Korean underground plans dated 1990 show the results of the sampling of quartz veins along portions of the gold mine at Kochang. In aggregate, a total of 104 underground samples are depicted with gold results ranging from 0.4 g/t up to 102.6 g/t for sample widths ranging from 0.03 metres to 0.6 metres in thickness. The length weighted average value of all the underground samples is 17.05 g/t gold over 0.2 metres.

Of further interest is a particularly well mineralised 120 metre length of Vein 3 at the southern end of the prospecting drive on 245RL which gave a length weighted average value of 57.27 g/t gold over a 0.29 metre width: indicating the presence of higher grade ore shoots at Kochang. Bonanza grades were reportedly mined from upper levels of the north shaft vein.

In 1984, four inclined core holes were drilled at Kochang but their coordinates are generally unknown. Each hole intersected narrow quartz veins. Two of the holes were sampled for assay over intersections of interest. One drill hole 84-2 was collared in a new deposit called the Sanpo Mine (Fig 8.6) at 238 RL, azimuth of 225 and dip 70. Of the nine results reported, Hole 84-2 gave two intersections above 1 g/t gold in one hole. The intersections were 10.6 g/t gold and 12 g/t silver over 0.6 metres from 26.9 metres and 17.6 g/t gold and 4 g/t silver over 2.5 metres from 63.0 metres respectively. At 97.6 metres a 2.4m vein gave trace gold and 1,763 g/t silver.

This drill hole opens up a "new" parallel mineralised structure of up to 2.5m wide to be explored and the possibility of other as yet unknown structures related to the same hydrothermal fluid source and regional structures.



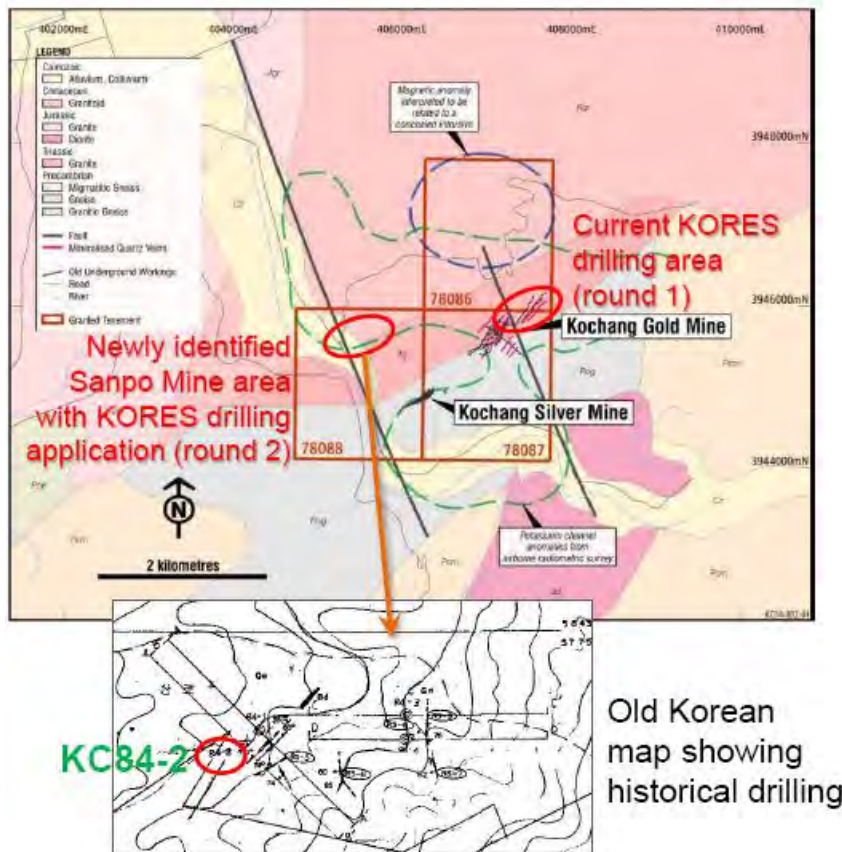


Figure 8.6: Kochang Mine showing the location of the Sanpo Mine

Kochang underwent an airborne (helicopter) radiometric and magnetics survey in 1990 by KORES as part of a country wide investigation of old mining areas at that time. Results from this survey appear to show the Kochang gold and silver mines contained within a Potassium Channel anomaly and with a 1.5km wide circular magnetic anomaly to the north (Fig 8.7). The magnetic anomaly is inferred to be a concealed intrusive and the potassium anomaly, the most likely hydrothermal outflow zones from that intrusive. These hydrothermal fluids have taken advantage of local faults to form the Kochang veins.

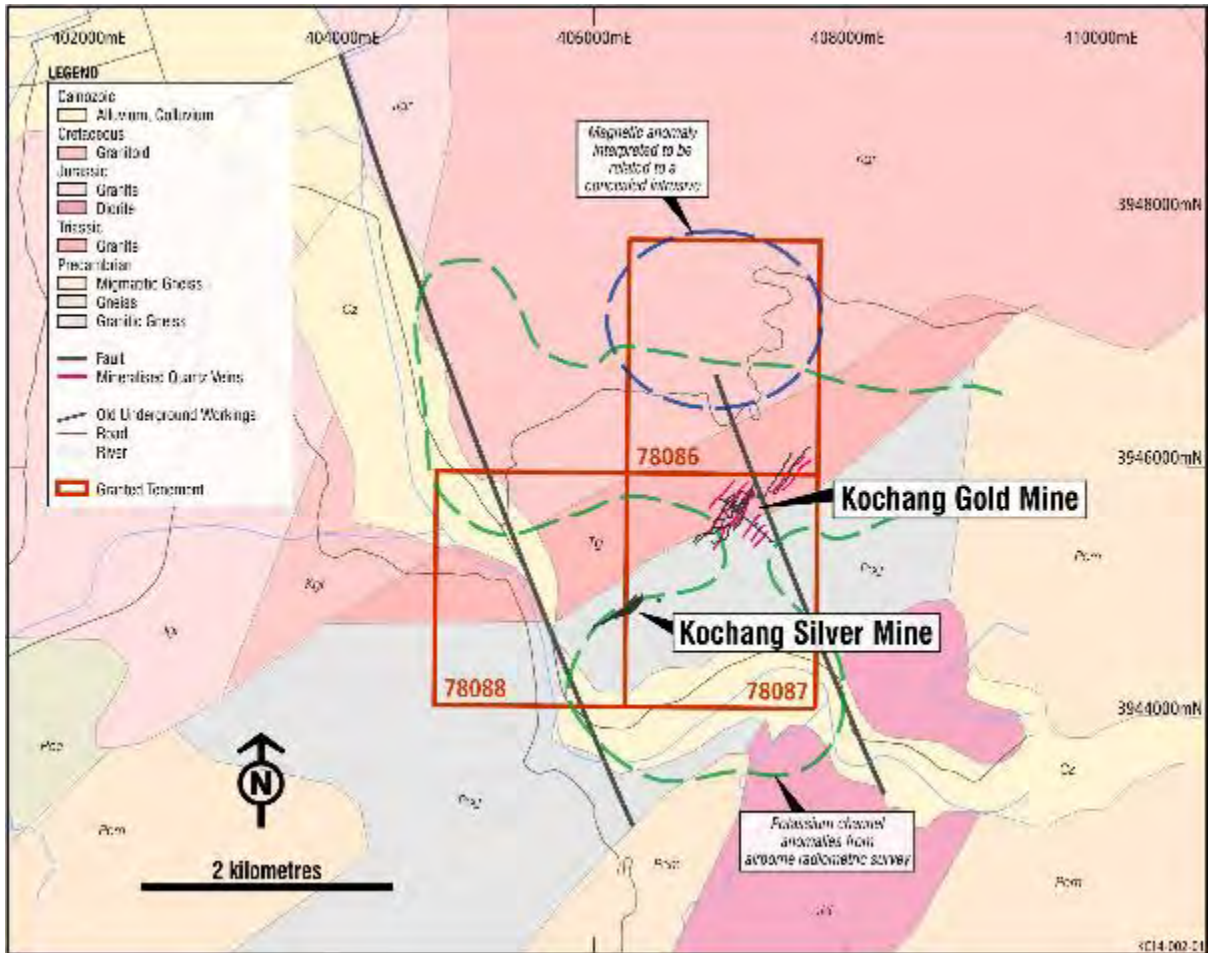


Figure 8.7: Showing Mineralisation at Kochang in relation to Airborne Radiometric and Magnetic Anomalies

The area of the mine has been mapped and chip sampled by Southern Gold geologists and their immediate predecessors. The area about the mine was mapped and vein outcrops identified and sampled in-situ at the surface. A total of 99 rock chip samples were taken. The mapping identified along strike continuity between the gold rich veins and the silver rich veins to the south west.

Surface outcrops sampled have been integrated with the plotted underground workings and mine face samples for which data still exists. From this work, at least one clear relationship showing a SW plunging ore shoot from an open stope at surface to workings 145m below surface has been demonstrated. Limited sampling on veins outside the old mine has shown the potential for a number of additional veins in the footwall of the main vein.

This work is detailed under the geology and mineralisation sections below. The integration of recent surface mapping and sampling with mine face sampling results allows for a 3D view of the prospect and ore trends.

Four diamond drill holes were drilled at Kochang in 2016 for 1232.8m by Asiatic Gold Ltd immediately prior to their sale to Southern Gold. This drilling has not been completely logged or reported and will be investigated by Southern Gold and Bluebird staff as part of the ongoing program of works at Kochang.

The most recent exploration work undertaken was the checking of all data sources above and their input into a geological mine model by Southern Gold's geologists. This work will have to be validated but will form a solid body of work to plan early targeting of underground fact checking and exploration drill holes.

### 8.3 Production History

#### 8.3.1 Gubong

Gubong was the third largest historical gold producer in South Korea, with recorded production of 428,647 ounces during 1932-1971 (Table 8.2) (Fig 8.8). An additional 176,193 oz of combined gold and silver was mined during the years 1926 to 1931 but not reported separately.

Table 8.2: Gubong Production History

Year	Gold (grams)	Silver (grams)	Gold & Silver (Combined Production)	Comments
1908				Mine Discovered
1911				Mine Registered
1926			22,639	
1927			31,174	
1928				
1929			29,625	
1930			57,655	
1931			35,100	
1932	22,869	6,831		
1933				
1934				Acquired by Japans Chukai Mining Co
1935	69,259	37,893		
1936	166,256	64,950		
1937				
1938	257,941			
1939	262,563			World War II. Work was supposed to stop due to a Japanese ban on Gold mining
1940	387,840			World War II
1941	521,412			World War II
1942	445,181			World War II
1943				World War II
1944				World War II
1945				World War II
1946				Mine acquired by KMPC
1947				
1948				
1949				
1950				Korean War
1951				Korean War
1952				Rework began post Korean War
1953	104,626			
1954	381,319			
1955	193,621			
1956	312,496	45,000		

1957	669,000	116,000		
1958	825,969	143,500		
1959	746,620	130,000		
1960	713,125	244,000		
1961	1,006,742	345,000		
1962	1,387,003	428,000		
1963	1,019,644	400,032		Vertical shaft completed
1964	833,229	305,188		
1965	774,019	318,938		
1966	643,392	263,638		
1967	482,729	173,777		Shafts below 1540ml flooded due to collapse of vertical shaft
1968	412,721	159,708		Recovery and drainage completed
1969	335,291	140,757		
1970	294,554	87,665		
1971	63,000			Closed due to unfavourable working conditions & costs
Total	13,332,421	3,410,877		Does not include 1926 to 1931
<b>Total oz</b>	<b>428,647</b>	<b>109,662</b>		<b>Does not include 1926 to 1932</b>

### 8.3.2 Kochang

The Kochang Mine was worked in four phases as described above. Development and mining began in 1928 but production records start in 1938 with the Nippon Mining Co which mined until 1942. Production restarted in 1961 and was fairly constant until 1975. Production figures given in tables as below (Table 8.3) are incomplete.

Table 8.3 Kochang Mine Historical Production

Year	tonnes	Au grade	Ag grade	Au (g)	Au (oz)	Ag (g)	Ag (oz)
1938				23,980	771		
1939				27,533	885		
1840				13,977	449		
1941				8,692	279		
1942				491	16		
1961	179.0	55.7	50	9,968	320	8,948	288
1962	41.8	28.4	360	1,188	38	15,064	484
1965	49.5	17.9	1830	886	29	90,625	2,914
1966	25.7	7.4	178	190	6	4,582	147
1970	23.3	11.2	2365	261	8	55,201	1,775
1973	10.7	38.4	1463	411	13	15,654	503
1975	21.2	21	104	445	14	2,204	71
<b>Totals</b>	<b>351.3</b>			<b>88,023</b>	<b>2,830</b>	<b>192,278</b>	<b>6,183</b>

The 1991 (KORES) Kochang Mining Report indicates that production from Kochang mine for the period 1938 to 1942 was 74.673 kilograms of gold. KORES' incomplete production figures for the period 1961 to 1975, indicate that in excess of 172,000 tonnes @ 19.6g/t Au (110,000 oz) and 1,060 g/t Ag (5,895,000 oz) were produced from the mines during that time.



## 8.4 Resources

### 8.4.1 Gubong

An historical resource of 2,346,440t @ 7.36g/t Au (555,299 oz Au) has been quoted for Gubong on page 62, line 7 in the “Gold Deposits and Mine Situation in Korea 2003 12” by KIGAM. They also quote a vein width of 0.8m.

An historical resource of 192,480t of proved and 412,820t of probable for a total of 605,300t at 3.8-10.92g/t Au and 5-6g/t Ag has been quoted for Gubong on page 321 in the “Gold Mines in Korea 2010” by Hye-Ja Hyun, Ui-Deok Hwag, Young-In Kim, Kyung-Han Lee, Jong-Gyu Han, from the Korea Institute of Geoscience and Mineral Resources. They also state the vein width is 0.6-1.5m wide and length along strike is 200-400m.

Unfortunately, there is no documentation available for how these historic resources were calculated, what data was used, and where the historic resource was located. KIGAM was queried about this during a meeting with Heesong Metals staff in 2012 and answered that this information had gone missing.

The historical resources quoted in the September 2011 International Gold “Gubong Project Economic Evaluation Study Report” (International Gold EES) must be mentioned here. This was a substantial report prepared as a Scoping Study or Pre-Feasibility Report on the Gubong Project. The historical resource used in this report was prepared by extensive data search and geological 3D modelling by “Mackay and Snellman” and “Rock Team”, both Perth consultancies.

Although the exact methodology and calculations are no longer available for inspection, they quote the KORES historical resource (above), of 2,346,440t @ 7.36g/t Au (555,299 oz Au) based on 5 diamond holes showing that the 1-2m thick quartz vein which hosts the mineralisation is continuous for a further 500m down dip, as the historical resource and recommend further exploration drilling to upgrade it to a JORC compliant resource.

#### 8.4.1.1 Gubong Tailings Resource

A detailed paper examining investigation and remediation of arsenic in tailings at Gubong was prepared in 2004 by Joo-Sung Ahn and delivered at the 41<sup>st</sup> CCOP Annual Session in Tsukuba Japan in 2004. He describes a detailed geochemical survey of the Gubong Tailings and the remediation put in place to stop arsenic leachate from entering local water courses. The tailings survey, which including three cored drill holes, computed that the tailings totaled 143,042 m<sup>3</sup>. Unfortunately, gold was not assayed. As gold in orogenic gold ores is often incorporated as microblebs within arsenical pyrite, and given the low gold prices of the day, it follows that recovery of gold in the associated plant may have been relatively low and the tailings may hold economically recoverable gold levels. This can be quickly evaluated by a series of cored drill holes and a metallurgical study.

### 8.4.2 Kochang

An historic resource figure of 182,190t @ 12 g/t Au for 70,298 contained ounces is quoted in a Heesong Metals 2011 memo but this figure cannot be substantiated. The deposit will require underground mapping, sampling and diamond drilling to prepare a resource.

“During 2018 Bluebird has completed a review of all data to date, related to the Kochang Gold and Silver mine. As a result, it has derived an initial estimate of the mineral potential available for the redevelopment of the mine. The development of this mineral potential used historical

plans, production statistics, recent surface exploration mapping and sampling, historic drilling, 3D computer modelling, and recent underground surveying and grab/channel sampling.

The total estimate of the mineral potential is between 550,000 and 700,000 tonnes, with a range of grades between 5.2 g/t to 6.6 g/t Au, and 27.3 g/t to 34.8 g/t Ag. The grades and grade profile were based on the underground sampling programme carried out this year, augmented by recent surface sampling results. The tonnage range is 40% to 50% of the calculated total tonnage which is the same percentage as that of significant results obtained by sampling (RNS 23 May 2018).

The recent work carried out covers an extremely small area with obvious underground drill targets in close proximity to the three main veins. The deposit is open along strike and to depth. The company intends to commence an underground drilling programme, along with further mapping and channel sampling in other historic workings in early to mid 2019. This programme will lead to further refinement and expansion of the mineral potential and enable conversion to a mineral resource as defined by internationally accepted codes” (Regulatory News November 20, 2018).

## 9 GEOLOGICAL SETTING AND MINERALISATION

### 9.1 Regional Geology

Korea sits on the Pacific Rim with affinities to gold producing belts in China and Japan. It appears to be under represented in terms of world class deposits, possibly due to lack of recent exploration and mining. Many small to medium sized mines in Korea closed during the mid 80's and exploration has been generally lacking until the late 1990s.



Figure 9.1: Major Lithologic Units in East Asia

The North China Block is a Pre-Cambrian craton amalgamated from a number of sub-cratons. In Korea the North China block has collided with the Proterozoic Cathaysia (Korean) Block (Fig 9.1). The Permian Hongseong-Odesan Collision Belt resulted from this collision. A sliver of the Yangtse Block, another Pre-Cambrian craton is sandwiched between the Hongseong-Odesan Collision Belt and the Okcheon Metamorphic Belt to the south. This sliver of the Yangtse Block hosts many gold deposits including the Gubong deposit (Fig 9.2). The NE-SW collision margin trend is host to a number of major faults and subordinate faults that mimic that trend and are responsible for forming the plumbing for many metallic deposits. In the far SE of the Korean peninsula, cretaceous volcanics represent a more recent Pacific Rim style volcanism.

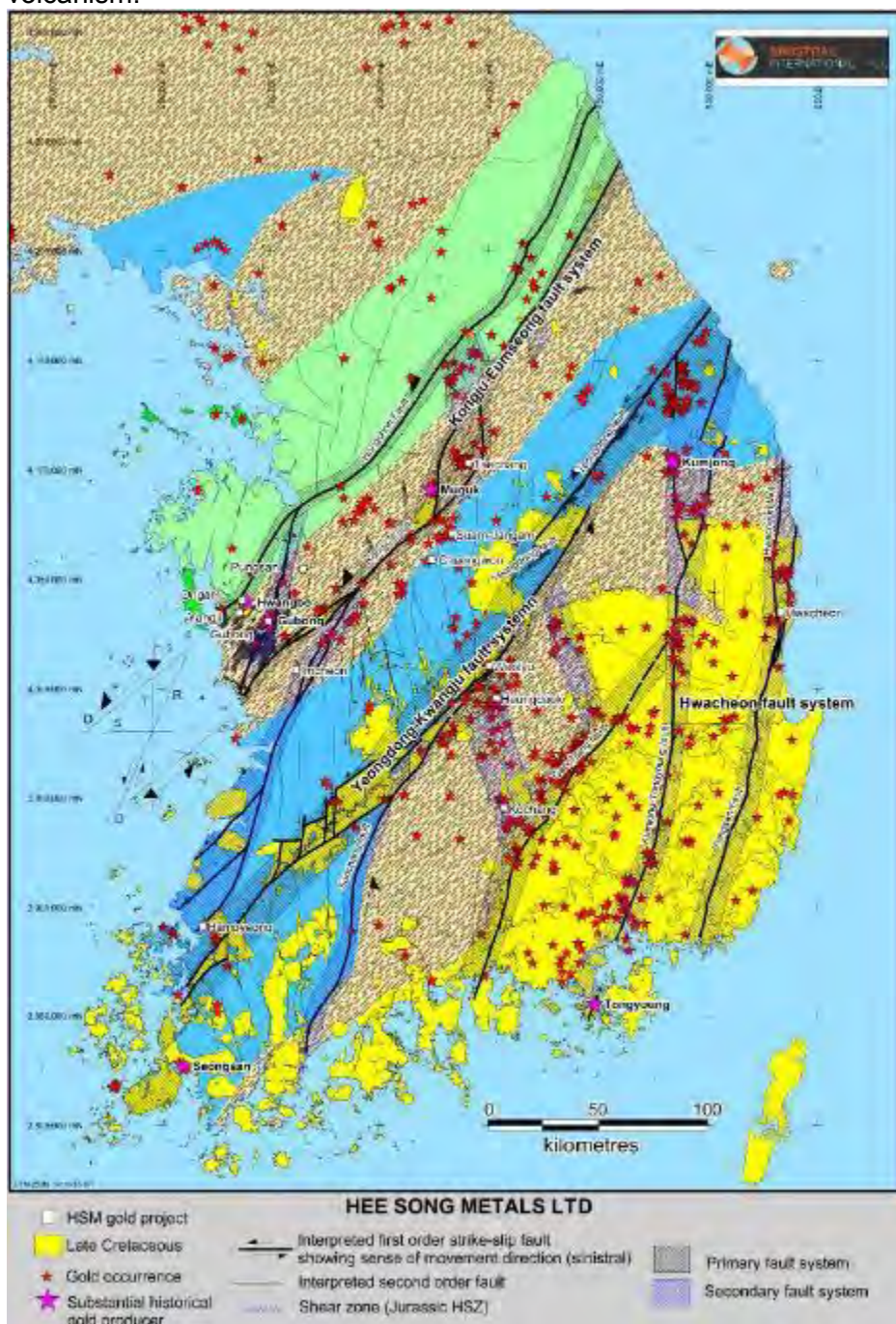


Figure 9.2: Major Lithologic Units in Korea



Another way to view this lithologic package comprised of the Hongseong-Odesan Collision Belt, sliver of the Yangtse Block and the Hongseong-Odesan Collision Belt and the Okcheon Metamorphic Belt is as it has been called, the Gyeonggi Massif, a package of schists, gneisses and eclogite sandwiched between two colliding cratons (Fig 9.3).

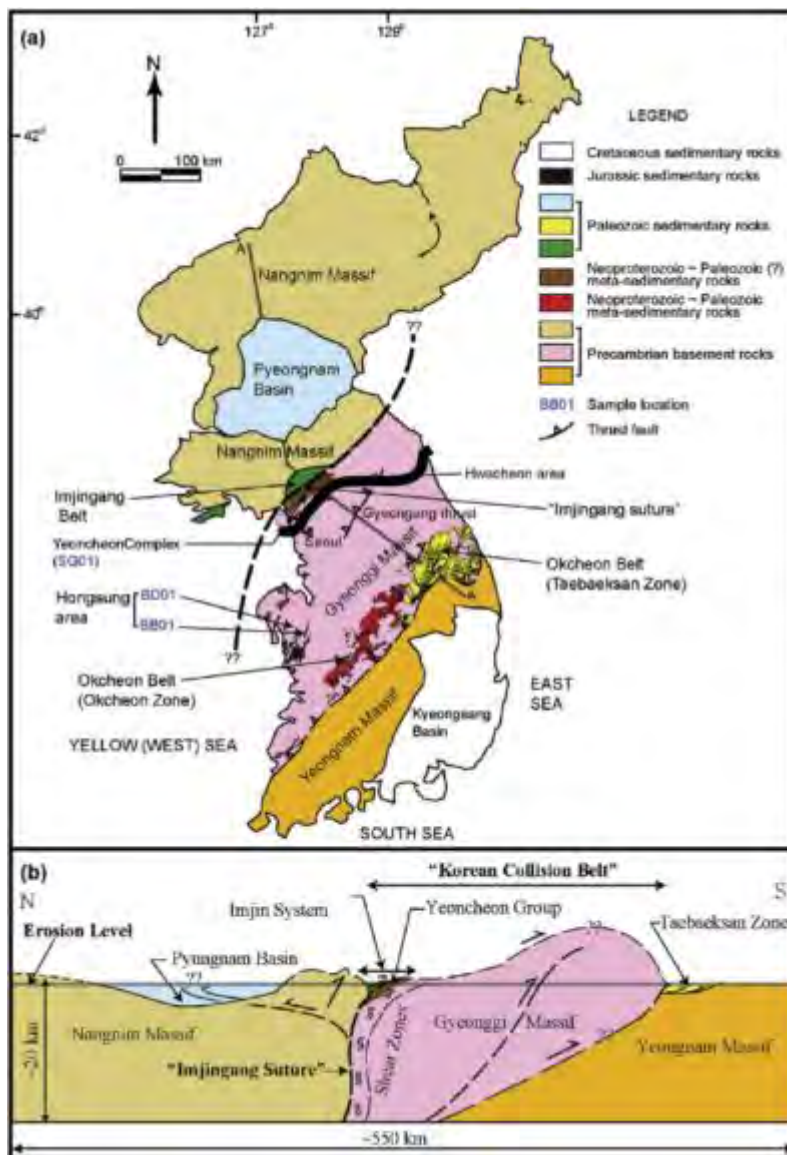


Figure 9.3: Major Korean lithologic system exhibiting the “Korean Collision Belt”

## 9.2 Regional Structures

Regional Structures are controlled by the Korean Collision Belt which shows NW-SE compression and has created a NE-SW fabric of major transfer faults which have formed conduits for Neo-Proterozoic biotite granite to diorite and granodiorite intrusions to intrude to currently exposed levels in the crust (Fig 9.3).

## 9.3 Local Geology

### 9.3.1 Gubong

The Gubong orogenic vein systems are hosted within a NNE trending structural belt within mica schist metasediments sitting over Pre-Cambrian granite gneisses. Foliation trends are variable but are mainly NNE to NW. This mineralised district is one of ten metallogenic

provinces in the Republic of Korea recognised by KIM (1970) and designated the Cheonan metallogenic province.

An elongate northeast trending Jurassic sedimentary basin is present to the south of Gubong and in a thin belt to the east. The observed basin sequence includes poorly sorted breccia-bearing sandstones and conglomerates that are intercalated with black shale and minor coal beds.

A small NE-SW orientated stock of Jurassic biotite granite has intruded the Pre-Cambrian gneiss. Dykes of fine grained diorite, lamprophyre and quartz porphyry have intruded the Pre-Cambrian gneiss and Jurassic sequence. They are probably Cretaceous in age. Mineralisation is associated with the Jurassic to Cretaceous granites (So and Shelton, 1987; Shelton et al., 1988; So et al., 1995; Choi et al., 2001) after a regional Early Jurassic (212 to 192 Ma) metamorphic event affected the Pre-Cambrian basement (Fig 9.4).

Depth of formation of mineralisation is inferred to be >2.4km. Sulphur isotopes indicate a magmatic-derived source of sulphur and fluids, confirmed by the relatively high salinity contents. Later Stage II veins had homogenisation temperatures of 201-378°C and much lower salinities of <4.2 wt% NaCl. The source of these magmatic fluids is presumed to be the nearby Jurassic to Cretaceous granite intrusions (Yoo, Lee and White 2006)

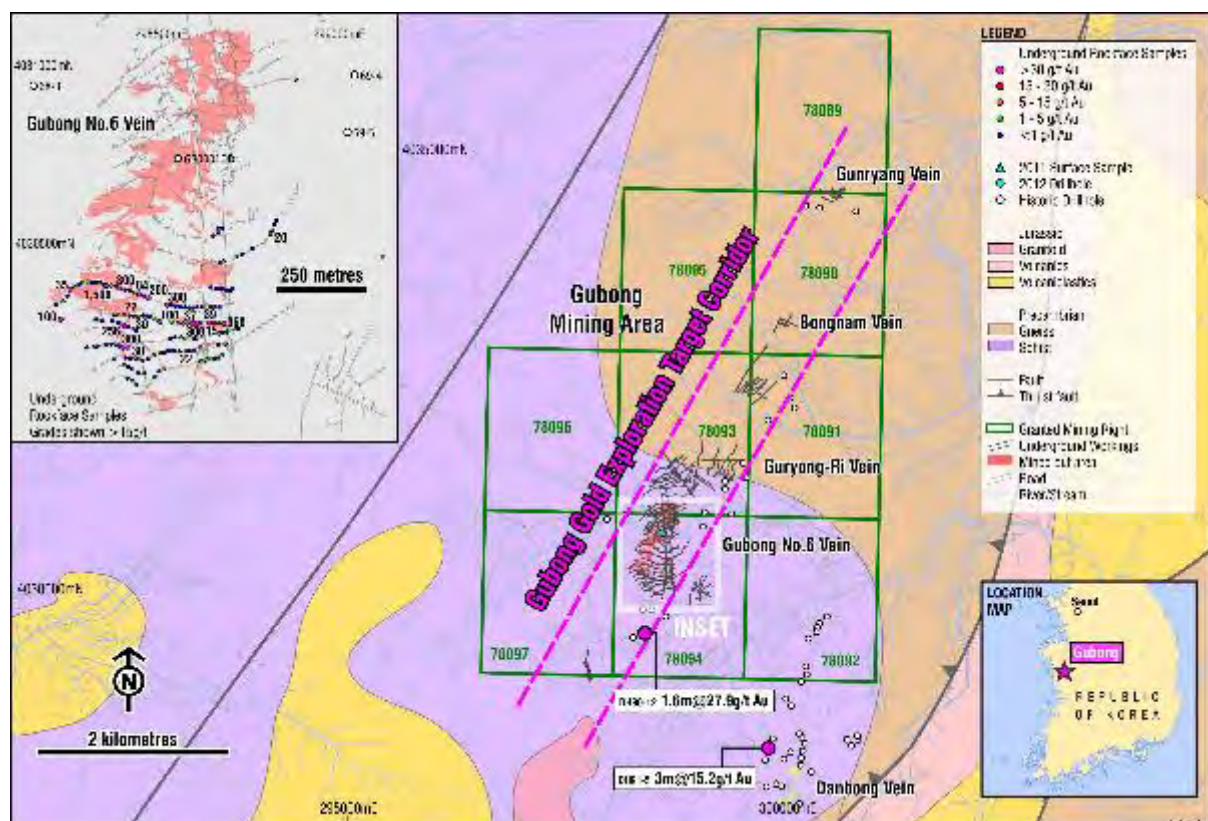


Figure 9.4: Local Geology at Gubong

A reinterpretation of geological data by Senlac Geological Services Pty Ltd (2009) (Chris Sennitt) provides a very useful exploration model for the Gubong mine area. Sennitt invokes a flat lying reverse thrust fault at the contact between the schist and gneiss immediately below the Gubong veins which may be the controlling structure and may have been responsible for repeated reactivation of the Gubong faults/veins and subsequent mineralisation.

He suggests a series of east-west striking mineralised vein structures which dip moderately to the south. The veins appear to have been disrupted by a series of east-northeast and east-southeast striking faults with strike-slip movements indicating dextral displacements of about 200-400m. Slight changes in dip along the vein plane are dilatant sectors favorable for gold mineralisation and vein thickening.

He suggests that the 9 stacked veins are an expression of an en-echelon vein array where they are seen. This has implications for continuity and interpretation of drill intersections.

He also points out that the Danbong vein and veins nearby may be equivalent west dipping structures on the eastern side of a synform and may significantly increase the potential for additional ore discovery near to Gubong.

Several circular features are apparent on the Landsat 7TM imagery, some corresponding to mapped quartz porphyry. These fracture patterns are possibly ring fractures developed above 'blind' intrusive bodies at depth. Blue dashed line is a possible synclinal axis and black/yellow lines are mapped outlines of quartz. The Gubong underground workings are shown in red (Fig 9.5) (Sennitt 2011).

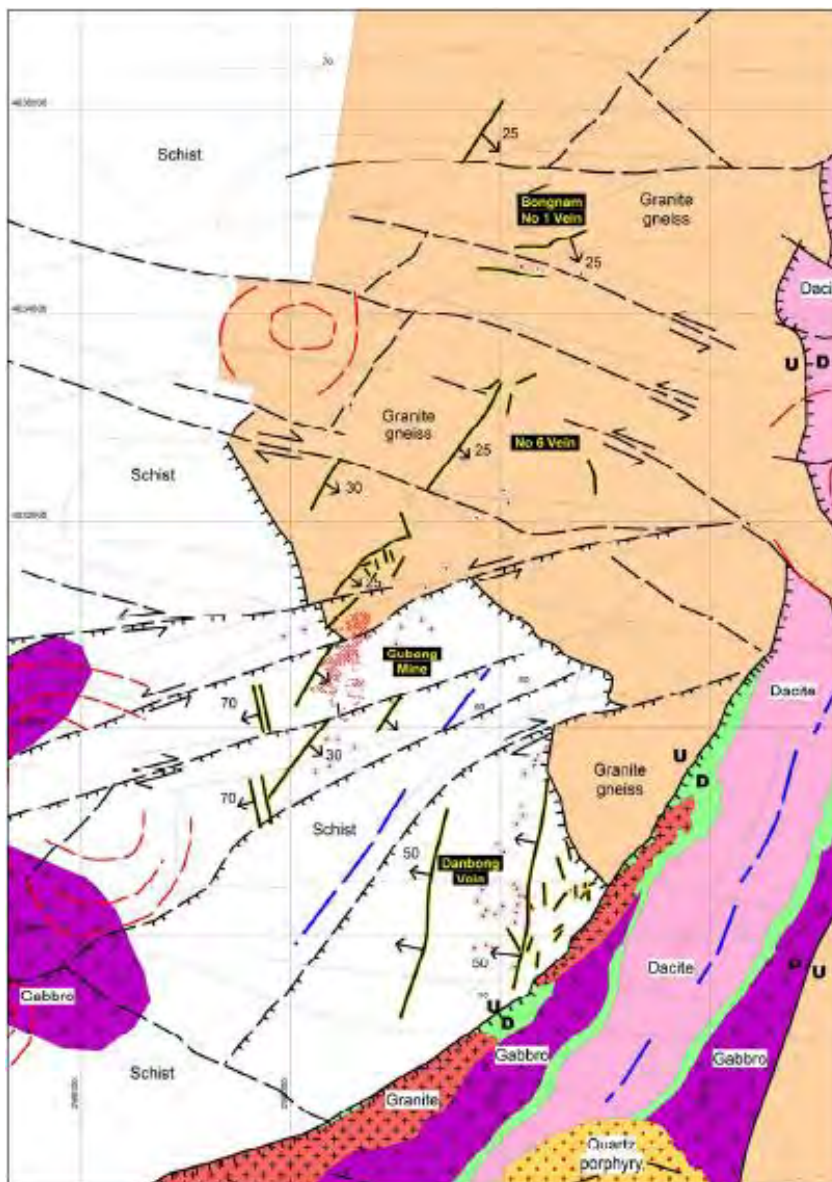


Figure 9.5: Sennitt Structural Interpretation Map



A more detailed structural interpretation of the Gubong Mine is given in the 2013 Heesong Metals map below (Fig 9.6) and set out in 2012 memos based on detailed mapping. This shows the various NE trending veins formed along the NE trending regional faults and shows that the EW trending Gubong No 6 vein is an anomaly formed by structural flexure and dextral movement giving rise to the EW trending extensional fractures (veins) that host the bulk of the ore body. It also explains the Heesong Metals / International Gold view that the Gubong ore body extends significantly down dip and is available for a modern mechanised mining operation.

This map also shows that a possible corresponding structural flexure in the Danbong area may have caused a mirror image of the Gubong veins and a second significant ore body at Danbong. The yellow and pink drill holes were planned but not drilled. Earlier drill holes at Danbong were the Gubong 89 series and these confirm similar grades as at Gubong in veins from 0.2 to 4m wide.

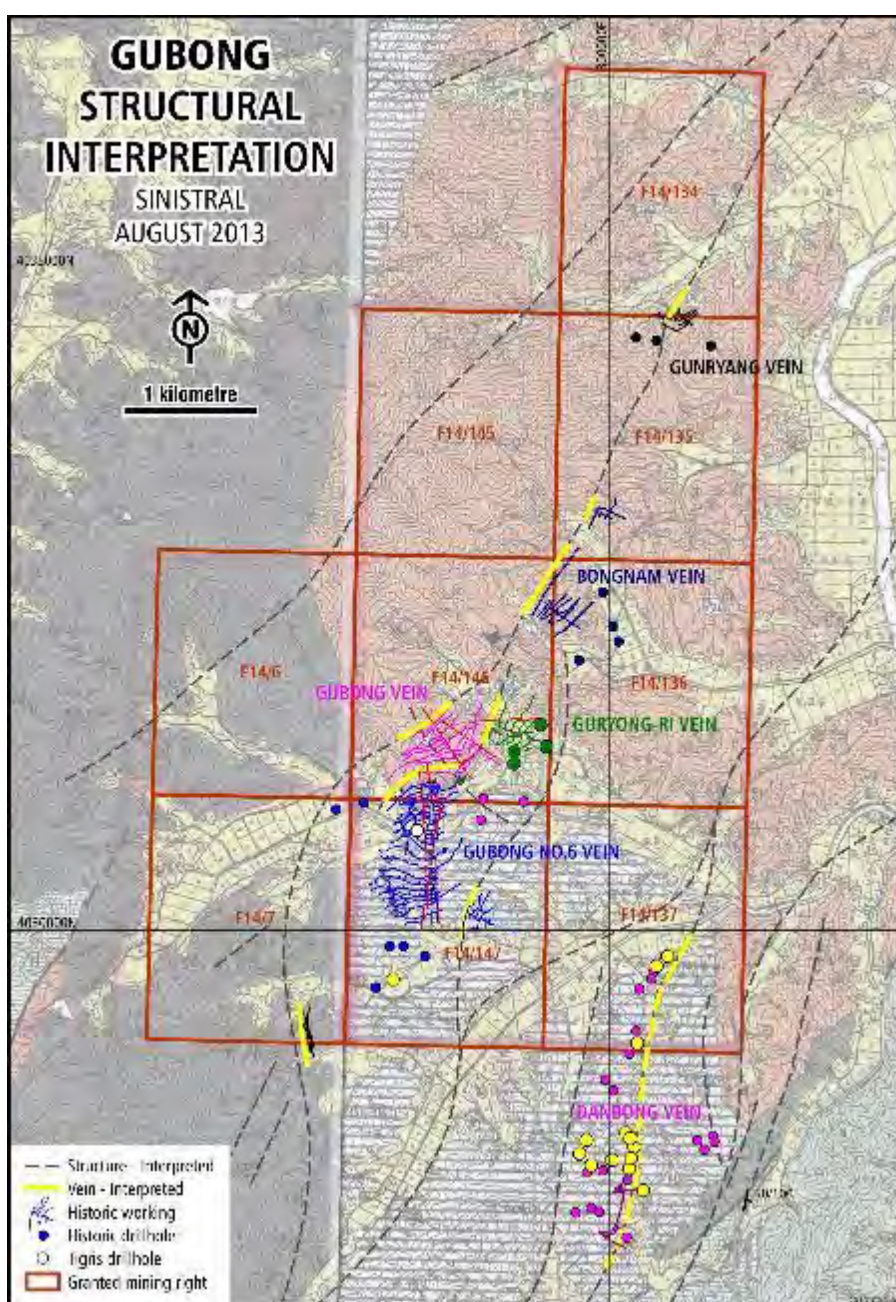


Figure 9.6: Local Structure at Gubong

### 9.3.2 Kochang

The Kochang area is dominated by Pre-Cambrian aged banded biotite granitic gneiss, k-feldspar porphyroblastic gneiss and partial melt migmatite gneissic units that form older basement lithologies of the wider Yeongnam Massif. Rocks in the vicinity of the southern silver mine are metamorphosed to upper amphibolite facies shown within the black dotted line below (Fig 9.7).

Younger Jurassic-Cretaceous aged granite, granodiorite and felsic and coeval mafic intrusive units have subsequently been emplaced with associated magmatic hydrothermal fluids focused along tight structurally controlled, typically NE-SW trending and NW dipping narrow shear zones within basement lithologies.

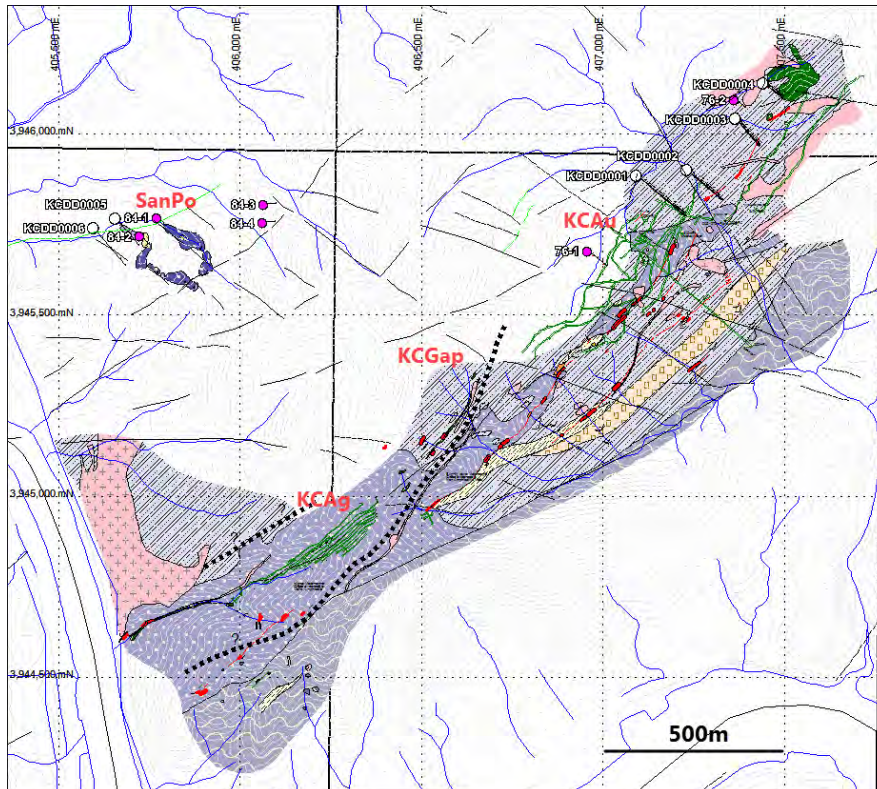


Figure 9.7: Local geology at Kochang showing upper amphibolite grade metamorphism over the southern silver mine and gneiss units over the rest of the area. Alluvium is shown in yellow and Jurassic intrusives in pink. the underground workings are shown in green and mineralised vein outcrops in red.

## 9.4 Mineralisation

### 9.4.1 Gubong

Some 9 individual vein systems ranging from fissures to 3m wide are mapped at Gubong (Yoo et al, 2006), which mainly strike NNE, dipping moderately at 25-35° to the SE, essentially concordant with foliation in the Pre-Cambrian gneiss. There is also a NNW striking set which dips steeply to the west in the southern sector. Quartz veins at Gubong display a ribbon-like texture from laminations and stylolites, interpreted to result from repeated hydraulic fracturing events, dissolution and fracturing ore minerals and subsequent re-healing. Two discrete mineralisation episodes are recognised by Yoo et. al. (Yoo, Lee and White 2006), separated by a major tectonic faulting event:

Stage I      Massive milky white quartz with arsenopyrite-pyrite-pyrhotite-sphalerite-marcasite-chalcopyrite-galenite-argentite with native gold and electrum. Interpreted to have been largely magmatic fluids that deposited gold in

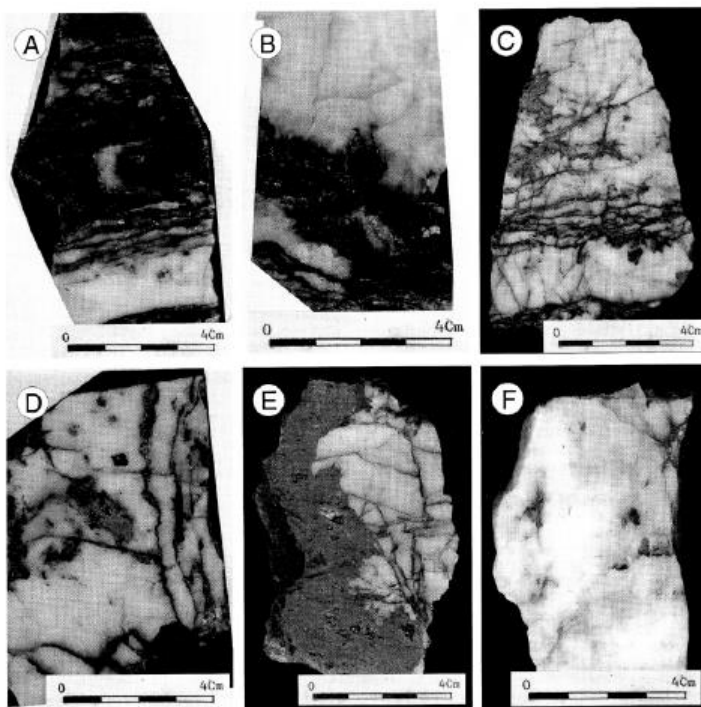


response to boiling, degassing and sulphide deposition during brecciation events. This is the major gold event.

**Stage II** Generally barren quartz-calcite with minor electrum accompanied by pyrite-sphalerite-chalcopryrite-galena. Interpreted to have been mixed magmatic and meteoric fluids that deposited a little gold in response to possible uplift and further mixing and dilution with cooler meteoric waters.

An average Au:Ag ratio of about 1:1 is postulated by Yoo et al, 2006 however an Au:Ag ratio of 4:1 is indicated from production statistics. Some zonation patterns are observed (Yoo, Lee and White 2006), including increasing pyrrhotite abundance with depth and decreasing galena-chalcopryrite contents with depth. According to Chae (1984), mine workers indicated the presence of chalcopryrite was the best visual indicator of good gold grades.

Slabby, tabular, elongate fragments of country rock are infrequently incorporated into the quartz veins, particularly close to the vein-wall-rock contact. Such features are indicative of over-pressuring. The laminations and stylolites parallel vein walls, and consist of grey-black graphite with minor carbonates, biotite and sulphides. The sulphides are typically fractured, rotated, or attenuated depending on brittle or ductile tectonic stress regime. The dissolution of quartz via stylolite seams probably implies high temperature/pressure alkaline fluid conditions (Fig 9.8).



**Figure 9.8:** Cut slabs of quartz veins from the Gubong mine No 6 Vein (B, C, D), Danbong (A) and Bongnam No 1 Vein (F). Observed features include laminations of wall rock, fracturing of existing ore minerals and early quartz and stylolitic dissolution seams.

Fluid inclusion studies indicate an early relatively high temperature event of 203-432°C, with salinity of 13.4 wt% NaCl, followed by a later lower temperature gold-sulphide depositional regime of 202-399°C and salinity of up to 17.3 wt% NaCl.

Depth of mineralisation (from fluid inclusions, fluids, salinities etc) is modelled as 2.4-3km below paleo-surface. (Yoo, Lee and White 2006). Sulphur isotopes indicate a magmatic-derived source of sulphur and fluids, confirmed by the relatively high salinity contents. Later

Stage II veins had homogenisation temperatures of 201-378°C and much lower salinities of <4.2 wt% NaCl.

Wall rock alteration minerals associated with Stage I include sericite-chlorite-pyrite-calcite. However, wall rock alteration is narrow and suggests little rheological control over vein deposition.

In this orogenic gold deposit, veins generally occur in more schistose zones within gneisses representing structurally weak or weak fabric zones. Multi-episodic opening, brecciation and infilling is common hence the ribbon nature of veins at Gubong. Mineralisation is due to repeated fault movement, pressure release, brecciation and sulphide deposition which destabilises gold in solution as a bisulphide complex and causes its precipitation.

There is little rheological interaction with wall rock noted. Some researchers (Yoo, Lee and White 2006) note that a number of different waters are present including hotter mesothermal fluids (pluton driven) and gold bearing meteoric waters (mesothermal) so these might also mix during tectonic events. Shelton states that fluids can be shown to be highly evolved meteoric waters from hydrogen isotope studies and not involving mesothermal or connate fluids (Shelton K, Chil-Sup So, Jin-Su Chang 1988). However, nearby cretaceous granite plutons are put forward as important potential sources of metals as W, Zn, Pb, ... Au, Ag are seen as a descending halo of deposits around the nearby exposed granite and early fluids are strongly saline which heavily supports magmatic fluid input.

#### **9.4.2 Kochang**

At Kochang Jurassic to Cretaceous aged granite, granodiorite and felsic and coeval mafic intrusive units have intruded Pre-Cambrian gneisses and are responsible for associated magmatic - hydrothermal fluids which have flowed along tight, structures trending NE-SW and dipping NW.

Mineralisation consists of Au-Ag-bearing quartz veins up to 600m in length, with accessory pyrite-sphalerite-galena-chalcopyrite-pyrrhotite. At least five auriferous quartz veins trending in a northeasterly direction and dipping to the northwest at between 50° and 70° are known. The mineralisation is calculated to have formed from low salt (<5 wt % NaCl) fluids at temperatures of 350° to 200°C at 150-30 bars corresponding to a depth of mineralisation of 370-600m below surface, likely to fluid mixing with cooler meteoric waters.

The northern system (North Shaft vein) is gold rich (6 g/t Au, 26.1 g/t Ag) with a strike of N30°-40°E and dip of 40°-50°NW. The central vein system (South/Main shaft vein) is gold rich (17.9 g/t Au, 68.6 g/t Ag) with a strike of N40°-50°NE and dip of 40°-50°NW and the most southerly vein system (Silver shaft vein) is argentiferous (10.4 g/t Au, 340g/t Ag) with a strike of N30°-40°E, and dip of 60°-70°NW.

This layout corresponds with expected nature of metalliferous mineralisation: being higher depositional temperatures for gold (240° ± 40°C), closer to the source of the magmatic/hydrothermal fluids and cooler depositional temperatures for silver (210° ± 20°C) , further from the source of the magmatic/hydrothermal fluids (Yun, Seong-Tarek, 1990).

These structures are expressed as narrow shear zones within basement lithologies. This lithologic package sits within the NW dipping arm of a larger NE trending anticline. The anticline hinge is interpreted to be represented by a NE-SW line of monolithic breccia (unmineralised) and shown by a purple dashed line below (Fig 9.9). This geometry may explain the mineralisation of the NE trending, NW dipping shears that have intersected Jurassic intrusives at depth and formed the conduit for the hydrothermal fluids as extensional slip features within the anticline.

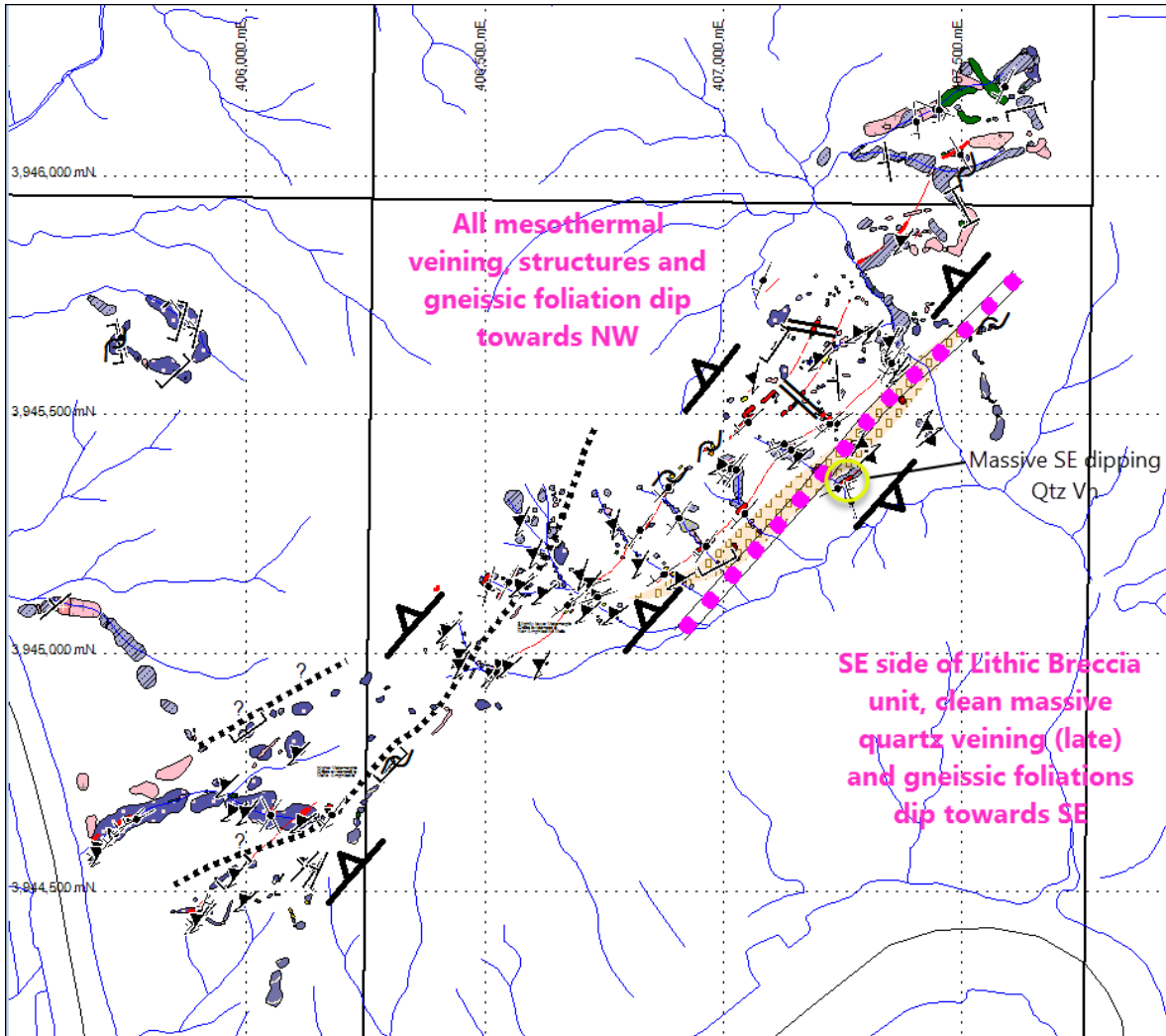


Figure 9.9: Fact mapping showing the extent of the monolithic breccia or anticline hinge with mesothermal quartz structures mineralised if they dip NW and not mineralised if they dip SE.

There are 2 prominent parallel linear structures striking NNW (Figure 9.10, 9.12). This is a prominent direction for the tension faulting of the Cretaceous sinistral, transcompressional faulting. The western linear controls the river direction to the west of the area and the eastern linear influences the geomorphology and drainage running between the central workings and the northeastern workings. This linear structure which also trends towards the magnetic anomaly, may have influenced the fluid access and structural control for the mineralisation of the veins (Summary of Kochang – Heesong Metals Memo).

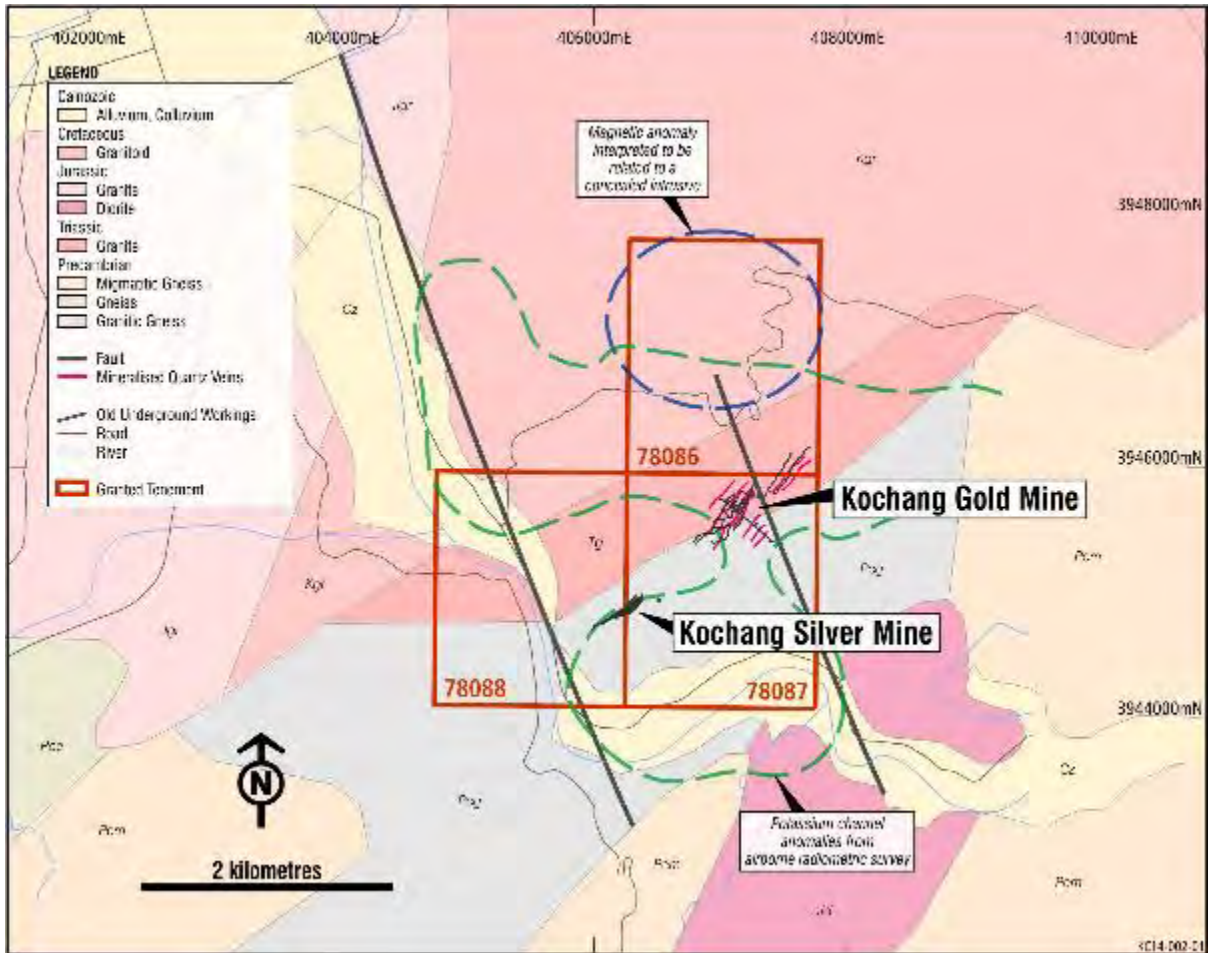


Figure 9.10: Kochang Geology showing Proposes Magmatic Centre, Outflow Zones and NW Faults as Fluid Conduits

Gold and gold-silver mineralisation is associated with hydrothermal quartz sulphide veins and vein-breccia's. At surface, heavily oxidised, hydrothermal breccia units are identified in close association with narrow ribbon quartz veining along the tight structural shear zones. Ore mineralogy of the quartz veins typically includes disseminated to aggregated clusters and bands of pyrite + arsenopyrite + galena ± sphalerite ± chalcopyrite (Fig 9.11).

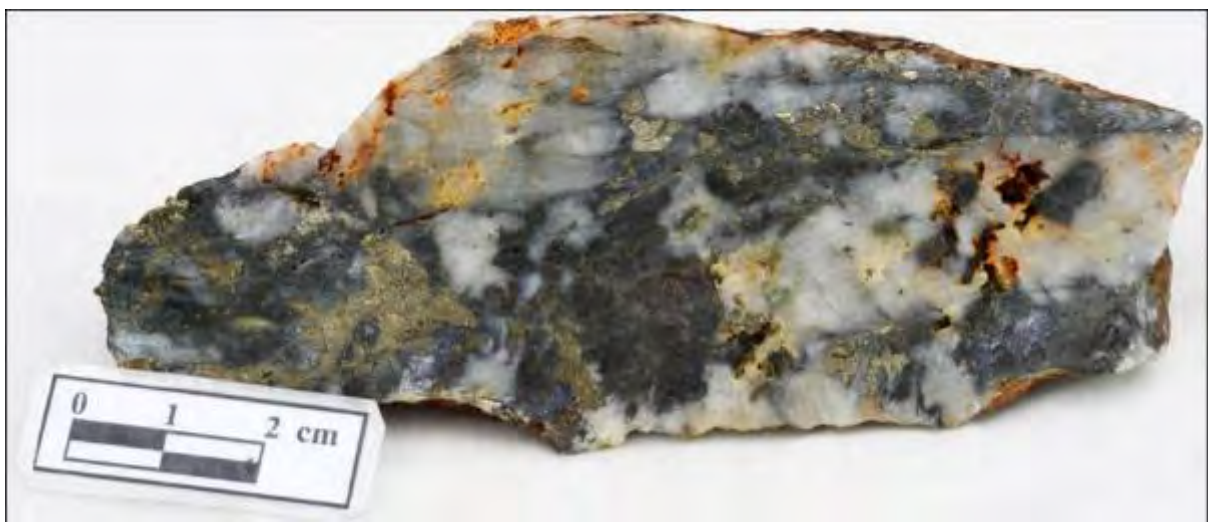


Figure 9.11: Ore at Kochang

Historically, the Main Vein was mined at the “gold mine” (Fig 9.12) and the South Vein was mined at the “silver mine” (Fig 9.13). However, from the Au, Ag and As assay maps shown



below and from recent surface mapping, it can be seen that there are a number of separate veins associated with the main vein that have not been exploited in the past and that provide a great exploration target.

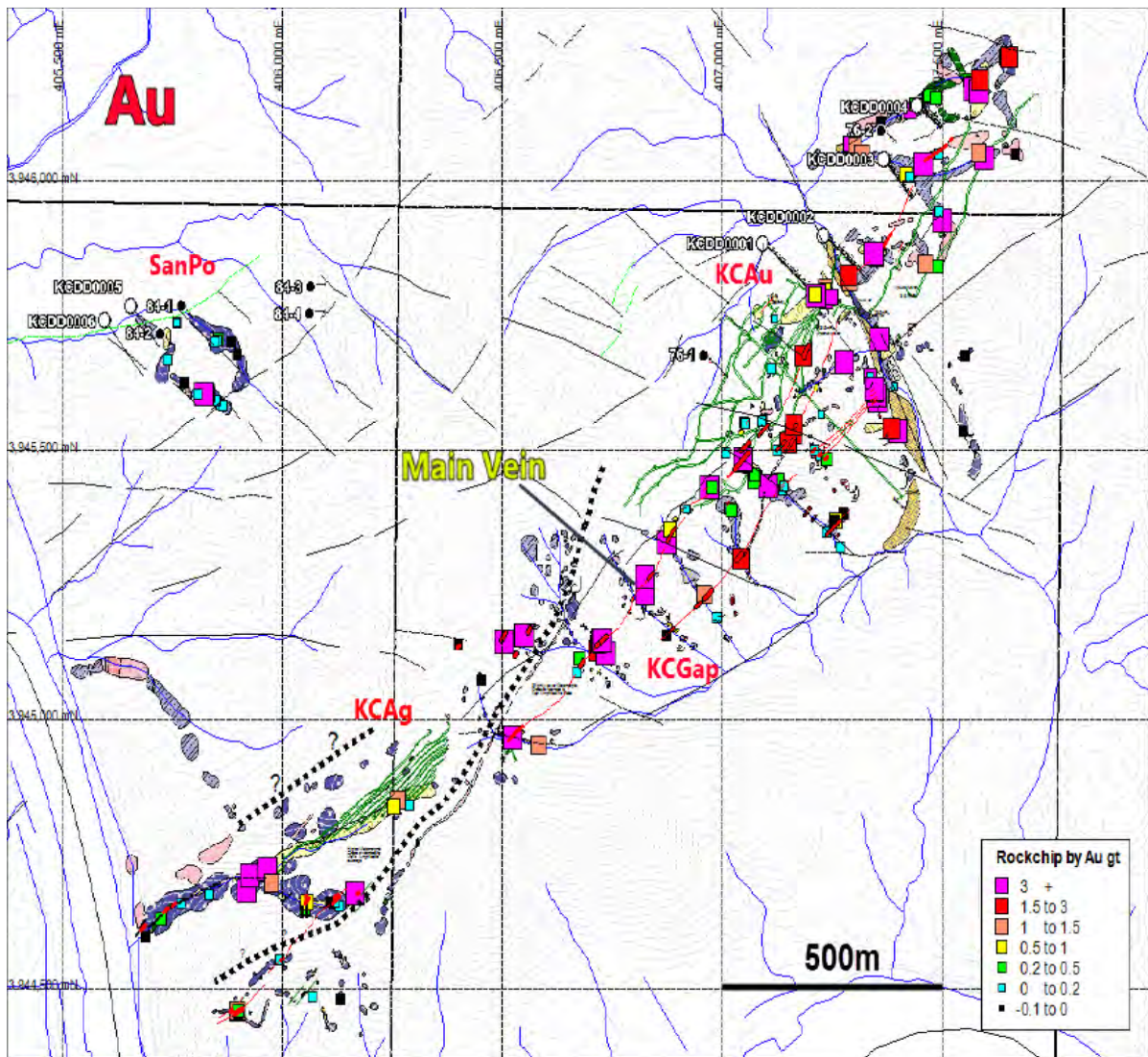


Figure 9.12: Rockchip sampling by Au ppm showing significant Au grades developed over +2km zone in a number of veins. Significantly, high grade gold samples were taken over the silver mine area to the south suggesting that this may provide a gold and silver resource.

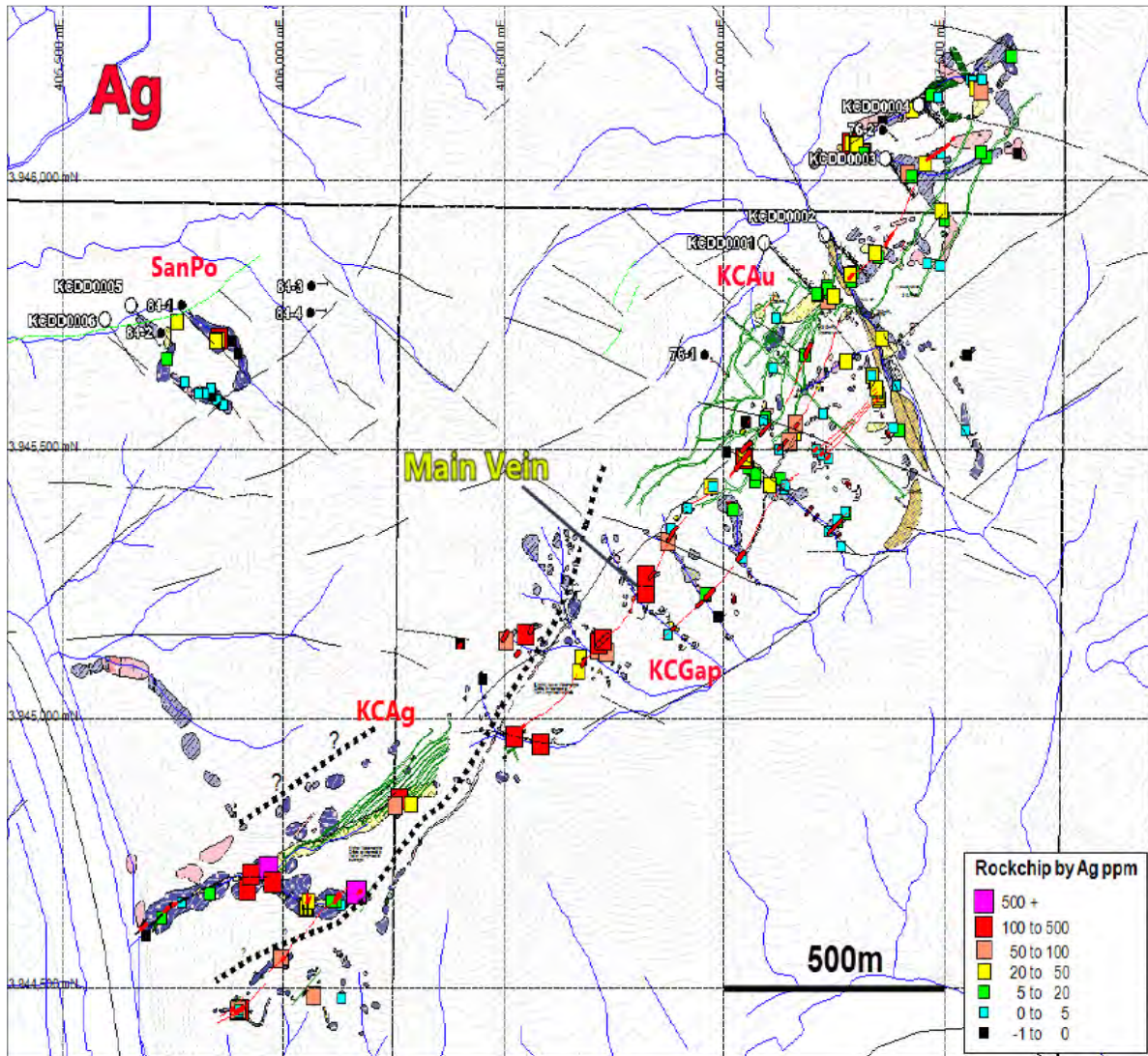


Figure 9.13: Rockchip sampling by Ag ppm showing the Au grades increase significantly towards the SW and the historical silver mine.

Two footwall veins are known from surface workings but were not developed during mining. A further south vein has been found to the south of the silver mine due to recent track formation for a transmission tower. This vein is 14-15cm wide quartz sulphide with intense ribbon quartz and sulphide boxwork texture. Grades to date are Au-Ag, 0.41-210 ppm and 1.11-57.8 ppm.

Two footwall (FW) veins are seen to the main vein and a similar FW vein that intersects the south vein. A NW trending fault in the north of the maps above, appears to offset the veins dextrally although it is possible that the main vein cuts straight through it.

Arsenic appears to be an excellent indicator element for mineralisation, whether gold or silver as can be seen below (Fig 9.14) and will allow gross mineralisation patterns to be discerned.



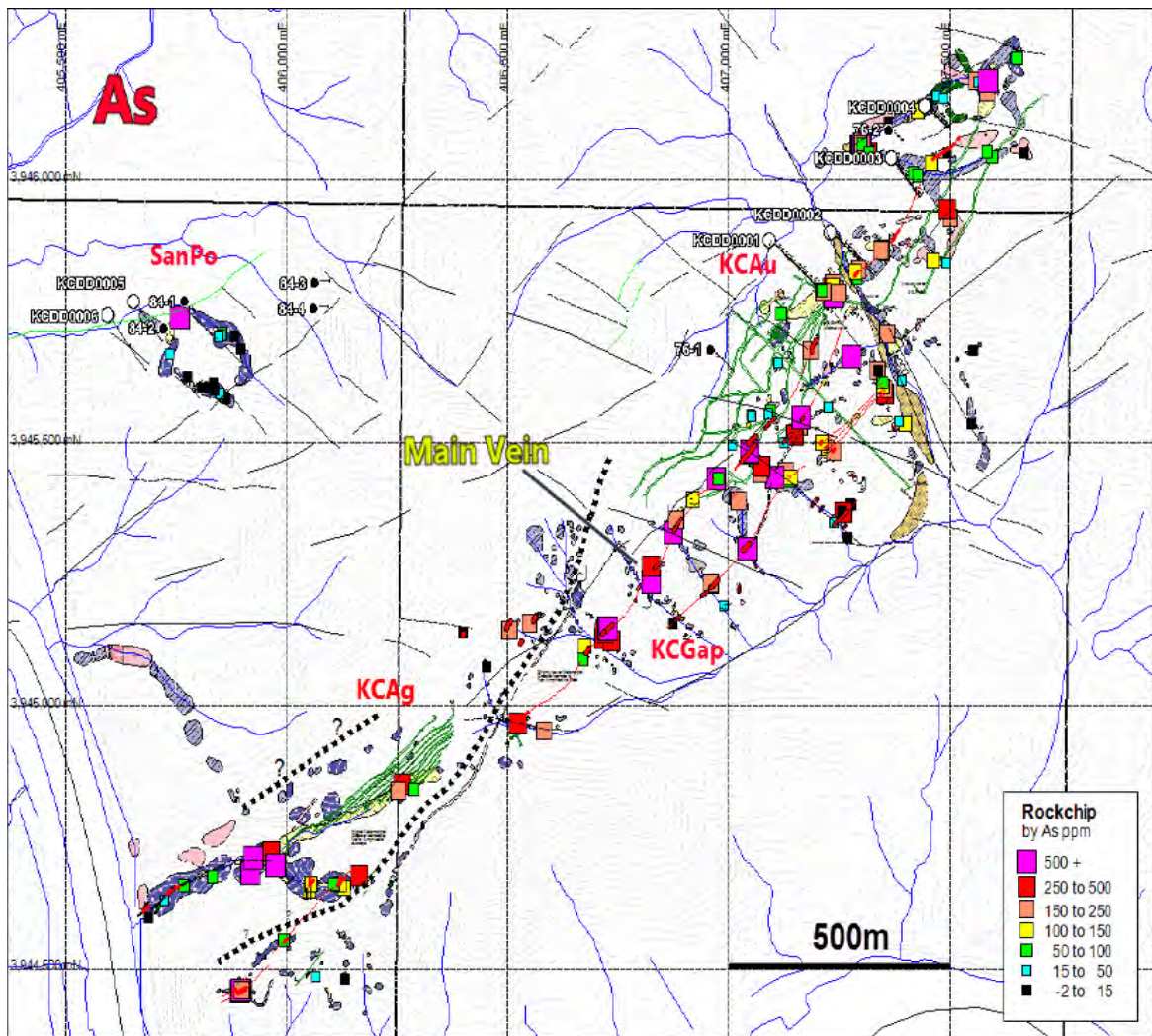


Figure 9.14: Rockchip sampling by As ppm showing the relationship between As and Au. As may be the best indicator for gold bearing quartz veins. One or two footwall veins can be seen as can at least one hanging wall vein in the north.

Lead and zinc data were also collected but show less correlation with precious metals.

Quartz veining is typically hosted within tight 5-15cm wide shear zones, mylonitic in places. Mineralised quartz veins consist of narrow quartz-sulphide veins and veinlets of between 2-10cm wide developed along the (typically) HW or FW margin of shears. In two (2) significant outcrop exposures along the "Main Vein" trend, shear zones up to 1.4m wide have been seen, with multiple parallel, oxidised, quartz-sulphide veins and breccia veins of 5-15 cm wide developed within the broader structure.

Additionally, the newly rediscovered Sanpo mine area has mineralised zones of up to 2.5m wide. The veins appear to be generally narrow but have flattened zones and structurally kinked zones that contain significant mineralisation and are up to 2.5m wide. These structural/mineralisation relationships and zones will be early exploration targets.

The locations of wider vein mineralisation are most significant as they demonstrate and confirm the potential of the system to develop economic mineralisation, and confirm the style and width of mineralisation historically mined at the southern end of the Au mine, confirming a high grade plunging shoot of mineralisation along the Main Vein trend (Fig 9.15).

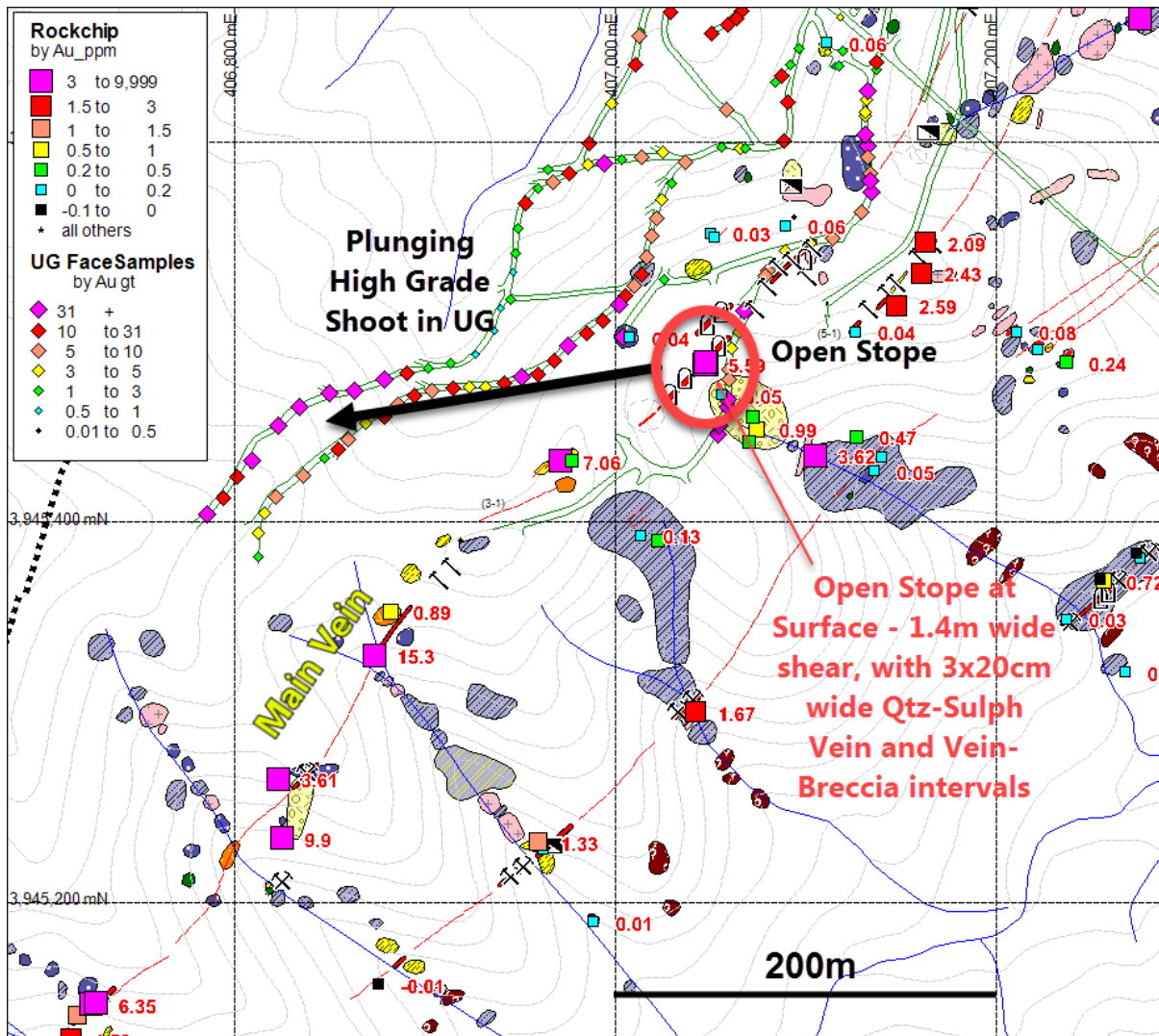


Figure 9.15: Rockchip assay from surface plotted with underground face sample data

Little wall rock alteration is evident about the tighter vein structures, which is not uncommon in deeper epithermal vein systems, but in locations where shearing increases to 1.4m width, silica-sericite-clay-sulphide alteration is observed within the wider shear zone.

Exploration work to date has included plotting up recent surface sample assay data with historical face samples taken during mining (Fig 9.15). These data show a relationship of high grade gold data to vein orientation suggesting an ore shoot from surface to 145m below surface. The surface sample at this point is the “Open Stope” sample with an aggregate width of 1.4m (Fig 9.16). An exploration model may be surmised where flat lying westerly dipping ore shoots may have higher grades and greater widths due to vein flexures at that point. To be checked during underground access and further drilling.



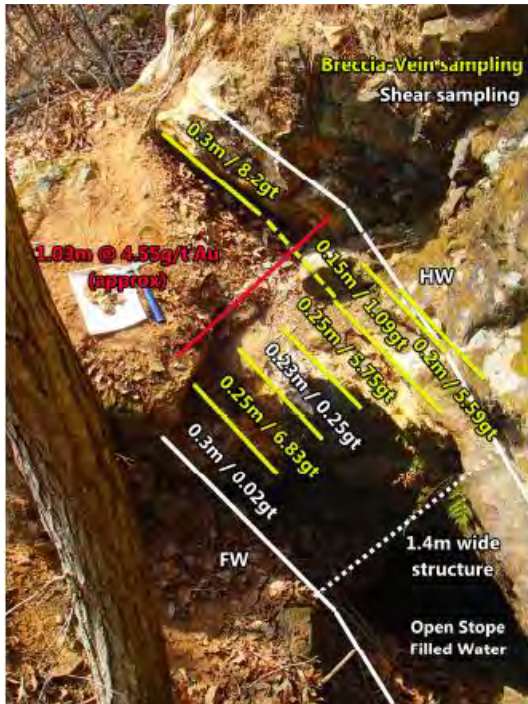


Figure 9.16: the “Open Stope” location showing sample locations and gold assays.

## 10 EXPLORATION

### 10.1 Gubong

Limited geological mapping has been undertaken at Gubong by Bluebird and this is currently being put together as an integrated map of the project. Extensive mapping and surface sampling has been carried out during mining and in recent years by Heesong Metals and Southern Gold and this work is currently being collated, plotted and checked. Geophysics has not been carried out at this stage. Drilling has also not been carried out at this project to date.

The main inclined shaft clearing has begun and underground access is being facilitated at present (Fig 10.1-3). The inclined shaft below the concrete collar was collapsed in 1946 as a safety measure and is being dug free by excavator. This work was observed in progress on site.



Figure 10.1: The Remains of the Concrete Collar of the Main Inclined Shaft at Gubong.



Figure 10.2: The Track to access the Main Inclined Shaft below the Concrete Collar at Gubong.



Figure 10.3: The Digging Face of the Main Inclined Shaft at Gubong showing clay fill to be removed.

Historical data has been checked and is being reworked into a database and 3D mine model. The historical drill results have been converted into a database for use in Datamine and Surpac. Historic workings and the last known mining extent and all underground sample and assay points have been entered into a database and are being used to recreate a 3D model of the mine, both physical extent of workings and face assays to assist with remnant tonnes and resources calculations (Fig 10.5).

Underground face sample data exists for the lower 7 levels of the mine and can be used to infer ore shoot geometry (Fig 10.4) but will need to be supplemented with additional sampling once the underground mine is reopened.

It is noted that Bluebird staff accessed the underground mine during October 2017 and cleared the top 50m of the inclined shaft, found a second inclined shaft that was not on the mine plans and explored the top adit (No. 4) for 300m sampling exposed veins. Gold assays from dropped ore assayed 10, 20 and 3 g/t Au.

Currently, Bluebird has announced that a water treatment plant is operational and processing water being released in dewatering of the mine. Assays of discharge water show that no heavy metals were detected showing that the water treatment plant is effective in safeguarding the



environment. This has been very well received by the local community who have voiced their support for the project.

Access has been gained to many levels of the mine. Metallurgical samples have been taken and results support proposed process methodologies.

Bluebird has announced completion of the initial \$500k expenditure and the execution of the formal Joint Venture Agreement with Southern Gold for the Gubong mine, signed on 28 March 2018.

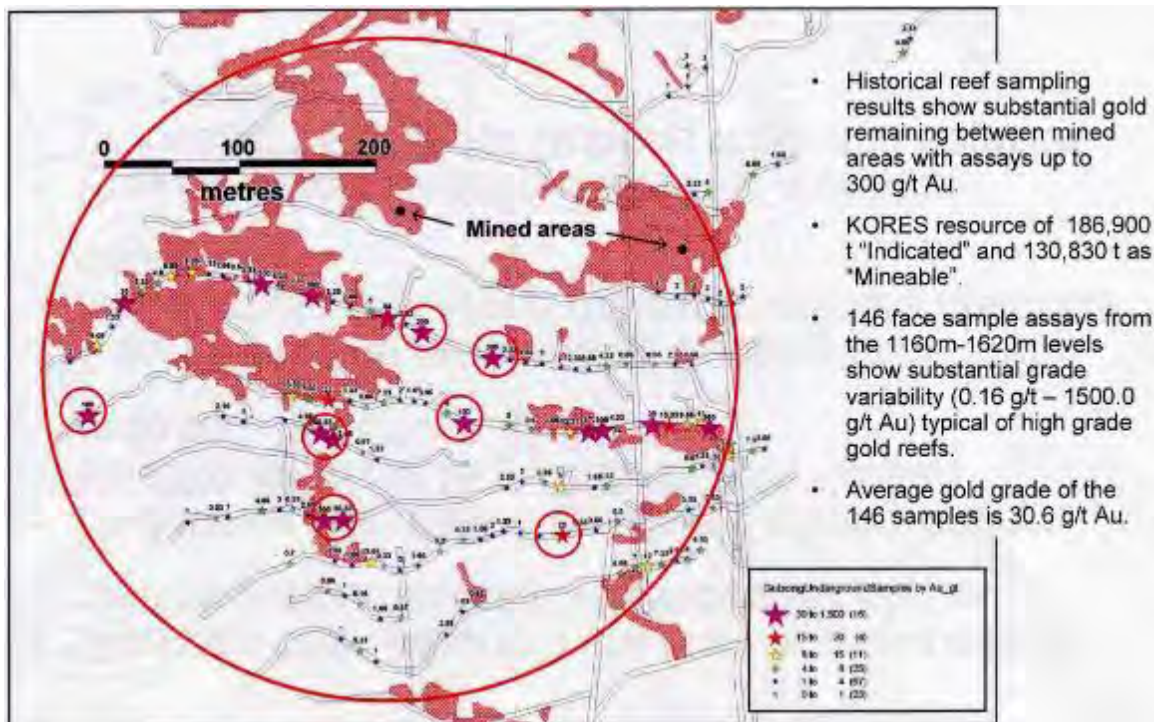


Figure 10.4: Face sample grades across the lower levels of the Gubong Mine.

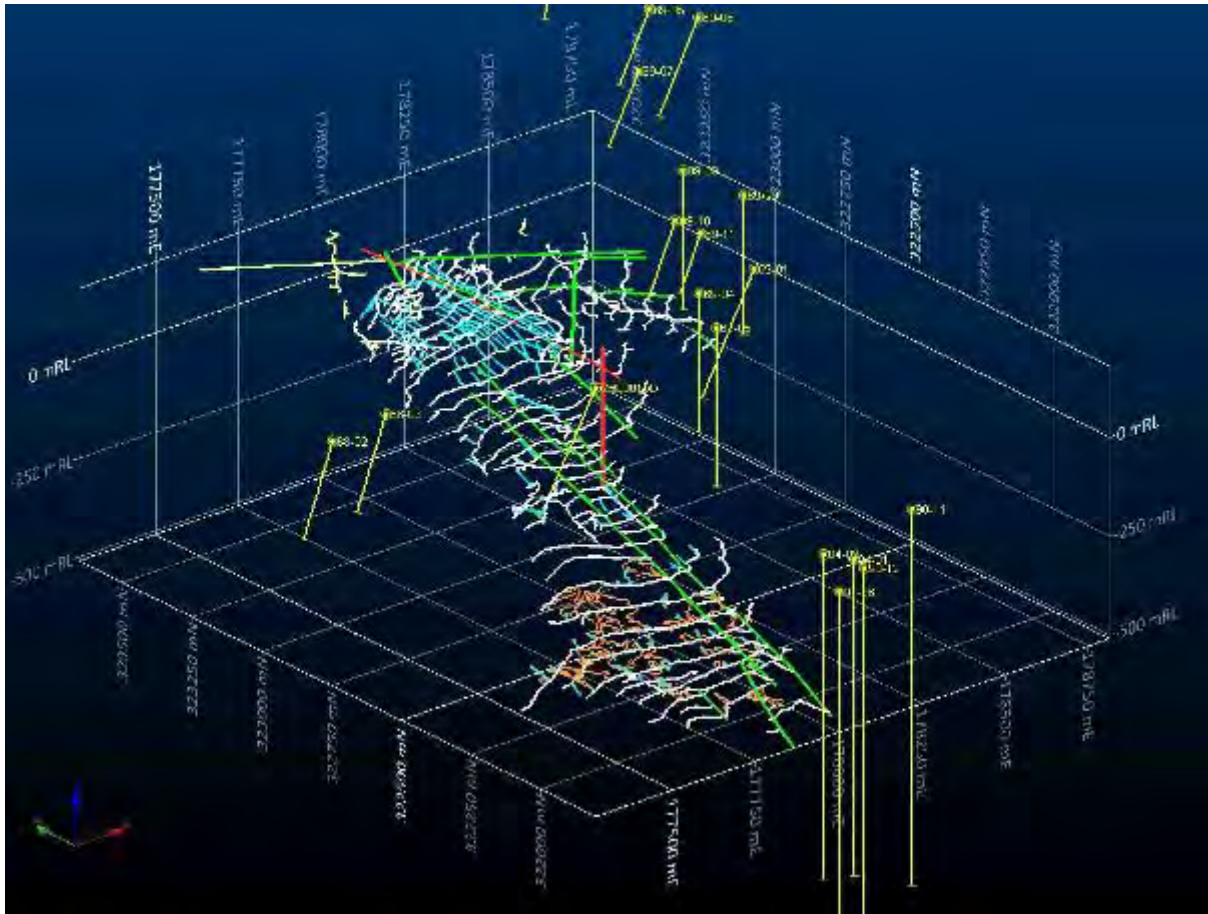


Figure 10.5: 3D Datamine Model of the Mine – Partly Completed.

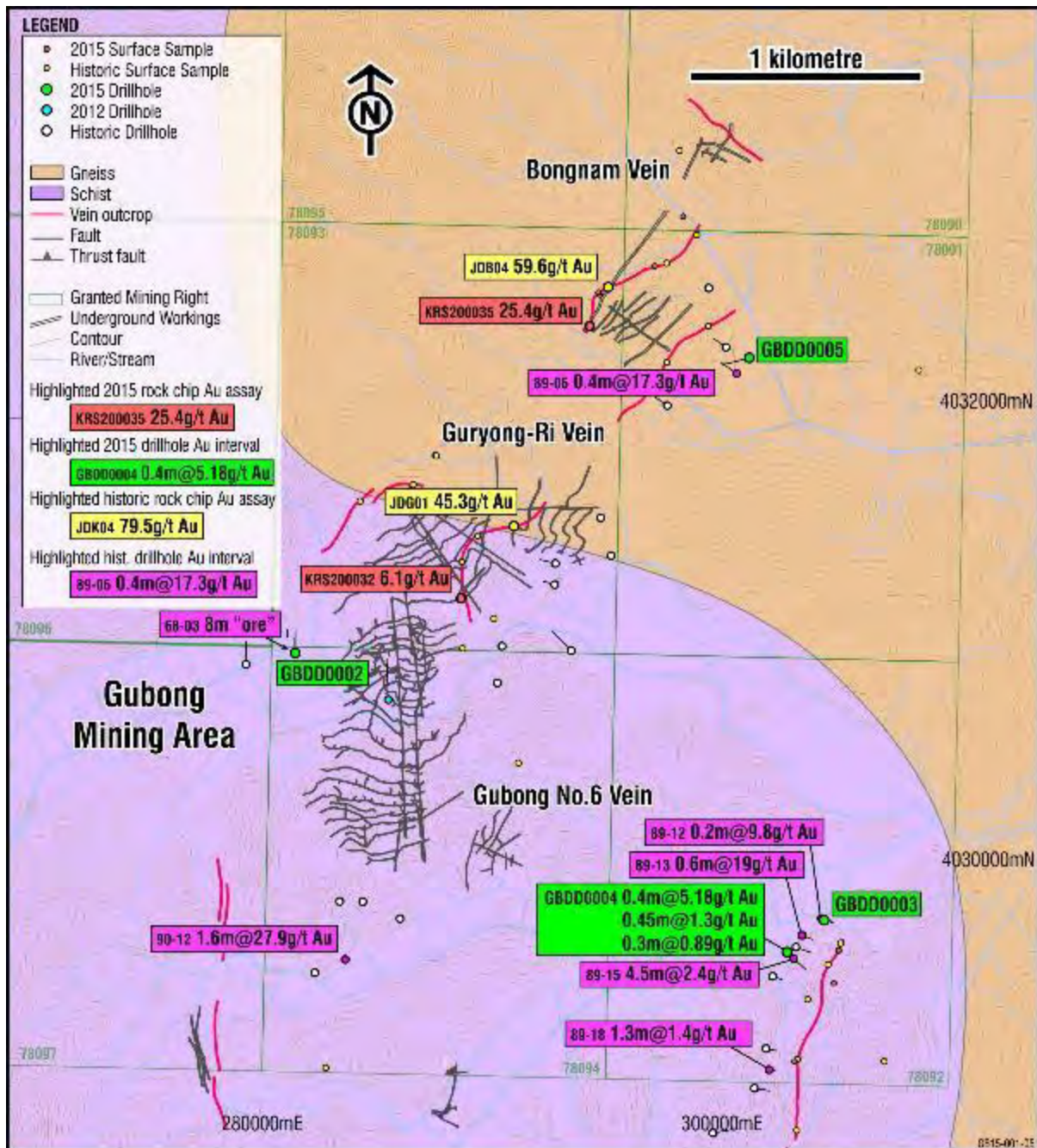


Figure 10.6: Heesong Metals, Planned Drilling Programs.

Various drilling campaigns were planned by previous explorers in 2012 and 2015 and some holes were drilled (Fig 10.6). These programs can be re-planned once a comprehensive 3D model is completed.

A number of old hand drawn sections through the old mine showing the main veins mined have been found in the archives and have been overprinted by drill sections using the drill holes drilled since 1968. Four sections showing the match of old sections to drill holes are shown below (Figs 10.7-10.10). These can be matched to drill hole locations (Fig 10.6).



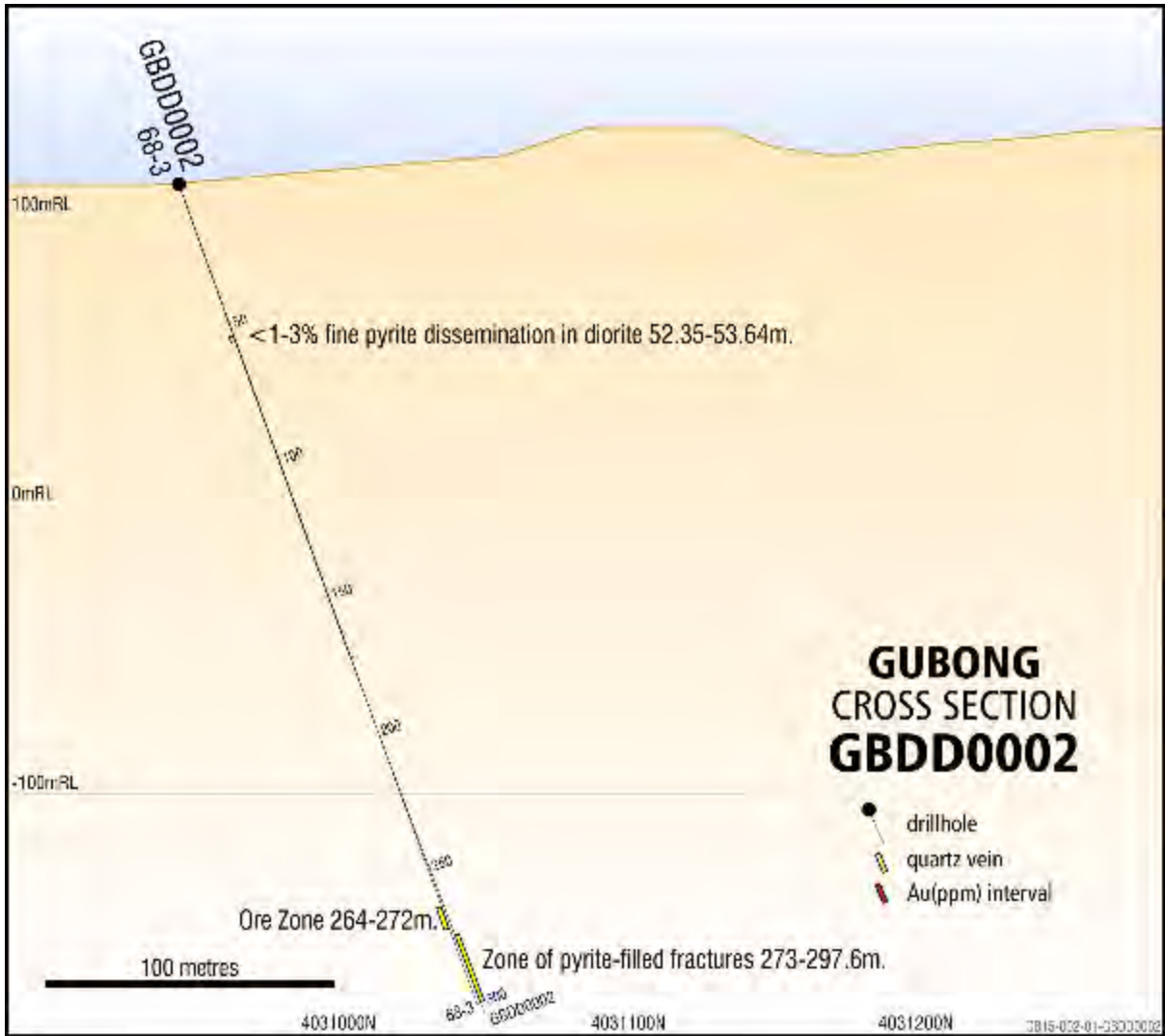


Figure 10.7: Section Through Drill Hole GBDD0002

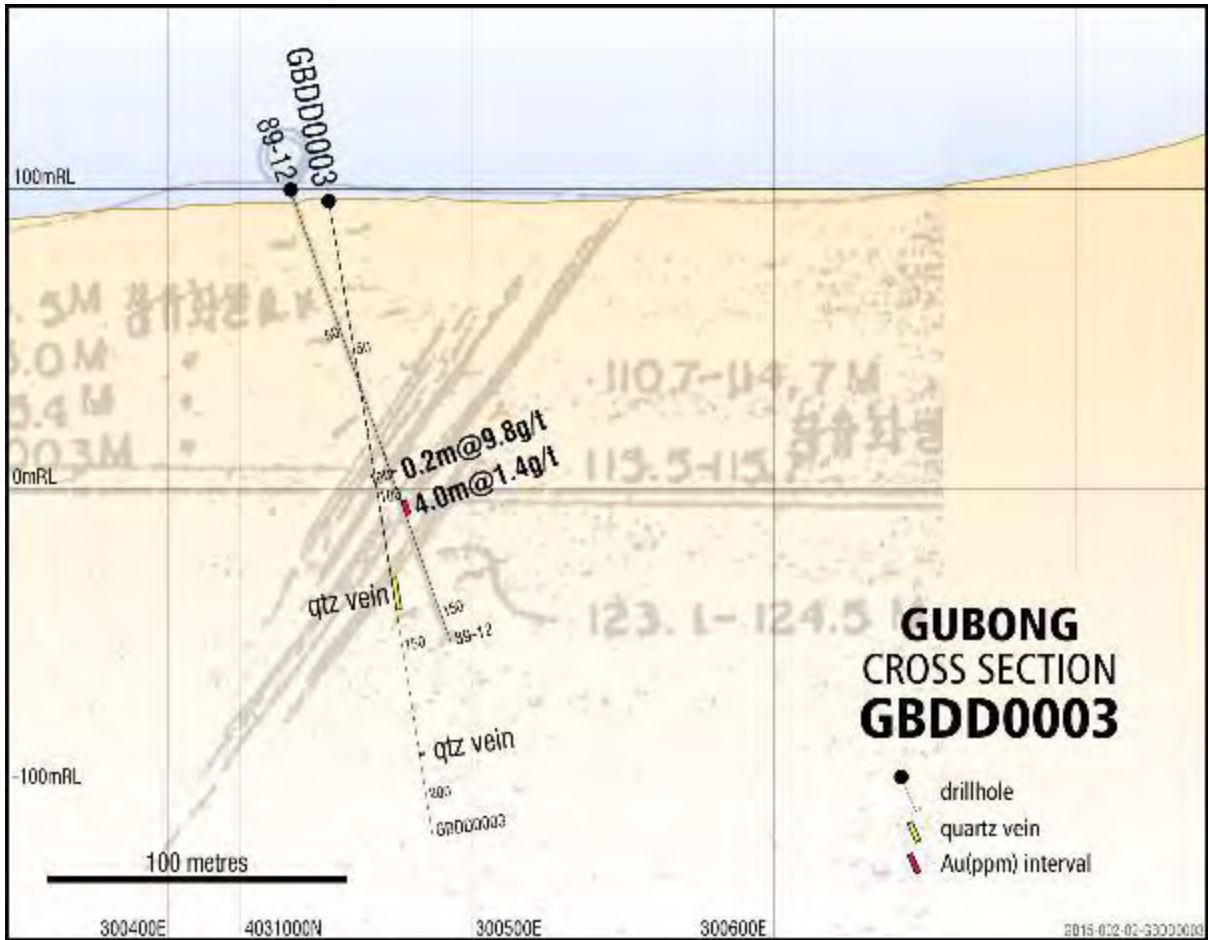


Figure 10.8: Section Through Drill Hole GBDD0003



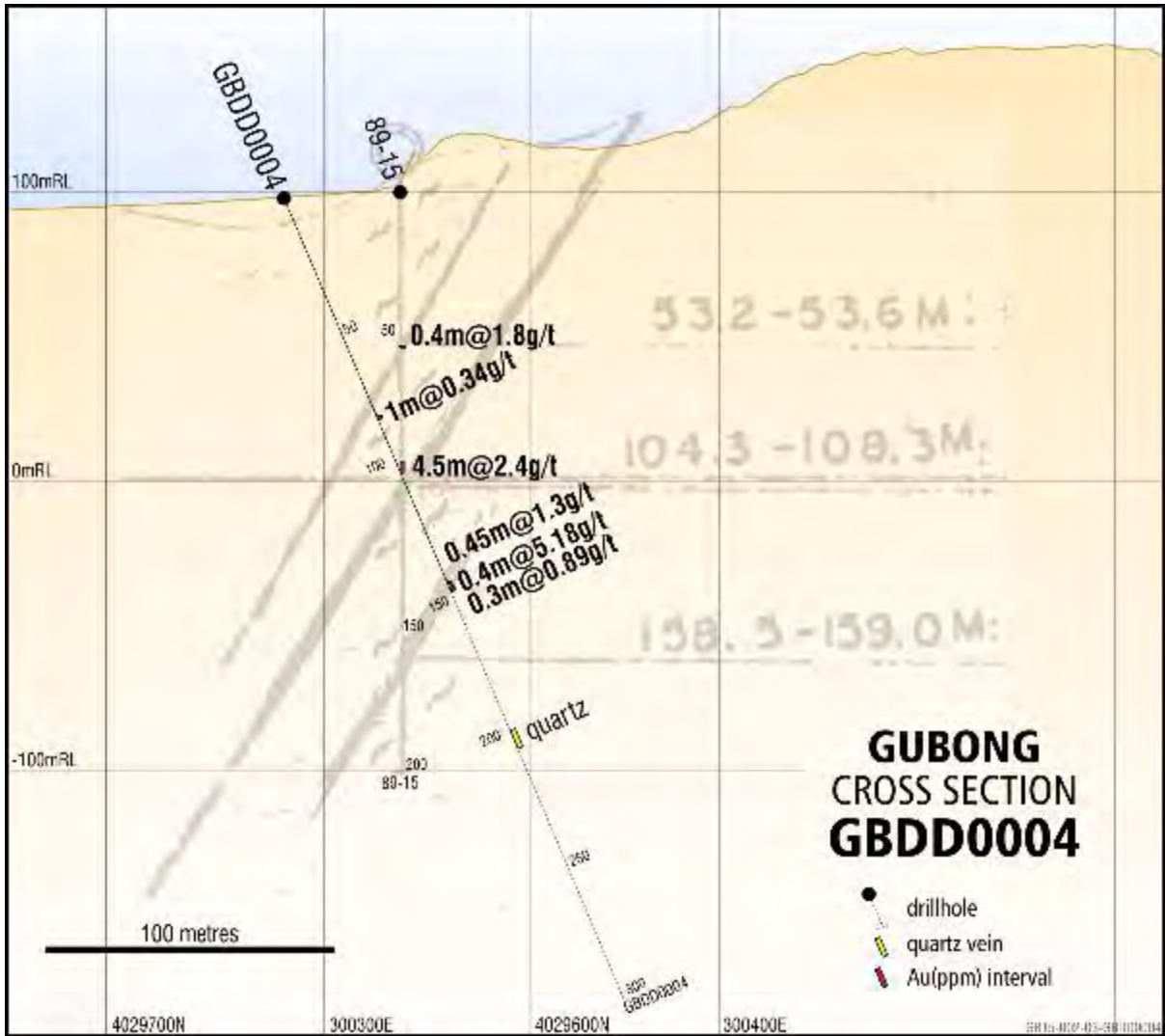


Figure 10.9: Section Through Drill Hole GBDD0004



Figure 10.10: Section Through Drill Hole GBDD0005 and GB89-6

### Business Plan

In their Gubong Feasibility Report (“Report on the Feasibility of Reopening the Gubong Mine” prepared by Bluebird dated July 2018) Bluebird reports that:

Resources will be defined by dewatering the deposit to the valley floor and sampling across the veins in all opened underground openings for assay and metallurgical results. This will support an initial 60kt/annum operation. This will be ramped up to 150kt/annum over the following 3 years. Acquisition of land (to include the historical tailings dam) will progress in tandem with this work.

Pre-construction work is projected to cost approximately \$265,000 after which a final decision to move into construction can be taken. This pre-construction work will include;

- Gaining additional access and further dewatering
- Underground sampling programme
- Underground surveying
- Metallurgical testwork
- Resource/reserve assessment
- Updating the Report on Feasibility
- Design and engineering work
- Required land acquisition
- Permitting and legal work
- Tailings dam feasibility assessment

## Environmental snapshot study

Should the decision be taken to proceed with construction at the Gubong Project, the estimated capex required is circa \$4.75 million and includes:

\$2.0 million for mining equipment and infrastructure;

\$1.5 million for the processing plant and associated costs; and

\$1.25 million for working capital of which approx. \$266,000 will be spent to create a stockpile while construction is carried out. As Bluebird will be part of a 50:50 joint venture with Southern Gold on the project, Bluebird will have to supply 50% of these costs.

Drilling will be carried out during mining to further expand resources and this attracts significant subsidies from KORES and KIGAM of between 70% and 100% of drilling costs. Production drives also attract subsidies of up to 50% of costs. Additionally, modern mechanised mining equipment may attract a government subsidy of up to 40% for new equipment and a subsidy of up to 60% for ancillary equipment (grinders, crushers and processing mills etc.)

Mining method selection by Bluebird takes into account: 1. Reclamation mining including reclamation of broken rock and pillars remaining from historical mining; and 2. Mining or previously unmined sections of the mine. It is envisaged that mining will be by supported and unsupported methods and will include a range of mining methods depending on the dip of the vein, the width of the vein and the strength of the country rock.

Broken rock will be identified and cleaned up by slusher and LHD. Pillars will be mined by a combination of airleg and jumbo depending on vein width and access.

A number of methods are being assessed for the mining of unmined stopes and large pillars. Methods being examined include;

1. Mechanised Flat Back Stopping
2. Cut-&-Fill
3. Breast Stopping
4. Room-&-Pillar
5. Longwall Stopping

Safety in these areas will depend on a number of methods including a variety of rock bolts, mesh, shotcrete and fill by waste.

Regarding staffing and human resources, staffing will be kept to a minimum using mechanised equipment where possible and remote equipment where possible. This will keep costs down but will also have a positive effect on underground health and safety. Management and process staff are expected to number 32 while mining, geology and survey staff are expected to number 56.

The Company's expansion philosophy is to concentrate on historical resources for the first years. In-situ remnant and extensions will be face sampled. Broken ore will be sampled, classified and hauled to surface, it is also expected that tailings and miscellaneous remnants from the old plant site will also be assessed and processed early on. These historical resources are estimated by Bluebird using KORES data at 3,080,160t for 667,675 oz. Some of this is supported by historical KORES drill holes which will have to be duplicated and to further expand the resources further step out drilling will be necessary. This could be facilitated using the government subsidy.

## 10.2 Kochang

The mine records have been collated into a 3D Surpac mine model and checked by underground survey by the latest 3D laser technology. Extensive mapping and surface sampling has been carried out during mining and in recent years by Heesong Metals and Southern Gold and this work is currently being collated, plotted and checked.

The underground mine has been accessed by Bluebird staff and made safe for workers. Geological mapping has been completed by Bluebird staff of the accessible drives and cross cuts and 400 samples have been dispatched to SGS laboratories in China and Malaysia for assay.

The initial sampling programme concentrated on two of the potential gold sources available when reopening old workings; namely broken ore and remnant mining. Remnants are areas of in-situ ore left behind by the original miners predominantly because the grade was considered too low to mine profitably. This is known as selective mining and Bluebird will follow the same principal when returning to production.

Approximately 2,000 metres of underground workings have been found to be currently open representing roughly 50% of the total historic mine workings. 1,330 metres of vein was sampled at nominal 5 metre intervals in a number of drives on two levels of the mine. Vein width, equivalent to channel width, averages 0.42m.

Of 1,330 metres sampled, a total of 589 metres or 44% were found to have significant channel samples (>3g/t of gold). The average channel sample value was 5.92 g/t Au and 31.54 g/t Ag.

Bluebird reported that assistance was being offered from KORES to carry out limited underground drilling of the orebodies at Kochang. This offer has now been officially approved whereby Kores will pay for 'in the ground drilling costs' for 3 holes identified and agreed with Kores. Drilling will begin on or before 1 July 2019.

The metallurgical test work results from Kochang and Gubong mines have been completed for the initial plant design and show that neither mine has ore which will be problematic for the proposed processing methods.

Bluebird is also continuing to model the ore veins in the underground mine and connecting the 3D underground modelling with 3D surface mapping and assays some 150m above. The detailed data will be used to connect the 600m gap between the gold and silver mines to understand them better.

The Kochang Feasibility Study "Report on the Feasibility of Reopening the Kochang Mine" has been completed and results have been received.

Initial mineral processing studies suggest that vat leaching will be the most capital and cost effective method. Initial (preliminary) vat leaching metallurgical tests suggest 90% recovery. conventional CIL or CIP leaching, gravity and heap leaching methods are also being assessed. Process water will largely be supplied by dewatering. Potable water and fire water system may be supplied by the local domestic supply. Power will be supplied by the regional high tension distribution (3.3kV) system.

These type of orogenic gold deposits can be up to 1 kilometre in depth and the mine currently shows only 150 metres in vertical extent. Some recent drilling intersected three veins up to 90 metres below the current mined depth, so the potential to extend the resource to depth is very good.

Geophysics and drilling have not been carried out at this project to date by Bluebird.

## **11 DRILLING**

### **11.1 Drilling Campaigns**

No drilling has been carried out by Bluebird.

Underground channel samples taken to date were prepared and analysed as follows:

- Samples were hand chipped into plastic bags and were taken across the vein. Samples are variable lengths (reported) due to the varying widths of the veins. Samples of waste outside the vein were also taken to ensure that mineralisation was contained within the visible vein material.
- A standard, field duplicate or preparation duplicate was inserted into the sample stream every 10 samples.
- Certified standards were obtained from Rocklabs (NZ) or Geostats Pty Ltd (Australia) in a range of Au grades and were randomly inserted.

## **12 SAMPLE PREPARATION, ANALYSIS AND SECURITY**

Sample preparation was carried out at SGS Laboratory Korea (Pohang).

Analysis by fire assay (FAA) and Inductively Coupled Plasma Analysis (ICP) was carried out at either SGS Tianjin, China (FAA/ICP) or SGS Malaysia, at Bau (FAA) / Port Klang (ICP).

### **12.1 Sample Preparation**

Samples were prepared by SGS according to code PRP94 which entails: Weighing, drying, crushing to 75% passing 2 mm, then 1kg is split out and pulverised to 85% passing 75 microns.

### **12.2 Analytical Methods**

Samples were analysed by FAA and ICP.

The fire assay was carried out using a 50g charge, digestion by aqua regia and an Atomic Absorption Spectroscopy (AAS) finish. It was reported with 2 repeat assays as a check.

The ICP analysis was carried using SGS method ICP40Q but was then changed to ICP14B when it was realised that no value was gained by the lower detection limits of ICP40Q. ICP40Q is carried out using a 4 acid digest (hydrofluoric, perchloric, hydrochloric and nitric acids) which guarantees a more complete digestion of silicates. ICP14B is carried out using a 2 acid digest (hydrochloric and nitric acids) and 37 elements were reported.

### **12.3 Sample Security**

The sample bags are tied closed and retained underground at the sample point and only brought out when they are ready to be transported. Bags are sequentially numbered by the geologist in charge and checked by the geologist or assisting mining engineer. Bags are placed in a company vehicle and driven directly to the SGS sample prep facility with sample submission documents, which were also sent electronically, ahead of time. Samples are checked by the company person delivering the samples and the SGS representative, and verified against the submission sheet. SGS provides a notice of receipt.

In limited instances where samples are couriered they are properly secured and sent by registered mail with a waybill forwarded to SGS. SGS verify that samples arrived intact and confirm contents. Photographic records of packaging and waybill are captured and exchanged.

#### **12.4 Statement of Sample and Assaying Adequacy**

The sampling, sample preparation, assaying and security procedures carried out by Bluebird's staff and described above are adequate to ensure sample security and correct assaying results.

### **13 DATA VERIFICATION**

#### **13.1 Performance of Blanks, Standards, Laboratory Repeats and Field Duplicates**

These have recently been implemented for underground channel sampling. No anomalous results have been noted to date. A detailed analysis of blanks, standards and repeats has not been carried out to date.

#### **13.2 Database Verification**

No resource has been calculated to date and historical sampling and drilling has been used as a guide only. Resources will be calculated using recent sampling by Bluebird. For this reason, no database verification is necessary.

##### ***13.2.1 Collar Survey Verification***

##### ***13.2.2 Down-Hole Survey Verification***

##### ***13.2.3 Sample Intervals Verification***

##### ***13.2.4 Assay Verification***

##### ***13.2.5 Density Verification***

### **14 CONCLUSIONS**

As both deposits have similar physical characteristics due to the metamorphic rocks in which they occur, they are treated similarly. Both deposits consist of high grade quartz veins developed within narrow, structurally controlled fissures or shears. In each case there are numerous stacked veins but generally only one or a few that have been recognised as economically significant in the past. Each deposit has a well-developed mine on it with many kilometres of adits, drives, stopes and shafts.

These deposits should be explored by re-entering the underground workings but also by diamond drilling. Re-entering the underground workings will allow access to the mining faces and unstopped areas that may contain economic ore in today's market. This will provide a short-term resource and potentially a mine plan. However, the old mine workings are unlikely to access multiple stacked veins should they exist. These can only be assessed by drilling and the results of both approaches should yield the true nature of the resources available for mining and therefore the most efficient mine plan to exploit all the resources.

#### ***14.1.1 Gubong***

The 3D model demonstrates the size of the Gubong Mine and the potential size of the remaining resources. Various estimates, including the International Gold ESS place great value in the 2003 KORES historical resource of ~500,000 oz Au. The 3D model will provide quantifiable remnant resources and early mining targets once mapping and sampling has been completed in the reopened mine.

Targets include the down dip extension of the main orebody that has been studied by International Gold, remnant ore within the mined areas, and the other veins. 9 veins are known and more will likely be found. Only 2 of these have been exploited in the past. Other old mines along the NE structural trend (Guryong and Bongnam Veins) should be fully explored although

it seems that the Gubong and Danbong areas may be most prospective due to the structural flexure in that area.

The Danbong Veins area which appears to occupy a mirror position to Gubong across a local anticline may have the potential to yield a similar sized ore body to Gubong and should be targeted early in the exploration program.

The tailings historic resource provides an early resource evaluation target, perhaps, simply requiring drilling, augering or test pitting and metallurgical testing to advance it to a potential early cash flow item.

Previous work has highlighted the relative ease of access to gain permits for access to the underground mines and for drilling. This is highly encouraging and suggests a quick, efficient and cost-effective program to re-establish resources and early mining targets.

#### **14.1.2 Kochang**

This hydrothermal deposit shows very high grades over a significant strike length of approximately 3km.

The gold and silver mineralisation at Kochang appears to be zoned with gold dominant ore in the NE closest to the magnetic anomaly immediately to the north that is the supposed intrusive hydrothermal fluid source, and silver dominant ore in the SW furthest from the source.

Significant surface mapping and sampling has been carried out and the results as well as those from underground mining and sampling have been plotted in 3D using geological software. The mine models developed during 2015 provide obvious targets for drilling along the strike length of the deposit.

Surface exploration work suggests multiple gold bearing veins in the footwall of the “gold” mine and possibly one or more veins in the hanging wall at the NE extent which have not been accessed during mining. The “silver” mine shows gold grades that may support mining along the entire length of the deposit and also the possibility of stacked footwall veins there as well. Arsenic is a useful indicator element for future surface sampling.

The veins are generally narrow (0.3m wide) which will make them difficult to access by modern mining methods. However, at least one site shows a west dipping high grade ore shoot with widths up to 1.4m wide. The variation in vein geometry suggests that wider ore shoots may be spaced along the ore body forming discrete early targets.

The newly “rediscovered” Sanpo mine 1 km to the NW exhibits similarly narrow veins but these have flattened zones and structurally kinked zones that contain significant mineralisation in veins up to 2.5m wide. These structural/mineralisation relationships and zones will be early exploration targets.

The 700m gap zone between the gold and silver lodes also forms an early exploration target.

Exploration may be best carried from underground using both mine surveying, mapping and channel sampling.

Once remnant underground resources are established then step out exploration from surface by diamond drilling will define resources outside the current mine envelope.



## 15 RECOMMENDATIONS

### 15.1 Work Program

#### 15.1.1 Gubong

At Gubong, the tailings provide the first and most obvious potential gold resources to be evaluated. It is expected that due to the gold processing practices of the day, the high head grade and the low gold price, during the mining period, that the remnant tailings may contain profitable gold resources given today's gold processing practices and higher gold price. The tailings can be quickly and efficiently evaluated by a core drilling program (assuming too wet to be RC drilled).

It is recommended that Main Decline No's 1, 2, adits 2, 4 and all level drives are reopened and refitted as dewatering progresses. The underground workings should be mapped in detail and channel sampled along all drives and ore block margins. Dewatering and refurbishing will need to be carried out for safe access for exploration and survey purposes.

It is noted that Bluebird staff accessed the underground mine during October 2017, cleared the top 50m of the inclined shaft, found a second inclined shaft that was not on the mine plans and explored the top adit (No. 4) for 300m sampling exposed veins and dropped ore. Gold assays from 3 dropped ore samples assayed 10, 20 and 3 g/t Au.

A 3D model of the mine is in progress and should be completed with as much detail as is available, with both engineering and geological uses in mind. As the mine is re-opened, drives, shafts, new assays and vein widths of remnant ore blocks and pillars should be surveyed, and mapping and sampling data used to enhance the 3D mine model.

It is postulated that changes in plunge and strike of veins/stopes are of extremely important structural significance and will determine the most advantageous orientations to find and predict the locations of high grade ore shoots and widenings of the veins in the search for further underground resources.

The 3D model could also be used to locate broken and dropped ore, and grades of such from surveys, as a source of early gold plant feed.

The International Gold EES should be examined for any details and methods that might suit exploration and feasibility today.

As per Sennitt 2011,

1. "If it has not been completed already, I would strongly recommend 1:5,000 scale geological mapping be completed over the area prior to drilling in order to capture the structural information and confirm vein locations. The synform and antiform foliation axes, faults, veins will be able to be plotted accurately and compiled into a 3D geological model to assist drill hole siting".
2. "Identification and contact made with the mine manager/mine engineer/mine geologist employed by Youngpoung Mining the time of closure of Gubong in 1992. I think Youngpoung has probably lost all the original mine data, but there would be a good chance these persons would have retained useful data. KORES may have some of these files in their library and as the owner of Mining Rights over Gubong, Southern Gold would have the right to access this data".

Once the mine is operating and is established then diamond drilling will be required to establish step out resources outside the boundaries of the old mine workings and (if any) in the Danbong Vein area.

### **Business Plan**

Bluebird's business plan contained in the Gubong Feasibility Report ("Report on the Feasibility of Reopening the Gubong Mine" prepared by Bluebird and dated July 2018) estimates that the capital cost for building the mine and plant is approximately \$4,850,000.

As Bluebird will be part of a 50:50 joint venture with Southern Gold on the projects, Bluebird will have to supply 50% of the costs and expenses.

The Company's strategy over the next 12 months is, in conjunction with its Joint Venture Partner, to further develop the Korean Projects and to complete the pre-construction work. In respect of Gubong, Bluebird plans to prioritise dewatering and refurbishment of the adit, opening up further working points and undertaking further sampling to assist with mineral inventory estimations.

An application for a permit to develop the Gubong mine was made on January 23rd 2019

In tandem with the development work at the Korean Projects, the Company and Southern Gold will apply to the relevant South Korean authorities for the permits and licenses required to re-commence mining operations at Kochang. Application will also be made for the necessary permits and licenses to enable the construction of an industrial processing plant once the Gubong and Kochang permits have been granted. Bluebird estimates that the pre-construction phase for both Gubong and Kochang will cost the Company approximately \$448,000.

In the medium-term, the Directors intend to re-establish operations at both mines simultaneously and construct a single facility to treat ore from both mines. The processing plant is likely to be located at Kochang and design and engineering plans will be drawn up as part of the pre-construction work.

On examination, these costs and timeframes for mine reopening are considered to be reasonable and achievable for the project and the joint venture partners.

#### **15.1.2 Kochang**

Kochang has been well mapped and has significant surface sampling. This work has been collated and brought into a project GIS and 3D mine model to establish mine feasibility.

Additional soil sampling should be trialed over a section of the main vein to identify multiple vein sets at surface using a tight grid pattern. This will determine how many narrow veins there are in addition to the main vein and their spacing.

Access through the main bulkhead was gained in early March of 2018, and the collapsed breccia zone approx. 98m into the adit was removed and supported. This permitted access to a large part of the main workings of the old gold mine, and a programme of surveying, mapping and sampling was carried out. 90 grab samples and 425 channel samples across the main veins was carried out.

Once remnant underground resources have been established, diamond drilling of high priority targets outside the mine envelope and down dip will be the most cost-effective exploration

method available. Vein geometries such as the 1.4m wide open stope should be targeted for drilling using the 3D model. Drilling should also concentrate on looking for zones containing multiple stacked veins that cannot be accessed from underground workings.

During 2018 at Kochang, initial mineral potential estimates have been made using all available data and 3D modelling showing between 550,000 and 700,000 tonnes derived from a small area. These results are an indication only and are not JORC compliant. This work will continue to expand the known potential within the mine area.

The grades of ore in this area range between 5.2 g/t to 6.6 g/t of gold and 27.3 g/t and 34.8 g/t of silver.

Underground drill targets have been identified in close proximity to the three main veins and a drill programme comprising 60-80 drill holes from underground for 3000m has been proposed.

The Kochang Feasibility Report ("Report on the Feasibility of Reopening the Kochang Mine" prepared by Bluebird and dated January 2019) estimates that the capital cost for building a mine and plant is approximately \$4,000,000. As Bluebird is part of a 50:50 joint venture on the Korean Projects with Southern Gold, it is responsible for 50% of the costs and expenses.

An application for a permit to develop the Kochang mine was made on March 8th 2019

### **Business Plan**

Metallurgical test work from Gubong and Kochang is complete and final results have been received that support proposed treatment processes.

Bluebird has announced completion of the initial farm-in expenditure and the execution of the formal Joint Venture Agreement with Southern Gold for the Kochang mine, signed on 28 March 2018. Bluebird presented Southern Gold with its report on the feasibility of reopening the Kochang Mine in January 2019.

In their current business plan and based on experience, Bluebird management has decided to alter its strategy with respect to both mines. Bluebird intends to reestablish operations at both mines simultaneously and construct a single pilot plant facility at Kochang to treat ore mainly from Kochang but also from both mines. Areas for positioning the plant at Kochang have been identified and are currently being assessed for tenure and cost. Some of the plant can be repositioned at the time of building the full capacity plant. Bluebird will thus reduce the capital costs involved in land acquisition, plant construction, operating costs and more.

The budgeted capital cost of this plan to first production is \$1,500,000, with half of this figure being input by each JV partner. This capital cost is made up of \$600,000 for the vat leach plant, \$200,000 for infrastructure and facilities at both mines and \$700,000 for mining equipment that will also be used at both locations. First production will be produced as a proof of concept that can be expanded to full scale production for both projects once full efficiencies and recoveries have been achieved.

Bluebird will thus reduce the capital costs involved in land acquisition, plant construction, operating costs and more.

The author considers that this plan is achievable and will result in first production at a very reasonable cost.

The initial capital raising will allow the company to continue the opening up operations at both mines and confirm capital estimates prior to moving into plant construction.

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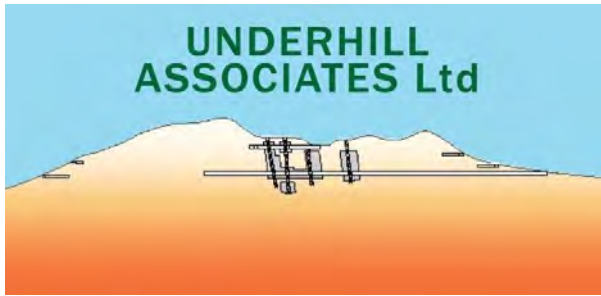
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Gold Silver Mineralisations In the Mooju-Youngdong Mine District, Korea: A Comparative Geochemical Study Based on Mineralogical, Fluid Inclusion and Stable Isotope Systematics.

**APPENDIX I – MR BOSWELL’S CONSENT LETTER**





**Underhill Associates Ltd,**  
Unit C-2, 16th Floor, United Centre,  
95 Queensway, Central,  
Hong Kong S.A.R.

Date: 13<sup>th</sup> June 2019

The Directors  
Bluebird Merchant Ventures Ltd  
Harneys  
Craigmuir Chambers  
PO Box 71, Road Town  
Tortola VG1110  
British Virgin Islands

The Partners  
SP Angel Corporate Finance LLP  
35-39 Maddox Street  
London W1S 2PP  
United Kingdom

Dear Sirs

**INDEPENDENT COMPETENT PERSON REPORT ON THE GUBONG AND KOCHANG PROJECTS IN THE REPUBLIC OF KOREA**

At the request of Bluebird Merchant Ventures Ltd (BMVL or the Company), an Independent Competent Person Report on the Gubong and Kochang projects ("Projects") located in the Republic of Korea has been prepared by Mr Geoff Boswell ("Principal"). This Report has been prepared in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code, 2012). Mr Geoff Boswell meets the competency criteria as set out under paragraph 133 (i) (a) of the European Securities and Markets Authority (ESMA) update of the CESR recommendations (2013) and is the Competent Person responsible for this report ("Competent Person").

This Competent Person Report represents an independent assessment of the geology, exploration data and exploration potential of the Projects. It is my understanding that this Competent Person Report will be included in the Prospectus to be published by the Company in connection with the proposed offering of new ordinary shares of the Company to be admitted to trading on the Standard Segment of the Main Market of the London Stock Exchange. The Principal has been informed by BMVL that the principal purpose of the offering is to raise funds for the exploration and development of the Projects.

Very truly yours,

GEOFF BOSWELL  
Underhill Associates Ltd

## **APPENDIX II - GUBONG MINING RIGHTS**

Registered No. 2019 - 2108

# NOTARIAL CERTIFICATE

Gwangju Notary Public Office

☎ (062) 222-3500  
(062) 222-3599  
FAX (062) 222-3501



Document Verification No. : 4374-4516-2354-2003

## The Original Register of Mining Industry

※ Precautions ※

In case of not performing requirement within term of existence of a mining right, the mining right would be cancelled.

Registration No. 078089

◀ Mining Right ▶							1-1	
Indication No.	Receipt	Location	Record for Mining Land	Mining Name	Area	Term of Existence about Mining Right	The Other Details	Date of Registration
1	Sep. 01, 2009 No. 1789	Cheongyang-eup, Cheongyang-gun, Chungnam	Cheongyang No. 134 Whole Unit	Gold mine Silver mine	276 ha	From Sep. 02, 2009 To sep. 01, 2029 for 20 years	- Conditional -  We will not cause inconvenience in executing public services such as Cheongyang tourism development work and will not raise any objection such as executing a mining right about mineral mining and acquisition.	Sep. 01, 2009

- Margin hereunder -

\* A part of a solid line is marked about erased details.

1/3

The mark of record for mining land in this original register of mining industry(mining), is a standard of east longitude

Issued Date : April 26, 2019 09:56:06

◀Ownership ▶ [First Section]

2-1

Order No.	Receipt	Registry Purpose	Registry Cause	Registering Rightful Person	The Other Details	Date of Registration
1	Sep. 01, 2009 No. 1789	Registration of Setting a Mining Right		104-1203 Hongje Hyundai Apt., #331, Hongje-dong, Seodaemun-gu, Seoul SHIM JAE YEOL (420122-*****)		Sep. 01, 2009
2 Subsec. 1 Subsec. 2 Subsec. 3 Subsec. 4 Subsec. 5	Jan. 21, 2011 No. 325	Registration of Transfer	Jan. 11, 2011 Dealing	<del>16F-Gangnam Bldg., #1321-1, Seocho-dong, Seocho-gu, Seoul Heesung Metal Co., Ltd. (110111-4478346)</del>		Jan. 21, 2011
2 Subsec. 1-ho	Sep. 30, 2011 No. 2294	Registration of Address Change		<del>10F-K One Bldg., #108, Jungang-ro, Seocho -dong, Seocho-gu, Seoul Heesung Metal Co., Ltd. (110111-4478346)</del>		Sep. 30, 2011
2 Subsec. 2-ho	Jan. 26, 2015 No. 148	Registration of Address Change		<del>Bongmyeon-dong, Science Town) Suite 914, #60, Oncheon-ro, Yuseong-gu, Daejeon Heesung Metal Co., Ltd. (110111-4478346)</del>		Jan. 26, 2015
2 Subsec. 3-ho	Aug. 11, 2016 No. 977	Registration of Address Change		<del>(Dunsan-dong, Magnolia) Suite 2112, #148, Cheongsu-ro, Seo-gu, Daejeon Heesung Metal Co., Ltd. (110111-4478346)</del>		Aug. 11, 2016
2 Subsec. 4-ho	Sep. 22, 2016 No. 1158	Registration of Name Change		(Dunsan-dong, Mangnolia) Suite 2112, #148, Cheongsu-ro, Seo-gu, Daejeon Southern Gold Korea Co., Ltd. (110111-4478346)	Changed the name of Heesung Metal Co., Ltd. into Southern Gold Korea Co., Ltd.	Sep. 22, 2016

Registration No. 078089

◀Ownership ▶ [First Section]		2-2				
Order No.	Receipt	Registry Purpose	Registry Cause	Registering Rightful Person	The Other Details	Date of Registration
2 Subsec. 5-ho	June 07, 2017 No. 907	Registration of Address Change		(Dunsan-dong, Magnolia) Suite 2404, #148, Cheongsu-ro, Seo-gu, Daejeon Southern Gold Korea Co.,Ltd. (110111-4478346)		June 07, 2017
3	Jan. 15, 2019 No. 48	transfer registration	Jan. 14, 2019 sale	(Baekseok-dong, Cheonanmiraeacehitechcity) M 439, #10 Baekseokgongdan-1-ro, Seobuk-gu, Cheonan City, Choongcheongnam Province Gubong Project Co. (161511-0240584)		Jan. 15, 2019

Received Fee KRW150 (including VAT KRWO)

- Margin hereunder -

This is to certify that this copy is same with the contents of the original register of mining industry.

April 26, 2019

/s/ OFFICIAL SEAL AFFIXED  
Chief of Mining Registration Office,  
Republic of Korea

Translated by Park, Chang Hee

\* A part of a solid line is marked about erased details.

3/3

Issued Date : April 26, 2019 09:56:06



## 광업 원부

**※주의사항※**

광업권 존속기간 내에도 의무사항을 이행하지 않을 경우 광업권은 취소될 수 있습니다.

등록번호 제 078089 호

◀ 광업권 ▶							1-1	
표시번호	접수	소재지	광업지적	광종명	면적	광업권의 존속기간	그 밖의 사항	등록일
1	2009-09-01 제1789호	충남 청양군 청양읍	청양 134호 전단위	금광 은광	276 ha	2009년9월2일 부터 2029년9월1일 까지 20년	- 조건부 -  본 광구내에서 청양관광지 개 발사업 등의 공익사업 시행시 지장을 초래하지 않을 것이며 보상요구와 광물의 채굴 및 취득에 관한 광업권의 행사 동 일체의 이의를 제기하지 않을 것.	2009년9월1일

--이 하 여 백--

본 광업(채굴)원부의 광업지적표시는 동경측지계 기준임.

1/3

\* 실선으로 그려진 부분은 말소 사항을 표시함

발행일 : 2019년04월26일 09시56분06초



◀ 소 유 권 ▶ [ 갑 구 ]

2-1

순위 번호	접수	등기목적	등기원인	등록권리자	그 밖의 사항	등록일
1	2009년9월1일 제1789호	평업권설정등록		서울 서대문구 홍제동 331 홍제현대아파트 104동 1203호 심재열 (420122-*****)		2009년9월1일
2 부1 부2 부3 부4 부5	2011년1월21일 제325호	이전등록	2011년1월11일 매매	서울 서초구 서초동 1321-1 강남빌딩 16층 주식회사 화성메탈 (110111-4478346)		2011년1월21일
2 부기1호	2011년9월30일 제2294호	주소변경등록		서울 서초구 서초동 중앙로 108 케이원빌딩 10층 주식회사 화성메탈 (110111-4478346)		2011년9월30일
2 부기2호	2015년1월26일 제148호	주소변경등록		대전광역시 유성구 은천로 60, 914호 (봉평 동, 사이언스타운) 주식회사 화성메탈 (110111-4478346)		2015년1월26일
2 부기3호	2016년8월11일 제977호	주소변경등록		대전광역시 서구 청사로 148, 2112호 (둔산 동, 메그놀리아) 주식회사 화성메탈 (110111-4478346)		2016년8월11일
2 부기4호	2016년9월22일 제1158호	명칭변경등록		대전광역시 서구 청사로 148, 2112호 (둔산 동, 메그놀리아) 주식회사 서든골드코리아 (110111-4478346)	주식회사 화성메탈 명칭을 주 식회사 서든골드코리아으로 변 경	2016년9월22일
2 부기5호	2017년6월7일 제907호	주소변경등록		대전광역시 서구 청사로 148, 2404호 (둔산 동, 메그놀리아)		2017년6월7일

\* 실선으로 그어진 부분은 말소 사항을 표시함

2/3

발행일 : 2019년04월26일 09시56분06초

◀ 소 유 권 ▶ [ 감 구 ]

순위 번호	접수	등기목적	등기원인	등록권리자	그 밖의 사항	등록일
3	2019년1월15일 제48호	이전등록	2019년1월14일 매매	주식회사 서든골드코리아 (110111-4478346) 충청남도 천안시 서북구 백석공단1로 10, 엠 439호(백석동, 천안미래에이스하이테크시티) 구봉프로젝트주식회사 (161511-0240584)		2019년1월15일

수수료 150원 영수함(부가수수료:0원 포함)

--이 하여 백--

이 등본은 광업원부의 내용과 같음을 증명합니다  
2019년 4월26일



광업등록사무소장



광업권 온라인민원발급 서비스(<http://gwangup.motie.go.kr/>)의 민원확인 메뉴에서 문서확인번호를 입력하여 위변조 여부를 확인할 수 있습니다. 문서확인번호를 통한 확인은 발행일로부터 3개월까지 가능합니다.


\* 실선으로 그려진 부분은 말소 사항을 표시함

3/3

발행일 : 2019년04월26일 09시56분06초

위 번역문은 원문과 상위없음을 서약  
합니다.

2019 년 05. 월 01 일

서약인 박창희 

I swear that the attached translation  
is true to the original.

1day of May,2019 at this office

(Signature) Changhee park

등부 2019 년 제 2108 호

Registered No. 2019-2108

인 증

Notarial Certificate

위 박 창 희 은  
본 공증인의 면전에서 위 번역문이 원문과  
상위 없음을 확인하고 서명 날인하였다.

PARK, CHANG HEE personally  
appeared before me, confirmed that  
the attached translation is true to  
the original and subscribed his/her  
name.

2019 년 05 월 01 일  
이 사무소에서 위 인증한다.

This is hereby attested on this  
1day of May,2019 at this office

광주공증인합동사무소  
소속 광주지방검찰청  
광주광역시 동구 중앙로196번길15-4



Gwangju Notary Public Office  
Gwangju District Prosecutor's Office  
15-4, Jungang-ro 196beon-gil, Dong-gu,  
Gwangju, Korea

(Signature of the Notary Public)

Moon, Hyung Sub  
Moon, Hyung Sub

공증인

문형성 

This office has been authorized by the  
Minister of Justice, the Republic of  
Korea to act as Notary Public since  
24 DAY OF NOV, 2011. under Law No.11.



Registered No. 2019 - 2109

# NOTARIAL CERTIFICATE

Gwangju Notary Public Office

☎ (062) 222-3500  
(062) 222-3599  
FAX (062) 222-3501



## The Original Register of Mining Industry

※ Precautions ※

In case of not performing requirement within term of existence of a mining right, the mining right would be cancelled.

Registration No. 078090

◀ Mining Right ▶							1-1	
Indication No.	Receipt	Location	Record for Mining Land	Mining Name	Area	Term of Existence about Mining Right	The Other Details	Date of Registration
1	Sep. 01, 2009 No. 1790	Cheongyang-eup, Cheongyang-gun, Chungnam Namyang-myeon, Cheongyang-gun, Chunnam	Cheongyang No. 135 Whole Unit	Gold mine Silver mine	276 ha	From Sep. 02, 2009 To sep. 01, 2029 for 20 years	- Conditional -  We will not cause inconvenience in executing public services such as Cheongyang tourism development work and will not raise any objection such as executing a mining right about mineral mining and acquisition.	Sep. 01, 2009

- Margin hereunder -

◀ Ownership ▶ [First Section]						2-1
Order No.	Receipt	Registry Purpose	Registry Cause	Registering Rightful Person	The Other Details	Date of Registration
1	Sep. 01, 2009 No. 1790	Registration of Setting a Mining Right		104-1203 Hongje Hyundai Apt., #331, Hongje-dong, Seodaemun-gu, Seoul SHIM JAE YEOL (420122-*****)		Sep. 01, 2009
2 Subsec. 1 Subsec. 2 Subsec. 3 Subsec. 4 Subsec. 5	Jan. 21, 2011 No. 326	Registration of Transfer	Jan. 11, 2011 Dealing	16F-Gangnam Bldg., #1321-1, Seocho-dong, Seocho-gu, Seoul Heesung Metal Co., Ltd. (110111-4478346)		Jan. 21, 2011
2 Subsec. 1-ho	Sep. 30, 2011 No. 2295	Registration of Address Change		10F-K One Bldg., #108, Jungang-ro, Seocho -dong, Seocho-gu, Seoul Heesung Metal Co., Ltd. (110111-4478346)		Sep. 30, 2011
2 Subsec. 2-ho	Jan. 26, 2015 No. 149	Registration of Address Change		Bongmyeon-dong, Science Town Suite 914, #60, Oncheon-ro, Yuseong-gu, Daejeon Heesung Metal Co., Ltd. (110111-4478346)		Jan. 26, 2015
2 Subsec. 3-ho	Aug. 11, 2016 No. 978	Registration of Address Change		(Dunsan-dong, Magnolia) Suite 2112, #148, Cheongsu-ro, Seo-gu, Daejeon Heesung Metal Co., Ltd. (110111-4478346)		Aug. 11, 2016
2 Subsec. 4-ho	Sep. 22, 2016 No. 1159	Registration of Name Change		(Dunsan-dong, Magnolia) Suite 2112, #148, Cheongsu-ro, Seo-gu, Daejeon Southern Gold Korea Co., Ltd. (110111-4478346)	Changed the name of Heesung Metal Co., Ltd. into Southern Gold Korea Co., Ltd.	Sep. 22, 2016

Registration No. 078090

◀Ownership ▶ [First Section]					2-2	
Order No.	Receipt	Registry Purpose	Registry Cause	Registering Rightful Person	The Other Details	Date of Registration
2 Subsec. 5-ho	June 07, 2017 No. 908	Registration of Address Change		(Dunsan-dong, Magnolia) Suite 2404, #148, Cheongsu-ro, Seo-gu, Daejeon Southern Gold Korea Co.,Ltd. (110111-4478346)		June 07, 2017
3	Jan. 15, 2019 No. 49	transfer registration	Jan. 14, 2019 sale	(Baekseok-dong, Cheonanmiraecehitehcity) M 439, #10 Baekseokgongdan-1-ro, Seobuk-gu, Cheonan City, Choongcheongnam Province Gubong Project Co. (161511-0240584)		Jan. 15, 2019

Received Fee KRW150 (Including VAT KRWO)

- Margin hereunder -

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April 26, 2019

/s/ OFFICIAL SEAL AFFIXED

Chief of Mining Registration Office,  
Republic of Korea

Translated by Park, Chang Hee



위 번역문은 원문과 상위없음을 서약  
합니다.

2019 년 05 월 01 일

서약인 박창희 (인)

등부 2019 년 제 2109 호

인 증

위 박 창 희 은  
본 공증인의 면전에서 위 번역문이 원문과  
상위 없음을 확인하고 서명 날인하였다.

2019 년 05 월 01 일

이 사무소에서 위 인증한다.

광주공증인합동사무소

소속 광주지방검찰청

광주광역시 동구 중앙로196번길15-4

공증인

박창희 (인)

I swear that the attached translation  
is true to the original.

1day of May,2019 at this office

(Signature) Changhee Park

Registered No. 2019-2109

Notarial Certificate

PARK, CHANG HEE personally  
appeared before me, confirmed that  
the attached translation is true to  
the original and subscribed his/her  
name.

This is hereby attested on this  
1day of May,2019 at this office

Gwangju Notary Public Office

Gwangju District Prosecutor's Office  
15-4, Jungang-ro 196beon-gil, Dong-gu,  
Gwangju, Korea

(Signature of the Notary Public)

Moon, Hyung Sub

Moon, Hyung Sub

This office has been authorized by the  
Minister of Justice, the Republic of  
Korea to act as Notary Public since  
24 DAY OF NOV, 2011. under Law No.11.

Registered No. 2019 - 2110

# NOTARIAL CERTIFICATE

Gwangju Notary Public Office

☎ (062) 222-3500  
(062) 222-3599  
FAX (062) 222-3501



# 광업원부

※주의사항※  
 광업권 존속기간 내에도 의무사항을 이행하지 않을 경우 광업권은 취소될 수 있습니다.

등록번호 제 078090 호

◀ 광업권 ▶							1-1	
표시번호	접수	소재지	광업지적	광종명	면적	광업권의 존속기간	그 밖의 사항	등록일
1	2009-09-01 제1790호	충남 청양군 청양읍 충남 청양군 남양면	청양 135호 전단위	금광 은광	276 ha	2009년9월2일 부터 2029년9월1일 까지 20년	- 조건부 -  본 광구내에서 청양관광지 개 발사업 등의 공익사업 시행시 지장을 초래하지 않을 것이며 보상요구와 광물의 채굴 및 취득에 관한 광업권의 행사 등 일체의 이의를 제기하지 않을 것.	2009년9월1일

---이 하 여 백---

본 광업(채굴)원부의 광업지적표시는 동정측지계 기준임.  
 발행일 : 2019년04월26일 09시56분47초

\* 실선으로 그려진 부분은 말소 사항을 표시함



◀ 소 유 권 ▶ [ 갑 구 ]

2-1

순위 번호	접수	등기목적	등기원인	등록권리자	그 밖의 사항	등록일
1	2009년9월1일 제1790호	광업권설정등록		서울 서대문구 홍제동 331 홍제현대아파트 104동 1203호 심재열 (420122-*****)		2009년9월1일
2 부1 부2 부3 부4 부5	2011년1월21일 제328호	이전등록	2011년1월11일 매매	서울 서초구 서초동 1231-1 강남빌딩 16층 주식회사 화성메탈 (110111-4478346)		2011년1월21일
2 부기1호	2011년9월30일 제2295호	주소변경등록		서울 서초구 서초동 중앙로 108 케이원빌딩 10층 주식회사 화성메탈 (110111-4478346)		2011년9월30일
2 부기2호	2015년1월26일 제149호	주소변경등록		대전광역시 유성구 은원로 60, 914호 (봉평 동, 사이언스타운) 주식회사 화성메탈 (110111-4478346)		2015년1월26일
2 부기3호	2016년8월11일 제978호	주소변경등록		대전광역시 서구 청사로 148, 2112호 (둔산 동, 메크놀리아) 주식회사 화성메탈 (110111-4478346)		2016년8월11일
2 부기4호	2016년9월22일 제1159호	명칭변경등록		대전광역시 서구 청사로 148, 2112호 (둔산 동, 메크놀리아) 주식회사 서든골드코리아 (110111-4478346)	주식회사 화성메탈 명칭을 주 식회사 서든골드코리아으로 변 경	2016년9월22일
2 부기5호	2017년6월7일 제908호	주소변경등록		대전광역시 서구 청사로 148, 2404호 (둔산 동, 메크놀리아)		2017년6월7일

\* 실선으로 그어진 부분은 말소 사항을 표시함

2/3

발행일 : 2019년04월26일 09시56분47초

◀ 소 유 권 ▶ [ 갑 구 ]

순위 번호	접수	등록목적	등기원인	등록권리자	그 밖의 사항	등록일
3	2019년1월15일 제49호	이전등록	2019년1월14일 메메	주식회사 서든칼드코리아 (110111-4478346) 충청남도 천안시 서북구 백석공단1로 10, 엠 439호(백석동, 천안미래에이스하이테크시티) 구봉프로젝트주식회사 (161511-0240584)		2019년1월15일

수수료 150원 영수함(부가수수료:0원 포함)

--이 하 이 백--

이 등본은 광업원부의 내용과 같음을 증명합니다  
2019년 4월26일



광업등록사무  
국인감인



광업권 온라인민원발급 서비스(<http://gwangup.motie.go.kr/>)의 민원확인 메뉴에서 문서확인번호를 입력하여 위변조 여부를 확인할 수 있습니다. 문서확인번호를 통한 확인은 발행일로부터 3개월까지 가능합니다.

\* 실선으로 그려진 부분은 말소 사항을 표시함



Document Verification No.: 6034-7762-2481-1838

※ Precautions ※  
In case of not performing requirement within term of existence of a mining right, the mining right would be cancelled.

## The Original Register of Mining Industry

Registration No. 078091

◀ Mining Right ▶							1-1	
Indication No.	Receipt	Location	Record for Mining Land	Mining Name	Area	Term of Existence about Mining Right	The Other Details	Date of Registration
1	Sep. 01, 2009 No. 1791	Cheongyang-eup, Cheongyang-gun, Chungnam Namyang-myeon, Cheongyang-gun, Chunnam	Cheongyang No. 136 Whole Unit	Gold mine Silver mine	276 ha	From Sep. 02, 2009 To sep. 01, 2029 for 20 years		Sep. 01, 2009



- Margin hereunder -

\* A part of a solid line is marked about erased details.

The mark of record for mining land in this original register of mining industry(mining), is a standard of east longitude



Registration No. 078091

◀Ownership ▶ [First Section]

2-1

Order No.	Receipt	Registry Purpose	Registry Cause	Registering Rightful Person	The Other Details	Date of Registration
1	Sep. 01, 2009 No. 1791	Registration of Setting a Mining Right		104-1203 Hongje Hyundai Apt, #331, Hongje-dong, Seodaemun-gu, Seoul SHIM JAE YEOL (420122-*****)		Sep. 01, 2009
2 Subsec. 1 Subsec. 2 Subsec. 3 Subsec. 4 Subsec. 5	Jan. 21, 2011 No. 327	Registration of Transfer	Jan. 11, 2011 Dealing	16F-Gangnam Bldg, #1321-1, Seocho-dong, Seocho-gu, Seoul Heesung Metal Co.,Ltd. (110111-4478346)		Jan. 21, 2011
2 Subsec. 1-ho	Sep. 30, 2011 No. 2296	Registration of Address Change		10F-K One Bldg, #108, Jungang-ro, Seocho -dong, Seocho-gu, Seoul Heesung Metal Co.,Ltd. (110111-4478346)		Sep. 30, 2011
2 Subsec. 2-ho	Jan. 26, 2015 No. 150	Registration of Address Change		Bongmyeon-dong, Science Town) Suite 914, #60, Oncheon-ro, Yuseong-gu, Daejeon Heesung Metal Co.,Ltd. (110111-4478346)		Jan. 26, 2015
2 Subsec. 3-ho	Aug. 11, 2016 No. 979	Registration of Address Change		(Dunsan-dong, Magnolia) Suite 2112, #148, Cheongsu-ro, Seo-gu, Daejeon Heesung Metal Co.,Ltd. (110111-4478346)		Aug. 11, 2016
2 Subsec. 4-ho	Sep. 22, 2016 No. 1160	Registration of Name Change		(Dunsan-dong, Mangnolia) Suite 2112, #148, Cheongsu-ro, Seo-gu, Daejeon Southern Gold Korea Co.,Ltd. (110111-4478346)	Changed the name of Heesung Metal Co., Ltd. into Southern Gold Korea Co.,Ltd.	Sep. 22, 2016

\* A part of a solid line is marked about erased details.



Registration No. 078091

◀Ownership ▶ [First Section]						2-2
Order No.	Receipt	Registry Purpose	Registry Cause	Registering Rightful Person	The Other Details	Date of Registration
2 Subsec. 5-ho	June 07, 2017 No. 909	Registration of Address Change		(Dunsan-dong, Magnolia) Suite 2404, #148, Cheongsu-ro, Seo-gu, Daejeon Southern Gold Korea Co.,Ltd. (110111-4478346)		June 07, 2017
3	Jan. 15, 2019 No. 50	transfer registration	Jan. 14, 2019 sale	(Baekseok-dong, Cheonanmiraeacehitechcity) M 439, #10 Baekseokgongdan-1-ro, Seobuk-gu, Cheonan City, Choongcheongnam Province Gubong Project Co. (161511-0240584)		Jan. 15, 2019

Received Fee KRW150 (Including VAT KRWO)

- Margin hereunder -

This is to certify that this copy is same with the contents of the original register of mining industry.

April 26, 2019

/s/ OFFICIAL SEAL AFFIXED

Chief of Mining Registration Office,  
Republic of Korea

Translated by Park, Chang Hee

# 광업원부

※주의사항※  
 광업권 존속기간 내에도 의무사항을 이행하지 않을 경우 광업권은 취소될 수 있습니다.

등록번호 제 078091 호

◀ 광업권 ▶							1-1	
표시번호	접수	소재지	광업지적	광종명	면적	광업권의 존속기간	그 밖의 사항	등록일
1	2009-09-01 제1791호	충남 청양군 청양읍 충남 청양군 남양면	청양 136호 전단위	금광 은광	276 ha	2009년9월2일 부터 2029년9월1일 까지 20년		2009년9월1일

---이 하 여 배---



본 광업(채굴)원부의 광업지적표시는 동경측지계 기준임.

발행일 : 2019년04월26일 09시57분23초

\* 실선으로 그려진 부분은 말소 사항을 표시함



◀ 소 유 권 ▶ [ 감 구 ]

2-1

순위 번호	접수	등기목적	등기원인	등투권리자	그 밖의 사항	등록일
1	2009년9월1일 제1791호	광업권설정등투		서울 서대문구 홍제동 331 홍제현대아파트 104동 1203호 심제열 (420122-*****)		2009년9월1일
2 부1 부2 부3 부4 부5	2011년1월21일 제327호	이전등투	2011년1월11일 매매	서울 서초구 서초동 1521-1 강남빌딩 16층 주식회사 화성메탈 (110111-4478346)		2011년1월21일
2 부기1호	2011년9월30일 제2296호	주소변경등투		서울 서초구 서초동 중앙로 108-케이원빌딩 10층 주식회사 화성메탈 (110111-4478346)		2011년9월30일
2 부기2호	2015년1월26일 제150호	주소변경등투		대전광역시 유성구 은천로 60, 014호 (봉평 동, 아이연스타운) 주식회사 화성메탈 (110111-4478346)		2015년1월26일
2 부기3호	2016년8월11일 제979호	주소변경등투		대전광역시 서구 청사로 148, 2112호 (둔산 동, 메그놀리아) 주식회사 화성메탈 (110111-4478346)		2016년8월11일
2 부기4호	2016년9월22일 제1160호	명칭변경등투		대전광역시 서구 청사로 148, 2112호 (둔산 동, 메그놀리아) 주식회사 서든골드코리아 (110111-4478346)	주식회사 화성메탈 명칭을 주 식회사 서든골드코리아으로 번 경	2016년9월22일
2 부기5호	2017년6월7일 제909호	주소변경등투		대전광역시 서구 청사로 148, 2404호 (둔산 동, 메그놀리아)		2017년6월7일

\* 실선으로 그려진 부분은 말소 사항을 표시함

2/3

발행일 : 2019년04월26일 09시57분24초



등록번호 제 078091 호

◀ 소 유 권 ▶ [ 장 구 ]

2-2

순위 번호	접수	등기목적	등기원인	등록권리자	그 밖의 사항	등록일
3	2019년1월15일 제50호	이전등록	2019년1월14일 매매	주식회사 서든플드코리아 (110111-4478346) 충청남도 천안시 서북구 백석공단1로 10, 엠 439호(백석동, 천안미래에이스하이테크시티) 구봉프로체트주식회사 (161511-0240584)		2019년1월15일

수수료 150원 영수함(부가수수료:0원 포함)

--이 하 어 백--

이 등본은 광업원부의 내용과 같음을 증명합니다  
2019년 4월26일



광업등록사무소



광업권 온라인민원발급 서비스(<http://gwangup.motie.go.kr/>)의 민원확인 메뉴에서 문서확인번호를 입력하여 위변조 여부를 확인할 수 있습니다. 문서확인번호를 통한 확인은 발행일로부터 3개월까지 가능합니다.

\* 실선으로 그려진 부분은 말소 사항을 표시함

3/3

발행일 : 2019년04월26일 09시57분24초

위 번역문은 원문과 상위없음을 서약  
합니다.

2019 년 05 월 01 일

서약인 박창희 (인)

I swear that the attached translation  
is true to the original.

1day of May,2019 at this office

(Signature) Changheepark

등부 2019 년 제 2110 호

Registered No. 2019-2110

인 증

Notarial Certificate

위 박창희 은  
본 공증인의 면전에서 위 번역문이 원문과  
상위 없음을 확인하고 서명 날인하였다.

PARK, CHANG HEE personally  
appeared before me, confirmed that  
the attached translation is true to  
the original and subscribed his/her  
name.

This is hereby attested on this  
1day of May,2019 at this office

2019 년 05 월 01 일

이 사무소에서 위 인증한다.

광주공증인합동사무소

소속 광주지방검찰청

광주광역시 동구 중앙로196번길15-4

Gwangju Notary Public Office

Gwangju District Prosecutor's Office  
15-4, Jungang-ro 196beon-gil, Dong-gu,  
Gwangju, Korea

(Signature of the Notary Public)

Moon, HyungSub  
Moon, Hyung Sub

공증인

문형섭 (인)

This office has been authorized by the  
Minister of Justice, the Republic of  
Korea to act as Notary Public since  
24 DAY OF NOV, 2011. under Law No.11.

Registered No. 2019 - 2113

# NOTARIAL CERTIFICATE

Gwangju Notary Public Office

☎ (062) 222-3500  
(062) 222-3599  
FAX (062) 222-3501





Document Verification No. : 1063-1710-7325-6686

※ Precautions ※  
In case of not performing requirement within term of existence of a mining right, the mining right would be cancelled.

## The Original Register of Mining Industry

Registration No. 078095

◀ Mining Right ▶							1-1	
Indication No.	Receipt	Location	Record for Mining Land	Mining Name	Area	Term of Existence about Mining Right	The Other Details	Date of Registration
1	Sep. 01, 2009 No. 1795	Cheongyang-eup, Cheongyang-gun, Chungnam Namyang-myeon, Cheongyang-gun, Chunnam Hwaseoang-myeon, Cheongyang-gun, Chungnam	Cheongyang No. 145 Whole Unit	Gold mine Silver mine	276 ha	From Sep. 02, 2009 To sep. 01, 2029 for 20 years	- Conditional -  We will not cause inconvenience in executing public services such as Cheongyang tourism development work and will not raise any objection such as executing a mining right about mineral mining and acquisition.	Sep. 01, 2009

- Margin hereunder -



◀Ownership ▶ [First Section]

						2-1	
Order No.	Receipt	Registry Purpose	Registry Cause	Registering Rightful Person	The Other Details	Date of Registration	
1	Sep. 01, 2009 No. 1795	Registration of Setting a Mining Right		104-1203 Hongje Hyundai Apt., #331, Hongje-dong, Seodaemun-gu, Seoul SHIM JAE YEOL (420122-*****)		Sep. 01, 2009	
2 Subsec. 1 Subsec. 2 Subsec. 3 Subsec. 4 Subsec. 5	Jan. 21, 2011 No. 331	Registration of Transfer	Jan. 11, 2011 Dealing	16F-Gangnam Bldg., #1321-1, Seocho-dong, Seocho-gu, Seoul Heesung Metal Co.,Ltd. (110111-4478346)		Jan. 21, 2011	
2 Subsec. 1-ho	Sep. 30, 2011 No. 2300	Registration of Address Change		10F-KOne Bldg., #108, Jungang-ro, Seocho -dong, Seocho-gu, Seoul Heesung Metal Co.,Ltd. (110111-4478346)		Sep. 30, 2011	
2 Subsec. 2-ho	Jan. 26, 2015 No. 154	Registration of Address Change		Bongmyeon-dong, Science Town, Suite-914, #60-Oncheon-ro, Yuseong-gu, Daejeon Heesung Metal Co.,Ltd. (110111-4478346)		Jan. 26, 2015	
2 Subsec. 3-ho	Aug. 11, 2016 No. 983	Registration of Address Change		(Dunsan-dong, Magnolia) Suite 2112, #148, Cheongsu-ro, Seo-gu, Daejeon Heesung Metal Co.,Ltd. (110111-4478346)		Aug. 11, 2016	
2 Subsec. 4-ho	Sep. 22, 2016 No. 1164	Registration of Name Change		(Dunsan-dong, Mangnolia) Suite 2112, #148, Cheongsu-ro, Seo-gu, Daejeon Southern Gold Korea Co.,Ltd. (110111-4478346)	Changed the name of Heesung Metal Co., Ltd. into Southern Gold Korea Co.,Ltd.	Sep. 22, 2016	

Registration No. 078095

◀Ownership ▶ [First Section]					2-2	
Order No.	Receipt	Registry Purpose	Registry Cause	Registering Rightful Person	The Other Details	Date of Registration
2 Subsec. 5-ho	June 07, 2017 No. 913	Registration of Address Change		(Dunsan-dong, Magnolia) Suite 2404, #148, Cheongsu-ro, Seo-gu, Daejeon Southern Gold Korea Co.,Ltd. (110111-4478346)		June 07, 2017
3	Jan. 15, 2019 No. 53	transfer registration	Jan. 14, 2019 sale	(Baekseok-dong, Cheonanmiraeacehitechcity) M 439, #10 Baekseokgongdan-1-ro, Seobuk-gu, Cheonan City, Choongcheongnam Province Gubong Project Co. (161511-0240584)		Jan. 15, 2019

Received Fee KRW150 (Including VAT KRWO)

- Margin hereunder -

This is to certify that this copy is same with the contents of the original register of mining industry.

April 26, 2019

/s/ OFFICIAL SEAL AFFIXED

Chief of Mining Registration Office,  
Republic of Korea

Translated by Park, Chang Hee

\* A part of a solid line is marked about erased details.

3/3

Issued Date : April 26, 2019 10:00:12

# 광업원부

## ※주의사항※

광업권 존속기간 내에도 의무사항을 이행하지 않을 경우 광업권은 취소될 수 있습니다.

등록번호 제 078095 호

◀ 광업권 ▶							1-1	
표시번호	접수	소재지	광업지적	광종명	면적	광업권의 존속기간	그 밖의 사항	등록일
1	2009-09-01 제1795호	충남 청양군 청양읍 충남 청양군 남양면 충남 청양군 화성면	청양 145호 전단위	금광 은광	276 ha	2009년9월2일 부터 2029년9월1일 까지 20년	- 조건부 -  본 광구내에서 청양관광지 개 발사업 등의 공익사업 시행시 지장을 초래하지 않을 것이며 보상요구와 광물의 채굴 및 취득에 관한 광업권의 행사 등 일체의 이의를 제기하지 않을 것.	2009년9월1일

--이 하 여 백--

본 광업(채굴)원부의 광업지적표시는 동경측지계 기준임.

발행일 : 2019년04월26일 10시00분12초

1/3

\* 실선으로 그려진 부분은 말소 사항을 표시함



◀ 소 유 권 ▶ [ 갑 구 ]

2-1

순위 번호	접수	등기목적	등기원인	등록권리자	그 밖의 사항	등록일
1	2009년9월1일 제1795호	판업권설정등록		서울 서대문구 홍제동 331 홍제현대아파트 104동 1203호 심재열 (420122-*****)		2009년9월1일
2 부1 부2 부3 부4 부5	2011년1월21일 제331호	이전등록	2011년1월11일 메메	서울 서초구 서초동 1321-1 강남빌딩 16층 주식회사-회성메탈 (110111-4478346)		2011년1월21일
2 부기1호	2011년9월30일 제2300호	주소변경등록		서울 서초구 서초동 중앙로 100 케이원빌딩 10층 주식회사 회성메탈 (110111-4478346)		2011년9월30일
2 부기2호	2015년1월26일 제154호	주소변경등록		대전광역시 유성구 은천로 60, 914호 (봉평 동, 사이언스타운) 주식회사 회성메탈 (110111-4478346)		2015년1월26일
2 부기3호	2016년8월11일 제983호	주소변경등록		대전광역시 서구 청사로 148, 2112호 (둔산 동, 메그놀리아) 주식회사 회성메탈 (110111-4478346)		2016년8월11일
2 부기4호	2016년9월22일 제1164호	명칭변경등록		대전광역시 서구 청사로 148, 2112호 (둔산 동, 메그놀리아) 주식회사 서든골드코리아 (110111-4478346)	주식회사 회성메탈 명칭을 주 식회사 서든골드코리아으로 변 경	2016년9월22일
2 부기5호	2017년6월7일 제913호	주소변경등록		대전광역시 서구 청사로 148, 2404호 (둔산 동, 메그놀리아)		2017년6월7일

\* 실선으로 그려진 부분은 말소 사항을 표시함

2/3

발행일 : 2019년04월26일 10시00분13초

등록번호 제 078095 호

◀ 소 유 권 ▶ [ 갑 구 ]

2-2

순위 번호	접수	등기목적	등기원인	등록권리자	그 밖의 사항	등록일
3	2019년1월15일 제53호	이전등록	2019년1월14일 매매	주식회사 서든골드코리아 (110111-4478346) 충청남도 천안시 서북구 백석공단1로 10, 엠 439호(백석동, 천안미래에이스하이테크시티) 구봉프로젝트주식회사 (161511-0240584)		2019년1월15일

수수료 150원 영수합(부가수수료:0원 포함)

--이 하 여 백--

이 등본은 광업원부의 내용과 같음을 증명합니다  
2019년 4월26일



광업등록사무  
주관인



광업권 온라인민원발급 서비스(<http://gwangup.motie.go.kr/>)의 민원확인 메뉴에서 문서확인번호를 입력하여 위변조 여부를 확인할 수 있습니다. 문서확인번호를 통한 확인은 발행일로부터 3개월까지 가능합니다.

\* 설선으로 그려진 부분은 말소 사항을 표시함

3/3


발행일 : 2019년04월26일 10시00분13초



위 번역문은 원문과 상위없음을 서약  
합니다.

2019 년 05 월 01 일

서약인

박창희 

I swear that the attached translation  
is true to the original.

1day of May,2019 at this office

(Signature) Changhee park

등부 2019 년 제 2113 호

Registered No. 2019-2113

인 증

Notarial Certificate

위 박 창 희 은  
본 공증인의 면전에서 위 번역문이 원문과  
상위 없음을 확인하고 서명 날인하였다.

PARK, CHANG HEE personally  
appeared before me,confirmed that  
the attached translation is true to  
the original and subscribed his/her  
name.


2019 년 05 월 01 일  
이 사무소에서 위 인증한다.

This is hereby attested on this  
1day of May,2019 at this office

광주공증인합동사무소

소속 광주지방검찰청

광주광역시 동구 중앙로196번길15-4

 Gwangju Notary Public Office  
Gwangju District Prosecutor's Office  
15-4,Jungang-ro 196beon-gil,Dong-gu,  
Gwangju, Korea

(Signature of the Notary Public)

Moon, HyungSub

Moon, Hyung Sub

공증인

박창희 

This office has been authorized by the  
Minister of Justice, the Republic of  
Korea to act as Notary Public since  
24 DAY OF NOV, 2011. under Law No.11.



Registered No. 2019 - 2111

# NOTARIAL CERTIFICATE

Gwangju Notary Public Office

☎ (062) 222-3500  
(062) 222-3599  
FAX (062) 222-3501



Document Verification No. : 1675-5126-2875-4501

※ Precautions ※

In case of not performing requirement within term of existence of a mining right, the mining right would be cancelled.

## The Original Register of Mining Industry

Registration No. 078093

◀ Mining Right ▶						1-1		
Indication No.	Receipt	Location	Record for Mining Land	Mining Name	Area	Term of Existence about Mining Right	The Other Details	Date of Registration
1	Sep. 01, 2009 No. 1793	Namyang-myeon, Cheongyang-gun, Chungnam	Cheongyang No. 146 Whole Unit	Gold mine Silver mine	276 ha	From Sep. 02, 2009 To sep. 01, 2029 for 20 years	- Conditional -  We will not cause inconvenience in executing public services such as Cheongyang tourism development work and will not raise any objection such as executing a mining right about mineral mining and acquisition.	Sep. 01, 2009

- Margin hereunder -

\* A part of a solid line is marked about erased details.

The mark of record for mining land in this original register of mining industry(mining), is a standard of east longitude

1/3

Issued Date : April 26, 2019 09:58:52

◀Ownership ▶ [First Section]						2-1
Order No.	Receipt	Registry Purpose	Registry Cause	Registering Rightful Person	The Other Details	Date of Registration
1	Sep. 01, 2009 No. 1793	Registration of Setting a Mining Right		104-1203 Hongje Hyundai Apt., #331, Hongje-dong, Seodaemun-gu, Seoul SHIM JAE YEOL (420122-*****)		Sep. 01, 2009
2 Subsec. 1 Subsec. 2 Subsec. 3 Subsec. 4 Subsec. 5	Jan. 21, 2011 No. 329	Registration of Transfer	Jan. 11, 2011 Dealing	<del>16F-Gangnam Bldg., #1321-1, Seocho-dong, Seocho-gu, Seoul</del> Heesung Metal Co., Ltd. (110111-4478346)		Jan. 21, 2011
2 Subsec. 1-ho	Sep. 30, 2011 No. 2298	Registration of Address Change		<del>10F-K One Bldg., #108, Jungang-ro, Seocho -dong, Seocho-gu, Seoul</del> Heesung Metal Co., Ltd. (110111-4478346)		Sep. 30, 2011
2 Subsec. 2-ho	Jan. 26, 2015 No. 152	Registration of Address Change		<del>Bongmyeon-dong, Science Town) Suite 914, #60, Oncheon-ro, Yuseong-gu, Daejeon</del> Heesung Metal Co., Ltd. (110111-4478346)		Jan. 26, 2015
2 Subsec. 3-ho	Aug. 11, 2016 No. 981	Registration of Address Change		<del>(Dunsan-dong, Magnolia) Suite 2112, #148, Cheongsa-ro, Seo-gu, Daejeon</del> Heesung Metal Co., Ltd. (110111-4478346)		Aug. 11, 2016
2 Subsec. 4-ho	Sep. 22, 2016 No. 1162	Registration of Name Change		<del>(Dunsan-dong, Mangnolia) Suite 2112, #148, Cheongsa-ro, Seo-gu, Daejeon</del> Southern Gold Korea Co., Ltd. (110111-4478346)	Changed the name of Heesung Metal Co., Ltd. into Southern Gold Korea Co., Ltd.	Sep. 22, 2016

Registration No. 078093

◀Ownership ▶ [First Section]					2-2	
Order No.	Receipt	Registry Purpose	Registry Cause	Registering Rightful Person	The Other Details	Date of Registration
2 Subsec. 5-ho	June 07, 2017 No. 911	Registration of Address Change		(Dunsan-dong, Magnolia) Suite 2404, #148, Cheongsu-ro, Seo-gu, Daejeon Southern Gold Korea Co.,Ltd. (110111-4478346)		June 07, 2017
3	Jan. 15, 2019 No. 51	transfer registration	Jan. 14, 2019 sale	(Baekseok-dong, Cheonanmiraeacehitechcity) M 439, #10 Baekseokgongdan-1-ro, Seobuk-gu, Cheonan City, Choongcheongnam Province Gubong Project Co. (161511-0240584)		Jan. 15, 2019

Received Fee KRW150 (Including VAT KRWO)

- Margin hereunder -



This is to certify that this copy is same with the contents of the original register of mining industry.

April 26, 2019

/s/ OFFICIAL SEAL AFFIXED

Chief of Mining Registration Office,  
Republic of Korea

Translated by Park, Chang Hee



# 광업원부

※주의사항※  
 광업권 존속기간 내에도 의무사항을 이행하지 않을 경우 광업권은 취소될 수 있습니다.

등록번호 제 078093 호

◀ 광업권 ▶							1-1	
표시번호	접수	소재지	광업지적	광종명	면적	광업권의 존속기간	그 밖의 사항	등록일
1	2009-09-01 제1793호	충남 청양군 남양면	청양 146호 전단위	금광 은광	276 ha	2009년9월2일 부터 2029년9월1일 까지 20년	- 조건부 -  본 광구내에서 충남종합사격장건설사업 등의 공익사업 시행시 시장을 초래하지 않을 것이며 보상요구와 광물의 채굴 및 취득에 관한 광업권의 행사 등 일체의 이의를 제기하지 않을 것.	2009년9월1일

--이 하 여 백--

본 광업(채굴)원부의 광업지적표시는 동경측지계 기준임.  
 발행일 : 2019년04월26일 09시58분52초

\* 실선으로 그려진 부분은 말소 사항을 표시함

◀ 소 유 권 ▶ [ 갑 구 ]

2-1

순위 번호	접수 번호	등기목적	등기원인	등록권리자	그 밖의 사항	등록일
1	2009년9월1일 제1793호	광업권설정등록		서울 서대문구 홍제동 331 홍제현대아파트 104동 1203호 심재열 (420122-*****)		2009년9월1일
2 부1 부2 부3 부4 부5	2011년1월21일 제329호	이전등록	2011년1월11일 메메	서울 서초구 서초동 1321-1 강남빌딩 16층 주식회사 회성메탈 (110111-4478346)		2011년1월21일
2 부기1호	2011년9월30일 제2298호	주소변경등록		서울 서초구 서초동 중앙로 108-케이원빌딩 10층 주식회사 회성메탈 (110111-4478346)		2011년9월30일
2 부기2호	2015년1월26일 제152호	주소변경등록		대전광역시 유성구 은천로 60, 614호 (봉명 동, 사이언스타운) 주식회사 회성메탈 (110111-4478346)		2015년1월26일
2 부기3호	2016년8월11일 제981호	주소변경등록		대전광역시 서구 청사로 148, 2112호 (둔산 동, 메그놀리아) 주식회사 회성메탈 (110111-4478346)		2016년8월11일
2 부기4호	2016년9월22일 제1162호	명칭변경등록		대전광역시 서구 청사로 148, 2112호 (둔산 동, 메그놀리아) 주식회사 서든클드코리아 (110111-4478346)	주식회사 회성메탈 명칭을 주 식회사 서든클드코리아으로 번 경	2016년9월22일
2 부기5호	2017년6월7일 제911호	주소변경등록		대전광역시 서구 청사로 148, 2404호 (둔산 동, 메그놀리아)		2017년6월7일

\* 실선으로 그려진 부분은 말소 사항을 표시함

2/3

발행일 : 2019년04월26일 09시58분53초



등록번호 제 078093 호

◀ 소 유 권 ▶ [ 갑 구 ]

순위 번호	접수	등기목적	등기원인	등록권리자	그 밖의 사항	등록일
3	2019년1월15일 제51호	이전등록	2019년1월14일 매매	주식회사 서든플드코리아 (110111-4478346) 충청남도 천안시 서북구 백석공단1로 10, 엠 439호(백석동, 천안미래에이스하이테크시티) 구봉프로젝트주식회사 (161511-0240584)		2019년1월15일

수수료 150원 영수함(부가수수료:0원 포함)

--이 하 이 배--

이 등본은 광업원부의 내용과 같음을 증명합니다  
2019년 4월26일



광업등록사무소장



광업권 온라인민원발급 서비스(<http://gwangup.motie.go.kr/>)의 민원확인 메뉴에서 문서확인번호를 입력하여 위변조 여부를 확인할 수 있습니다. 문서확인번호를 통한 확인은 발행일로부터 3개월까지 가능합니다.

\* 실선으로 그려진 부분은 말소 사항을 표시함

3/3

발행일 : 2019년04월26일 09시58분53초



위 번역문은 원문과 상위없음을 서약  
합니다.

2019 년 05 월 01 일

서약인 박창희 

I swear that the attached translation  
is true to the original.

1day of May,2019 at this office

(Signature) Changhee Park

등부 2019 년 제 2111 호

Registered No. 2019-2111

인 증

Notarial Certificate

위 박창희 은  
본 공증인의 면전에서 위 번역문이 원문과  
상위 없음을 확인하고 서명 날인하였다.

PARK, CHANG HEE personally  
appeared before me, confirmed that  
the attached translation is true to  
the original and subscribed his/her  
name.

2019 년 05 월 01 일  
이 사무소에서 위 인증한다.

This is hereby attested on this  
1day of May,2019 at this office

광주공증인합동사무소

Gwangju Notary Public Office

소속 광주지방검찰청  
광주광역시 동구 중앙로196번길15-4

Gwangju District Prosecutor's Office  
15-4, Jungang-ro 196beon-gil, Dong-gu,  
Gwangju, Korea

(Signature of the Notary Public)

Moon, Hyung Sub

Moon, Hyung Sub

공증인

문형섭 

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Korea to act as Notary Public since  
24 DAY OF NOV, 2011. under Law No.11.

Registered No. 2019 - 2112

# NOTARIAL CERTIFICATE

Gwangju Notary Public Office

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FAX (062) 222-3501



Document Verification No. : 7806-7454-2624-0116

## The Original Register of Mining Industry

※ Precautions ※

In case of not performing requirement within term of existence of a mining right, the mining right would be cancelled.

Registration No. 078094

### ◀ Mining Right ▶

Indication No.	Receipt	Location	Record for Mining Land	Mining Name	Area	Term of Existence about Mining Right	The Other Details	Date of Registration
1	Sep. 01, 2009 No. 1794	Namyang-myeon, Cheongyang-gun, Chungnam	Cheongyang No. 147 Whole Unit	Gold mine Silver mine	276 ha	From Sep. 02, 2009 To sep. 01, 2029 for 20 years	- Conditional -  We will not cause inconvenience in executing public services such as Cheongyang tourism development work and will not raise any objection such as executing a mining right about mineral mining and acquisition.	1-1 Sep. 01, 2009

- Margin hereunder -

\* A part of a solid line is marked about erased details.

1/3

The mark of record for mining land in this original register of mining industry(mining), is a standard of east longitude

Issued Date : April 26, 2019 09:59:33



## ◀ Ownership ▶ [First Section]

2-1

Order No.	Receipt	Registry Purpose	Registry Cause	Registering Rightful Person	The Other Details	Date of Registration
1	Sep. 01, 2009 No. 1794	Registration of Setting a Mining Right		104-1203 Hongje Hyundai Apt., #331, Hongje-dong, Seodaemun-gu, Seoul SHIM JAE YEOL (420122-*****)		Sep. 01, 2009
2 Subsec. 1 Subsec. 2 Subsec. 3 Subsec. 4 Subsec. 5	Jan. 21, 2011 No. 330	Registration of Transfer	Jan. 11, 2011 Dealing	16F-Gangnam Bldg., #1321-1, Seocho-dong, Seocho-gu, Seoul Heesung Metal Co.,Ltd. (110111-4478346)		Jan. 21, 2011
2 Subsec. 1-ho	Sep. 30, 2011 No. 2299	Registration of Address Change		10F-KOne Bldg., #108, Jungang-ro, Seocho -dong, Seocho-gu, Seoul Heesung Metal Co.,Ltd. (110111-4478346)		Sep. 30, 2011
2 Subsec. 2-ho	Jan. 26, 2015 No. 153	Registration of Address Change		Bongmyeon-dong, Science Town) Suite 914, #60-Oncheon-ro, Yuseong-gu, Daejeon Heesung Metal Co.,Ltd. (110111-4478346)		Jan. 26, 2015
2 Subsec. 3-ho	Aug. 11, 2016 No. 982	Registration of Address Change		(Dunsan-dong, Magnolia) Suite 2112, #148, Cheongsu-ro, Seo-gu, Daejeon Heesung Metal Co.,Ltd. (110111-4478346)		Aug. 11, 2016
2 Subsec. 4-ho	Sep. 22, 2016 No. 1163	Registration of Name Change		(Dunsan-dong, Mangnolia) Suite 2112, #148, Cheongsu-ro, Seo-gu, Daejeon Southern Gold Korea Co.,Ltd. (110111-4478346)	Changed the name of Heesung Metal Co., Ltd. into Southern Gold Korea Co.,Ltd.	Sep. 22, 2016

Registration No. 078094

◀Ownership ▶ [First Section]					2-2	
Order No.	Receipt	Registry Purpose	Registry Cause	Registering Rightful Person	The Other Details	Date of Registration
2 Subsec. 5-ho	June 07, 2017 No. 912	Registration of Address Change		(Dunsan-dong, Magnolia) Suite 2404, #148, Cheongsu-ro, Seo-gu, Daejeon Southern Gold Korea Co.,Ltd. (110111-4478346)		June 07, 2017
3	Jan. 15, 2019 No. 52	transfer registration	Jan. 14, 2019 sale	(Baekseok-dong, Cheonanmiraeacehitechcity) M 439, #10 Baekseokgongdan-1-ro, Seobuk-gu, Cheonan City, Choongcheongnam Province Gubong Project Co. (161511-0240584)		Jan. 15, 2019

Received Fee KRW150 (including VAT KRWO)

- Margin hereunder -

This is to certify that this copy is same with the contents of the original register of mining industry.

April 26, 2019

/s/ OFFICIAL SEAL AFFIXED

Chief of Mining Registration Office,  
Republic of Korea

Translated by Park, Chang Hee

\* A part of a solid line is marked about erased details.

3/3

Issued Date : April 26, 2019 09:59:34



# 광업원부

## ※주의사항※

광업권 존속기간 내에도 의무사항을 이행하지 않을 경우 광업권은 취소될 수 있습니다.

등록번호 제 078094 호

◀ 광업권 ▶							1-1	
표시번호	접수	소재지	광업지적	광종명	면적	광업권의 존속기간	그 밖의 사항	등록일
1	2009-09-01 제1794호	충남 청양군 남양면	청양 147호 전단위	금광 은광	276 ha	2009년9월2일 부터 2029년9월1일 까지 20년	- 조건부 -  본 광구내에서 충남종합사적 장건설사업 등의 공익사업 시 행시 지장을 초래하지 않을 것이며 보상요구와 광물의 채 굴 및 취득에 관한 광업권의 행사 등 일체의 이익을 제기 하지 않을 것.	2009년9월1일

—이 하 여 백—

\* 실선으로 그려진 부분은 말소 사항을 표시함

1/3

본 광업(채굴)원부의 광업지적표시는 동경측지계 기준임.  
발행일 : 2019년04월26일 09시59분33초

◀ 소 유 권 ▶ [ 갑 구 ]

2-1

순위 번호	접수 번호	등기목적	등기원인	등록권리자	그 밖의 사항	등록일
1	2009년9월1일 제1794호	평임권설정등록		서울 서대문구 홍제동 331 홍제현대아파트 104동 1203호 심제일 (420122-*****)		2009년9월1일
2 부1 부2 부3 부4 부5	2011년1월21일 제330호	이전등록	2011년1월11일 매매	서울 서초구 서초동 1224-1 강남빌딩 16층 주식회사 회성메탈 (110111-4478346)		2011년1월21일
2 부기1호	2011년9월30일 제2299호	주소변경등록		서울 서초구 서초동 중앙로 108-케이원빌딩 10층 주식회사 회성메탈 (110111-4478346)		2011년9월30일
2 부기2호	2015년1월26일 제153호	주소변경등록		대전광역시 유성구 은천로 60, 914호 (봉평 동, 사이언스타운) 주식회사 회성메탈 (110111-4478346)		2015년1월26일
2 부기3호	2016년8월11일 제982호	주소변경등록		대전광역시 서구 청사로 148, 2112호 (둔산 동, 메그놀리아) 주식회사 회성메탈 (110111-4478346)		2016년8월11일
2 부기4호	2016년9월22일 제1163호	명칭변경등록		대전광역시 서구 청사로 148, 2112호 (둔산 동, 메그놀리아) 주식회사 서든골드코리아 (110111-4478346)	주식회사 회성메탈 명칭을 주 식회사 서든골드코리아으로 변 경	2016년9월22일
2 부기5호	2017년6월7일 제912호	주소변경등록		대전광역시 서구 청사로 148, 2404호 (둔산 동, 메그놀리아)		2017년6월7일

\* 실선으로 그려진 부분은 말소 사항을 표시함

2/3

발행일 : 2019년04월26일 09시59분34초

◀ 소 유 권 ▶ [ 갑 구 ]

2-2

순위 번호	접수	등기목적	등기원인	등록권리자	그 밖의 사항	등록일
3	2019년1월15일 제52호	이전등록	2019년1월14일 매매	주식회사 서든골드코리아 (110111-4478346) 충청남도 천안시 서북구 백석공단1로 10, 엠 439호(백석동, 천안미래에이스하이테크시티) 구봉프로채트주식회사 (161511-0240584)		2019년1월15일

수수료 150원 영수합(부가수수료:0원 포함)

---이 하 여 백---

이 등본은 광업원부의 내용과 같음을 증명합니다  
2019년 4월26일



광업권 온라인민원발급 서비스(<http://gwangup.motie.go.kr/>)의 민원확인 메뉴에서 문서확인번호를 입력하여 위변조 여부를 확인할 수 있습니다. 문서확인번호를 통한 확인은 발행일로부터 3개월까지 가능합니다.

\* 실선으로 그려진 부분은 말소 사항을 표시함


3/3

발행일 : 2019년04월26일 09시59분34초



위 번역문은 원문과 상위없음을 서약  
합니다.

2019 년 05 월 01 일

서약인 박창희 

I swear that the attached translation  
is true to the original.

1day of May,2019 at this office

(Signature) Changheepark

등부 2019 년 제 2112 호

Registered No. 2019-2112

인 증

Notarial Certificate

위 박 창 희 은  
본 공증인의 면전에서 위 번역문이 원문과  
상위 없음을 확인하고 서명 날인하였다.

PARK, CHANG HEE personally  
appeared before me,confirmed that  
the attached translation is true to  
the original and subscribed his/her  
name.

2019 년 05 월 01 일  
이 사무소에서 위 인증한다.

This is hereby attested on this  
1day of May,2019 at this office

광주공증인합동사무소

Gwangju Notary Public Office

소속 광주지방검찰청  
광주광역시 동구 중앙로196번길15-4

Gwangju District Prosecutor's Office  
15-4, Jungang-ro 196beon-gil, Dong-gu,  
Gwangju, Korea

(Signature of the Notary Public)

공증인

Moon, Hyungsub  
Moon Hyung Sub

박창희 

This office has been authorized by the  
Minister of Justice, the Republic of  
Korea to act as Notary Public since  
24 DAY OF NOV, 2011. under Law No.11.

Registered No. 2019 - 2114

# NOTARIAL CERTIFICATE

Gwangju Notary Public Office

☎ (062) 222-3500  
(062) 222-3599  
FAX (062) 222-3501



Document Verification No. : 1564-5124-0816-2065

## The Original Register of Mining Industry

※ Precautions ※

In case of not performing requirement within term of existence of a mining right, the mining right would be cancelled.

Registration No. 078096

### ◀ Mining Right ▶

Indication No.	Receipt	Location	Record for Mining Land	Mining Name	Area	Term of Existence about Mining Right	The Other Details	Date of Registration
1	Sep. 01, 2009 No. 1796	Namyang-myeon, Cheongyang-gun, Chungnam Hwaseong-myeon, Cheongyang-gun, Chungnam	Daecheon No. 6 Whole Unit	Gold mine Silver mine	276 ha	From Sep. 02, 2009 To Sep. 01, 2029 for 20 years	- Conditional -  We will not cause inconvenience in executing public services such as construction business of shooting gallery in Chungnam and will not raise any object such as executing a mining right about mineral mining and acquisition.	Sep. 01, 2009

- Margin hereunder -

• A part of a solid line is marked about erased details.

1/3

The mark of record for mining land in this original register of mining industry(mining), is a standard of east longitude

Issued Date : April 26, 2019 10:00:51



◀Ownership ▶ [First Section]						2-1	
Order No.	Receipt	Registry Purpose	Registry Cause	Registering Rightful Person	The Other Details	Date of Registration	
1	Sep. 01, 2009 No. 1796	Registration of Setting a Mining Right		104-1203 Hongje Hyundai Apt., #331, Hongje-dong, Seodaemun-gu, Seoul SHIM, JAE YEOL (420122-*****)		Sep. 01, 2009	
2 Subsec. 1 Subsec. 2 Subsec. 3 Subsec. 4 Subsec. 5	Jan. 21, 2011 No. 332	Registration of Transfer	Jan. 11, 2011 Dealing	16F, Gangnam Bldg., #1321-1, Seocho-dong, Seocho-gu, Seoul Heesung Metal Co., Ltd. (110111-4478346)		Jan. 21, 2011	
2 Subsec. 1-ho	Sep. 30, 2011 No. 2301	Registration of Address Change		10F, K-One Bldg., #108, Jungang-ro, Seocho -dong, Seocho-gu, Seoul Heesung Metal Co., Ltd. (110111-4478346)		Sep. 30, 2011	
2 Subsec. 2-ho	Jan. 26, 2015 No. 155	Registration of Address Change		Bongmyeong-dong, Science Town) Suite 914, #60, Oncheon-ro, Yuseong-gu, Daejeon- Heesung Metal Co., Ltd. (110111-4478346)		Jan. 26, 2015	
2 Subsec. 3-ho	Aug. 11, 2016 No. 984	Registration of Address Change		(Dunsa-dong, Magnolia) Suite 2112, #148, Cheongsu-ro, Seo-gu, Daejeon Heesung Metal Co., Ltd. (110111-4478346)		Aug. 11, 2016	
2 Subsec. 4-ho	Sep. 22, 2016 No. 1165	Registration of Name Change		Dunsan-dong, Magnolia) Suite 2112, #148, Cheongsu-ro, Seo-gu, Daejeon Southern Gold Korea Co., Ltd. (110111-4478346)	Changed the name of Heesung Metal Co., Ltd. into Southern Gold Korea Co., Ltd	Sep. 22, 2016	

Registration No. 078096

◀Ownership ▶ [First Section]					2-2	
Order No.	Receipt	Registry Purpose	Registry Cause	Registering Rightful Person	The Other Details	Date of Registration
2 Subsec. 5-ho	June 07, 2017 No. 914	Registration of Address Change		(Dunsan-dong, Magnolia) Suite 2404, #148, Cheongsa-ro, Seo-gu, Daejeon Southern Gold Korea Co.,Ltd. (110111-4478346)		June 07, 2017
3	Jan. 15, 2019 No. 54	transfer registration	Jan. 14, 2019 sale	(Baekseok-dong, Cheonanmiraeacehitechcity) M 439, #10 Baekseokgongdan-1-ro, Seobuk-gu, Cheonan City, Choongcheongnam Province Gubong Project Co. (161511-0240584)		Jan. 15, 2019

Received Fee KRW150 (Including VAT KRWO)

- Margin hereunder -

This is to certify that this copy is same with the contents of the original register of mining industry.

April 26, 2019

/s/ OFFICIAL SEAL AFFIXED

Chief of Mining Registration Office,  
Republic of Korea

Translated by Park, Chang Hee

\* A part of a solid line is marked about erased details.

3/3

Issued Date : Issued Date : April 26, 2019 10:00:51

# 광업원부

## ※주의사항※

광업권 존속기간 내에도 의무사항을 이행하지 않을 경우 광업권은 취소될 수 있습니다.

등록번호 제 078096 호

◀ 광업권 ▶							1-1	
표시번호	접수	소재지	광업지적	광종명	면적	광업권의 존속기간	그 밖의 사항	등록일
1	2009-09-01 제1796호	충남 청양군 남양면 충남 청양군 화성면	대천 6호 전단위	금광 은광	276 ha	2009년9월2일 부터 2029년9월1일 까지 20년	- 조건부 -  본 광구내에서 충남종합사격장건설사업 등의 공익사업 시행시 지장을 초래하지 않을 것이며 보상요구와 광물의 채굴 및 취득에 관한 광업권의 행사 등 일체의 이익을 제기하지 않을 것.	2009년9월1일

--이 하 여 배--

본 광업(채굴)원부의 광업지적표시는 동경측지계 기준임.

발행일 : 2019년04월26일 10시00분51초

\* 실선으로 그려진 부분은 말소 사항을 표시함





순위 번호	접수	등기목적	등기원인	등록권리자	그 밖의 사항	등록일
1	2009년9월1일 제1796호	광업권설정등록		서울 서대문구 홍제동 331 홍제현대아파트 104동 1203호 심재열 (420122-*****)		2009년9월1일
2 부1 부2 부3 부4 부5	2011년1월21일 제332호	이전등록	2011년1월11일 매매	서울 서초구 서초동 1321-1 강남빌딩 16층 주식회사 회성메탈 (110111-4478346)		2011년1월21일
2 부기1호	2011년9월30일 제2301호	주소변경등록		서울 서초구 서초동 중앙로 108-케이원빌딩 10층 주식회사 회성메탈 (110111-4478346)		2011년9월30일
2 부기2호	2015년1월26일 제155호	주소변경등록		대전광역시 유성구 은관로 60-914호 (봉평 동, 사이언스타운) 주식회사 회성메탈 (110111-4478346)		2015년1월26일
2 부기3호	2016년8월11일 제984호	주소변경등록		대전광역시 서구 청사로 148, 2112호 (둔산 동, 메그놀리아) 주식회사 회성메탈 (110111-4478346)		2016년8월11일
2 부기4호	2016년9월22일 제1165호	명칭변경등록		대전광역시 서구 청사로 148, 2112호 (둔산 동, 메그놀리아) 주식회사 서든골드코리아 (110111-4478346)	주식회사 회성메탈 명칭을 주 식회사 서든골드코리아으로 변 경	2016년9월22일
2 부기5호	2017년6월7일 제914호	주소변경등록		대전광역시 서구 청사로 148, 2404호 (둔산 동, 메그놀리아)		2017년6월7일

\* 실선으로 그어진 부분은 말소 사항을 표시함

◀ 소 유 권 ▶ [ 갑 구 ]

순위 번호	접수	등록목적	등기원인	등록권리자	그 밖의 사항	2-2 등록일
3	2019년1월15일 제54호	이전등록	2019년1월14일 매매	주식회사 서든골드코리아 (110111-4478346) 충청남도 천안시 서북구 백석공단1로 10, 엠 439호(백석동, 천안미래에이스하이테크시티) 구봉프로젝트주식회사 (161511-0240584)		2019년1월15일

수수료 150원 영수함(부가수수료:0원 포함)

--이 하 여 백--

이 등본은 광업원부의 내용과 같음을 증명합니다  
2019년 4월26일



광업권 온라인민원발급 서비스(<http://gwangup.motie.go.kr/>)의 민원확인 메뉴에서 문서확인번호를 입력하여 위변조 여부를 확인할 수 있습니다. 문서확인번호를 통한 확인은 발행일로부터 3개월까지 가능합니다.

\* 실선으로 그려진 부분은 말소 사항을 표시함


3/3

발행일 : 2019년04월26일 10시00분51초



위 번역문은 원문과 상위없음을 서약  
합니다.

2019 년 05 월 01 일

서약인 박창희 

I swear that the attached translation  
is true to the original.

1day of May,2019 at this office

(Signature) Changhee Park

등부 2019 년 제 2114 호

Registered No. 2019-2114

인 증

Notarial Certificate

위 박창희 은  
본 공증인의 면전에서 위 번역문이 원문과  
상위 없음을 확인하고 서명 날인하였다.

PARK, CHANG HEE personally  
appeared before me, confirmed that  
the attached translation is true to  
the original and subscribed his/her  
name.

2019 년 05 월 01 일  
이 사무소에서 위 인증한다.

This is hereby attested on this  
1day of May,2019 at this office

광주공증인합동사무소  
소속 광주지방검찰청  
광주광역시 동구 중앙로196번길15-4




Gwangju Notary Public Office  
Gwangju District Prosecutor's Office  
15-4, Jungang-ro 196beon-gil, Dong-gu,  
Gwangju, Korea

(Signature of the Notary Public)

Moon, HyungSub  
Moon, Hyung Sub

공증인

문형섭 

This office has been authorized by the  
Minister of Justice, the Republic of  
Korea to act as Notary Public since  
24 DAY OF NOV, 2011. under Law No.11.



Registered No. 2019 - 2115

# NOTARIAL CERTIFICATE

Gwangju Notary Public Office

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(062) 222-3599  
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Document Verification No. : 5844-0311-4024-1656

## The Original Register of Mining Industry

※ Precautions ※  
 In case of not performing requirement within term of existence of a mining right, the mining right would be cancelled.

Registration No. 078097

◀ Mining Right ▶							1-1	
Indication No.	Receipt	Location	Record for Mining Land	Mining Name	Area	Term of Existence about Mining Right	The Other Details	Date of Registration
1	Sep. 01, 2009 No. 1797	Namyang-myeon, Cheongyang-gun, Chungnam	Daacheon No. 7 Whole Unit	Gold mine Silver mine	276 ha	From Sep. 02, 2009 To sep. 01, 2029 for 20 years	- Conditional -  We will not cause inconvenience in executing public services such as construction business of shooting gallery in Chungnam and will not raise any object such as executing a mining right about mineral mining and acquisition.	Sep. 01, 2009

- Margin hereunder -

The mark of record for mining land in this original register of mining industry(mining), is a standard of east longitude

1/3

\* A part of a solid line is marked about erased details.

Issued Date : April 26, 2019

10:01:37

◀Ownership ▶ [First Section]						2-1
Order No.	Receipt	Registry Purpose	Registry Cause	Registering Rightful Person	The Other Details	Date of Registration
1	Sep. 01, 2009 No. 1797	Registration of Setting a Mining Right		104-1203 Hongje Hyundai Apt., #331, Hongje-dong, Seodaemun-gu, Seoul SHIM, JAE YEOL (420122-*****)		Sep. 01, 2009
2 Subsec. 1 Subsec. 2 Subsec. 3 Subsec. 4 Subsec. 5	Jan. 12, 2011 No. 333	Registration of Transfer	Jan. 11, 2011 Dealing	16F-Gangnam Bldg., #1321-1, Seocho-dong, Seocho-gu, Seoul Heesung Metal Co., Ltd. (110111-4478346)		Jan. 21, 2011
2 Subsec. 1-ho	Sep. 30, 2011 No. 2302	Registration of Address Change		10F-K-One Bldg., #108, Jungang-ro, Seocho- dong, Seocho-gu, Seoul Heesung Metal Co., Ltd. (110111-4478346)		Sep. 30, 2011
2 Subsec. 2-ho	Jan. 26, 2015 No. 156	Registration of Address Change		Bongmyeong-dong, Science Town) Suite 914, #60, Oncheon-ro, Yuseong-gu, Daejeon Heesung Metal Co., Ltd. (110111-4478346)		Jan. 26, 2015
2 Subsec. 3-ho	Aug. 11, 2016 No. 985	Registration of Address Change		(Dunsa-dong, Magnolia) Suite 2112, #148, Cheongsu-ro, Seo-gu, Daejeon Heesung Metal Co., Ltd. (110111-4478346)		Aug. 11, 2016
2 Subsec. 4-ho	Sep. 22, 2016 No. 1166	Registration of Name Change		Dunsa-dong, Magnolia) Suite 2112, #148, Cheongsu-ro, Seo-gu, Daejeon Southern Gold Korea Co., Ltd. (110111-4478346)	Changed the name of Heesung Metal Co., Ltd. into Southern gold Korea Co., Ltd	Sep. 22, 2016

Registration No. 078097

◀Ownership ▶ [First Section]					2-2	
Order No.	Receipt	Registry Purpose	Registry Cause	Registering Rightful Person	The Other Details	Date of Registration
2 Subsec. 5-ho	June 07, 2017 No. 915	Registration of Address Change		(Dunsan-dong, Magnolia) Suite 2404, #148, Cheongsu-ro, Seo-gu, Daejeon Southern Gold Korea Co.,Ltd. (110111-4478346)		June 07, 2017
3	Jan. 15, 2019 No.55	transfer registration	Jan. 14, 2019 sale	(Baekseok-dong, Cheonanmiraeacehitechcity) M 439, #10 Baekseokgongdan-1-ro, Seobuk-gu, Cheonan City, Choongcheongnam Province Gubong Project Co. (161511-0240584)		Jan. 15, 2019

Received Fee KRW150 (Including VAT KRWO)

- Margin hereunder -

This is to certify that this copy is same with the contents of the original register of mining industry.

April 26, 2019

/s/ OFFICIAL SEAL AFFIXED

Chief of Mining Registration Office,  
Republic of Korea

Translated by Park, Chang Hee

▪ A part of a solid line is marked about erased details.

3/3

Issued Date : April 26, 2019

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# 광업원부

## ※주의사항※

광업권 존속기간 내에도 의무사항을 이행하지 않을 경우 광업권은 취소될 수 있습니다.

등록번호 제 078097 호

### ◀ 광업권 ▶

표시번호	접수	소재지	광업지적	광종명	면적	광업권의 존속기간	그 밖의 사항	등록일
1	2009-09-01 제1797호	충남 청양군 남양면	대천 7호 전단위	금광 은광	276 ha	2009년9월2일 부터 2029년9월1일 까지 20년	- 조건부 -  본 광구내에서 충남종합사격 장건설사업 등의 공익사업 시 행시 지장을 초래하지 않을 것이며 보상요구와 광물의 채 굴 및 취득에 관한 광업권의 행사 등 일체의 이의를 제기 하지 않을 것.	2009년9월1일

--이 하 여 백--

◀ 소 유 권 ▶ [ 갑 구 ]

2-1

순위 번호	접수	등기목적	등기원인	등록권리자	그 밖의 사항	등록일
1	2009년9월1일 제1797호	광업권설정등록		서울 서대문구 홍제동 331 홍제현대아파트 104동 1203호 심제열 (420122-*****)		2009년9월1일
2 부1 부2 부3 부4 부5	2011년1월21일 제333호	이전등록	2011년1월11일 메	서울 서초구 서초동 1321-1 강남빌딩 16층 주식회사 화성메탈 (110111-4478346)		2011년1월21일
2 부기1호	2011년9월30일 제2302호	주소변경등록		서울 서초구 서초동 중앙로 108 케이원빌딩 10층 주식회사 화성메탈 (110111-4478346)		2011년9월30일
2 부기2호	2015년1월26일 제156호	주소변경등록		대전광역시 유성구 은관로 60, 914호 (봉평 동, 서이연스타운) 주식회사 화성메탈 (110111-4478346)		2015년1월26일
2 부기3호	2016년8월11일 제985호	주소변경등록		대전광역시 서구 청사로 148, 2112호 (문산 동, 메그놀리아) 주식회사 화성메탈 (110111-4478346)		2016년8월11일
2 부기4호	2016년9월22일 제1166호	명칭변경등록		대전광역시 서구 청사로 148, 2112호 (문산 동, 메그놀리아) 주식회사 서든골드코리아 (110111-4478346)	주식회사 화성메탈 명칭을 주 식회사 서든골드코리아으로 변 경	2016년9월22일
2 부기5호	2017년6월7일 제915호	주소변경등록		대전광역시 서구 청사로 148, 2404호 (문산 동, 메그놀리아)		2017년6월7일

\* 실선으로 그려진 부분은 말소 사항을 표시함

2/3

발행일 : 2019년04월26일 10시01분38초



◀ 소 유 권 ▶ [ 감 구 ]

순위 번호	접수	등기목적	등기원인	등록권리자	그 밖의 사항	2-2 등록일
3	2019년1월15일 제55호	이전등록	2019년1월14일 메메	주식회사 서든골드코리아 (110111-4478346) 충청남도 천안시 서북구 백석공단1로 10, 엠 439호(백석동, 천안미래에이스하이테크시티) 구봉프로젝트주식회사 (161511-0240584)		2019년1월15일

수수료 150원 영수함(부가수수료:0원 포함)

--이 하 여 배--

이 등본은 광업원부의 내용과 같음을 증명합니다  
2019년 4월26일



광업등록사무소장인인


광업권 온라인민원발급 서비스(<http://gwangup.motie.go.kr/>)의 민원확인 메뉴에서 문서확인번호를 입력하여 위변조 여부를 확인할 수 있습니다. 문서확인번호를 통한 확인은 발행일로부터 3개월까지 가능합니다.

\* 실선으로 그려진 부분은 말소 사항을 표시함



위 번역문은 원문과 상위없음을 서약  
합니다.

2019 년 05 월 01 일

서약인 박창희 

I swear that the attached translation  
is true to the original.

1day of May,2019 at this office

(Signature) Park Chang Hee

등부 2019 년 제 2115 호

Registered No. 2019-2115

인 증

Notarial Certificate

위 박 창 희 은  
본 공증인의 면전에서 위 번역문이 원문과  
상위 없음을 확인하고 서명 날인하였다.

PARK, CHANG HEE personally  
appeared before me, confirmed that  
the attached translation is true to  
the original and subscribed his/her  
name.

2019 년 05 월 01 일  
이 사무소에서 위 인증한다.

This is hereby attested on this  
1day of May,2019 at this office

광주공증인합동사무소  
소속 광주지방검찰청  
광주광역시 동구 중앙로196번길15-4



Gwangju Notary Public Office  
Gwangju District Prosecutor's Office  
15-4, Jungang-ro 196beon-gil, Dong-gu,  
Gwangju, Korea

(Signature of the Notary Public)

Moon, Hyung Sub

Moon, Hyung Sub

공증인



This office has been authorized by the  
Minister of Justice, the Republic of  
Korea to act as Notary Public since  
24 DAY OF NOV, 2011. under Law No.11.

## **APPENDIX III - KOCHANG MINING RIGHTS**

Registered No. 2019 - 2105

# NOTARIAL CERTIFICATE

Gwangju Notary Public Office

☎ (062) 222-3500  
(062) 222-3599  
FAX (062) 222-3501



Document Verification No. : 1712-6422-3842-5476

## The Original Register of Mining Industry

※ Precautions ※

In case of not performing requirement within term of existence of a mining right, the mining right would be cancelled.

Registration No. 078086

### ◀ Mining Right ▶

Indication No.	Receipt	Location	Record for Mining Land	Mining Name	Area	Term of Existence about Mining Right	The Other Details	Date of Registration
1	Sep. 01, 2009 No. 1786	Namha-myeon, Geochang-gun, Gyeongnam	Aneui No.11 Whole Unit	Gold mine Silver mine	279 ha	From Sep. 02, 2009 To sep. 01, 2029 for 20 years		Sep. 01, 2009

1-1

- Margin hereunder -

\* A part of a solid line is marked about erased details.

1/3

The mark of record for mining land in this original register of mining industry(mining), is a standard of east longitude

Issued Date : April 26, 2019 09:44:33



◀Ownership ▶ [First Section]					2-1	
Order No.	Receipt	Registry Purpose	Registry Cause	Registering Rightful Person	The Other Details	Date of Registration
1	Sep. 01, 2009 No. 1786	Registration of Setting a Mining Right		104-1203 Hongje Hyundai Apt., #331, Hongje-dong, Seodaemun-gu, Seoul SHIM, JOON BO (721108-*****)		Sep. 01, 2009
2	Jan. 12, 2011 No. 99	Registration of Transfer	Jan. 11, 2011 Dealing	16F-Gangnam Bldg., #1321-1, Seocho-dong, Seocho-gu, Seoul Representative Heesung Metal Co., Ltd. (110111-4478346) 104-1203 Hongje Hyundai Apt., #331, Hongje-dong, Seodaemun-gu, Seoul SHIM, JOON BO (721108-*****)		Jan. 12, 2011
Subsec. 1						
Subsec. 2						
Subsec. 3						
Subsec. 4						
Subsec. 5						
Subsec. 6						
Subsec. 7						
2	Sep. 30, 2011 No. 2261	Registration of Address Change		10F-K One Bldg., #108, Jungang-ro, Seocho -dong, Seocho-gu, Seoul Representative Heesung Metal Co., Ltd. (110111-4478346)		Sep. 30, 2011
Subsec. 1-ho						
2		Registration of Address Change		(Hongje-dong, Hyundai Apt.) 104-1203, #57, Tongil-ro39ga-gil, Seodaemun-gu, Seoul SHIM, JOON BO (721108-*****)	No. 9744 of a Law(Dec. 10, 2009) Change Registration by Road Name Address Law	Dec. 27, 2011
Subsec. 2-ho						
2	Mar. 30, 2012 No. 499	Registration of Withdrawal	Mar. 30, 2012 Free Withdrawal		Seceder : SHIM, JOON BO	Mar. 30, 2012
Subsec. 3-ho						
2	Jan. 26, 2015 No. 145	Registration of Address Change		(Bongmyeong-dong, Science Fow) Suite-914, #60, Oncheon-ro, Yuseong-gu, Daejeon Heesung Metal Co., Ltd. (110111-4478346)		Jan. 26, 2015
Subsec. 4-ho						



◀Ownership ▶ [First Section]					2-2	
Order No.	Receipt	Registry Purpose	Registry Cause	Registering Rightful Person	The Other Details	Date of Registration
2 Subsec. 5-ho	Aug. 11, 2016 No. 974	Registration of Address Change		(Dunsan-dong, Magnolia) Suite 2112, #148, Cheongsa-ro, Seo-gu, Daejeon Heesung Metal Co.,Ltd. (110111-4478346)		Aug. 11, 2016
2 Subsec. 6-ho	Sep. 22, 2016 No. 1155	Registration of Name Change		(Dunsan-dong, Magnolia) Suite 2112, #148, Cheongsa-ro, Seo-gu, Daejeon Southern Gold Korea Co.,Ltd. (110111-4478346)	Changed the name Heesung Metal Co.,Ltd. into Southern Gold Korea Co., Ltd.	Sep. 22, 2016
2 Subsec. 7-ho	June 07, 2017 No. 904	Registration of Address Change		(Dunsan-dong, Magnolia) Suite 2404, #148, Cheongsa-ro, Seo-gu, Daejeon Southern Gold Korea Co.,Ltd. (110111-4478346)		June 07, 2017
3	Feb. 07, 2019 No. 128	transfer registration	Feb. 01, 2019 sale	(Baekseok-dong, Cheonanmiraecehitechcity) M 439, #10 Baekseokgongdan-1-ro, Seobuk-gu, Cheonan City, Choongcheongnam Province Geochang Project Co. (161511-0240542)		Feb. 07, 2019

Received Fee KRW150 (Including VAT KRW0)

- Margin hereunder -

This is to certify that this copy is same with the contents of the original register of mining industry.

April 26, 2019

/s/ OFFICIAL SEAL AFFIXED

Chief of Mining Registration Office,  
Republic of Korea

Translated by Park, Chang Hee

# 광업원부

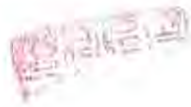
## ※주의사항※

광업권 존속기간 내에도 의무사항을 이행하지 않을 경우 광업권은 취소될 수 있습니다.

등록번호 제 078086 호

◀ 광업권 ▶							1-1	
표시번호	접수	소재지	광업지적	광종명	면적	광업권의 존속기간	그 밖의 사항	등록일
1	2009-09-01 제1786호	경남 거창군 남하면	안의 11호 전단위	금광 은광	279 ha	2009년9월2일 부터 2029년9월1일 까지 20년		2009년9월1일

--이 하 여 백--



\* 실선으로 그려진 부분은 말소 사항을 표시함

1/3

본 광업(채굴)원부의 광업지적표시는 동경측지계 기준임.  
발행일 : 2019년04월26일 09시44분33초



◀ 소 유 권 ▶ [ 갑 구 ]

2-1

순위 번호	접수 번호	등기목적	등기원인	등록권리자	그 밖의 사항	등록일
1	2009년9월1일 제1786호	광업권설정등록		서울 서대문구 홍제동 331 홍제현대아파트 104동 1203호 심준보 (721108-*****)		2009년9월1일
2 부1 부2 부3 부4 부5 부6 부7	2011년1월12일 제99호	이전등록	2011년1월11일 매매	서울 서초구 서초동 1221-1 강남빌딩 16층 대표자 주식회사 회성메탈 (110111-4478346) 서울 서대문구 홍제동 331 홍제현대아파트 104동 1203호 심준보 (721108-*****)		2011년1월12일
2 부기1호	2011년9월30일 제2261호	주소변경등록		서울 서초구 서초동 중앙로 108-케이인빌딩 10층 대표자 주식회사 회성메탈 (110111-4478346)		2011년9월30일
2 부기2호		주소변경등록		서울 서대문구 통일로39가길 57, 104동 1203호 (홍제동, 현대아파트) 심준보 (721108-*****)	법률9744호(09. 12. 10) 도로 명주소법에 의한 변경등록	2011년12월27일
2 부기3호	2012년3월30일 제499호	탈퇴등록	2012년3월30일 인의탈퇴		탈퇴자 : 심준보	2012년3월30일
2 부기4호	2015년1월26일 제145호	주소변경등록		대전광역시 유성구 은권로 60, 014호 (봉평 동, 사이언스타운) 주식회사 회성메탈 (110111-4478346)		2015년1월26일
2 부기5호	2016년8월11일 제974호	주소변경등록		대전광역시 서구 황사로 148, 2112호 (둔산 동, 캐크놀리아)		2016년8월11일

\* 실선으로 그려진 부분은 말소 사항을 표시함

2/3

발행일 : 2019년04월26일

09시44분33초



◀ 소 유 권 ▶ [ 갑 구 ]

2-2

순위 번호	접수	등록목적	등기원인	등록권리자	그 밖의 사항	등록일
2 부기6호	2016년9월22일 제1155호	명칭변경등록		주식회사 회성메탈 (110111-4478346) 대전광역시 서구 청사로 148, 2112호 (둔산 동, 매그놀리아) 주식회사 서든골드코리아 (110111-4478346)	주식회사 회성메탈 명칭을 주 식회사 서든골드코리아으로 변 경	2016년9월22일
2 부기7호	2017년6월7일 제904호	주소변경등록		대전광역시 서구 청사로 148, 2404호 (둔산 동, 매그놀리아) 주식회사 서든골드코리아 (110111-4478346)		2017년6월7일
3	2019년2월7일 제128호	이전등록	2019년2월1일 매매	충청남도 천안시 서북구 백석공단1로 10, 엠 439호(백석동, 천안미래에이스하이테크시티) 거창프로페트주식회사 (161511-0240542)		2019년2월7일

수수료 150원 영수함(부기수수료:0원 포함)

---이 하 여 백---

이 등본은 광업원부의 내용과 같음을 증명합니다  
2019년 4월26일



광업등록사무  
소장인인용

광업권 온라인민원발급 서비스(<http://gwangup.motie.go.kr/>)의 민원확인 메뉴에서 문서확인번호를 입력하여 위변조 여부를 확인할 수 있습니다. 문서확인번호를 통한 확인은 발행일로부터 3개월까지 가능합니다.

\* 실선으로 그려진 부분은 말소 사항을 표시함


3/3

발행일 : 2019년04월26일 09시44분33초



위 번역문은 원문과 상위없음을 서약  
합니다.

2019 년 05 월 01 일

서약인 박창희 

I swear that the attached translation  
is true to the original.

1day of May,2019 at this office

(Signature) Changhee Park

등부 2019 년 제 2105 호

Registered No. 2019-2105

인 증

Notarial Certificate

위 박 창 희 은  
본 공증인의 면전에서 위 번역문이 원문과  
상위 없음을 확인하고 서명 날인하였다.

PARK, CHANG HEE personally  
appeared before me, confirmed that  
the attached translation is true to  
the original and subscribed his/her  
name.

This is hereby attested on this  
1day of May,2019 at this office

2019 년 05 월 01 일

이 사무소에서 위 인증한다.

광주공증인합동사무소

소속 광주지방검찰청

광주광역시 동구 중앙로196번길15-4



Gwangju Notary Public Office

Gwangju District Prosecutor's Office  
15-4, Jungang-ro 196beon-gil, Dong-gu,  
Gwangju, Korea

(Signature of the Notary Public)

Moon, Hyung Sub

Moon Hyung Sub

공증인

문형섭 

This office has been authorized by the  
Minister of Justice, the Republic of  
Korea to act as Notary Public since  
24 DAY OF NOV, 2011. under Law No.11.

Registered No. 2019 - 2106

# NOTARIAL CERTIFICATE

Gwangju Notary Public Office

☎ (062) 222-3500  
(062) 222-3599  
FAX (062) 222-3501





## The Original Register of Mining Industry

※ Precautions ※  
In case of not performing requirement within term of existence of a mining right, the mining right would be cancelled.

Registration No. 078087

◀ Mining Right ▶						1-1		
Indication No.	Receipt	Location	Record for Mining Land	Mining Name	Area	Term of Existence about Mining Right	The Other Details	Date of Registration
1	Sep. 01, 2009 No. 1787	Namha-myeon, Geochang-gun, Gyeongnam Namsang-myeon, Geochang-gun, Gyeongnam	Aneui No.12 Whole Unit	Gold mine Silver mine	279 ha	From Sep. 02, 2009 To sep. 01, 2029 for 20 years		Sep. 01, 2009

- Margin hereunder -

\* A part of a solid line is marked about erased details.

◀Ownership ▶ [First Section]						2-1
Order No.	Receipt	Registry Purpose	Registry Cause	Registering Rightful Person	The Other Details	Date of Registration
1	Sep. 01, 2009 No. 1787	Registration of Setting a Mining Right		104-1203 Hongje Hyundai Apt., #331, Hongje-dong, Seodaemun-gu, Seoul SHIM, JOON BO (721108-*****)		Sep. 01, 2009
2 Subsec. 1 Subsec. 2 Subsec. 3 Subsec. 4 Subsec. 5 Subsec. 6 Subsec. 7	Jan. 12, 2011 No. 100	Registration of Transfer	Jan. 11, 2011 Dealing	16F-Gangnam Bldg., #1321-1, Seocho-dong, Seocho-gu, Seoul Representative Heesung Metal Co., Ltd. (110111-4478346) 104-1203 Hongje Hyundai Apt., #331, Hongje-dong, Seodaemun-gu, Seoul SHIM, JOON BO (721108-*****)		Jan. 12, 2011
2 Subsec. 1-ho	Sep. 30, 2011 No. 2262	Registration of Address Change		10F-K-One Bldg., #108, Jungang-ro, Seocho -dong, Seocho-gu, Seoul Representative Heesung Metal Co., Ltd. (110111-4478346)		Sep. 30, 2011
2 Subsec. 2-ho		Registration of Address Change		(Hongje-dong, Hyundai Apt.) 104-1203, #57, Tongil-ro39ga-gil, Seodaemun-gu, Seoul SHIM, JOON BO (721108-*****)	No. 9744 of a Law(Dec. 10, 2009) Change Registration by Road Name Address Law	Dec. 27, 2011
2 Subsec. 3-ho	Mar. 30, 2012 No. 500	Registration of Withdrawal	Mar. 30, 2012 Free Withdrawal		Seceder : SHIM, JOON BO	Mar. 30, 2012
2 Subsec. 4-ho	Jan. 26, 2015 No. 146	Registration of Address Change		(Bongmyeong-dong, Science Tow) Suite 914, #60, Oncheon-ro, Yuseong-gu, Daejeon Heesung Metal Co., Ltd. (110111-4478346)		Jan. 26, 2015

◀Ownership ▶ [First Section]						2-2
Order No.	Receipt	Registry Purpose	Registry Cause	Registering Rightful Person	The Other Details	Date of Registration
2 Subsec. 5-ho	Aug. 11, 2016 No. 975	Registration of Address Change		(Dunsan-dong, Magnolia) Suite 2112, #148, Cheongsu-ro, Seo-gu, Daejeon Heesung Metal Co.,Ltd. (110111-4478346)		Aug. 11, 2016
2 Subsec. 6-ho	Sep. 22, 2016 No. 1156	Registration of Name Change		(Dunsan-dong, Magnolia) Suite 2112, #148, Cheongsu-ro, Seo-gu, Daejeon Southern Gold Korea Co.,Ltd. (110111-4478346)	Changed the name Heesung Metal Co.,Ltd. into Southern Gold Korea Co., Ltd.	Sep. 22, 2016
2 Subsec. 7-ho	June 07, 2017 No. 905	Registration of Address Change		(Dunsan-dong, Magnolia) Suite 2404, #148, Cheongsu-ro, Seo-gu, Daejeon Southern Gold Korea Co.,Ltd. (110111-4478346)		June 07, 2017
3	Feb. 7, 2019 No. 129	transfer registration	Feb. 1, 2019 sale	(Baekseok-dong, Cheonanmiraeacehitechcity) M 439, #10 Baekseokgongdan-1-ro, Seobuk-gu, Cheonan City, Choongcheongnam Province Geochang Project Co. (161511-0240542)		Feb. 7, 2019

Received Fee KRW150 (Including VAT KRWO)

- Margin hereunder -

This is to certify that this copy is same with the contents of the original register of mining industry.

April 26, 2019

/s/ OFFICIAL SEAL AFFIXED

Chief of Mining Registration Office,  
Republic of Korea

\* A part of a solid line is marked about erased details.

3/3

Translated by Park, Chang Hee  
Issued Date : April 26, 2019 09:45:19

# 광업원부

※주의사항※

광업권 존속기간 내에도 의무사항을 이행하지 않을 경우 광업권은 취소될 수 있습니다.

등록번호 제 078087 호

◀ 광업권 ▶							1-1	
표시번호	접수	소재지	광업지적	광종명	면적	광업권의 존속기간	그 밖의 사항	등록일
1	2009-09-01 제1787호	경남 거창군 남하면 경남 거창군 남상면	안의 12호 전단위	금광 은광	279 ha	2009년9월2일 부터 2029년9월1일 까지 20년		2009년9월1일

--이 하 여 배--



\* 실선으로 그려진 부분은 말소 사항을 표시함

본 광업(채굴)원부의 광업지적표시는 동경측지계 기준임.

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발행일 : 2019년04월26일 09시45분19초





◀ 소 유 권 ▶ [ 갑 구 ]

2-1

순위 번호	접수	등기목적	등기원인	등록권리자	그 밖의 사항	등록일
1	2009년9월1일 제1787호	팽업권설정등록		서울 서대문구 홍제동 331 홍제현대아파트 104동 1203호 심준보 (721108-*****)		2009년9월1일
2 부1 부2 부3 부4 부5 부6 부7	2011년1월12일 제100호	이전등록	2011년1월11일 매매	서울 서초구 서초동 1321-1 강남빌딩 16층 대표자 주식회사 화성매탈 (110111-4478346) 서울 서대문구 홍제동 331 홍제현대아파트 104동 1203호 심준보 (721108-*****)		2011년1월12일
2 부기1호	2011년9월30일 제2262호	주소변경등록		서울 서초구 서초동 중앙로 108 케이인빌딩 10층 대표자 주식회사 화성매탈 (110111-4478346)		2011년9월30일
2 부기2호		주소변경등록		서울 서대문구 통일로39가길 57, 104동 1203호 (홍제동, 현대아파트) 심준보 (721108-*****)	법률9744호(09. 12. 10) 도로 명주소법에 의한 변경등록	2011년12월27일
2 부기3호	2012년3월30일 제500호	탈퇴등록	2012년3월30일 임의탈퇴		탈퇴자 : 심준보	2012년3월30일
2 부기4호	2015년1월26일 제146호	주소변경등록		대전광역시 유성구 은권로 60, 914호 (보명 동, 사이언스타운) 주식회사 화성매탈 (110111-4478346)		2015년1월26일
2 부기5호	2016년8월11일 제975호	주소변경등록		대전광역시 서구 청사로 148, 2112호 (둔산 동, 메크놀리아)		2016년8월11일

\* 실선으로 그려진 부분은 말소 사항을 표시함

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발행일 : 2019년04월26일 09시45분19초

◀ 소 유 권 ▶ [ 갑 구 ]

2-2

순위 번호	접수	등록목적	등기원인	등록권리자	그 밖의 사항	등록일
2 부기6호	2016년9월22일 제1156호	명칭변경등록		주식회사 회성메탈 (110111-4478346) 대전광역시 서구 청사로 148, 2112호 (둔산 동, 메그놀리아) 주식회사 서든골드코리아 (110111-4478346)	주식회사 회성메탈 명칭을 주 식회사 서든골드코리아으로 변 경	2016년9월22일
2 부기7호	2017년6월7일 제905호	주소변경등록		대전광역시 서구 청사로 148, 2404호 (둔산 동, 메그놀리아) 주식회사 서든골드코리아 (110111-4478346)		2017년6월7일
3	2019년2월7일 제129호	이전등록	2019년2월1일 매매	충청남도 천안시 서북구 백석공단1로 10, 엠 439호(백석동, 천안미래에이스하이테크시티) 거창프로젝트주식회사 (161511-0240542)		2019년2월7일

수수료 150원 영수함(부가수수료:0원 포함)

—이 하 여 배—

이 등본은 광업원부의 내용과 같음을 증명합니다  
2019년 4월26일



광업등록사무소

광업권 온라인민원발급 서비스(<http://gwangup.mot.ie.go.kr/>)의 민원확인 메뉴에서 문서확인번호를 입력하여 위변조 여부를 확인할 수 있습니다. 문서확인번호를 통한 확인은 발행일로부터 3개월까지 가능합니다.

\* 실선으로 그려진 부분은 말소 사항을 표시함

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발행일 : 2019년04월26일 09시45분19초






위 번역문은 원문과 상위없음을 서약  
합니다.

2019 년 05 월 01 일

서약인

박창희 

I swear that the attached translation  
is true to the original.

1day of May,2019 at this office

(Signature)

Changhee Park

등부 2019 년 제 2106 호

Registered No. 2019-2106

인 증

Notarial Certificate

위 박 창 희 은  
본 공증인의 면전에서 위 번역문이 원문과  
상위 없음을 확인하고 서명 날인하였다.

PARK, CHANG HEE personally  
appeared before me, confirmed that  
the attached translation is true to  
the original and subscribed his/her  
name.

2019 년 05 월 01 일  
이 사무소에서 위 인증한다.

This is hereby attested on this  
1day of May,2019 at this office

광주공증인합동사무소

소속 광주지방검찰청

광주광역시 동구 중앙로196번길15-4



Gwangju Notary Public Office

Gwangju District Prosecutor's Office  
15-4, Jungang-ro 196beon-gil, Dong-gu,  
Gwangju, Korea

(Signature of the Notary Public)

Moon, Hyung Sub

Moon, Hyung Sub

공증인

문형섭 

This office has been authorized by the  
Minister of Justice, the Republic of  
Korea to act as Notary Public since  
24 DAY OF NOV, 2011. under Law No.11.

Registered No. 2019 - 2107

# NOTARIAL CERTIFICATE

Gwangju Notary Public Office

☎ (062) 222-3500  
(062) 222-3599  
FAX (062) 222-3501



Document Verification No. : 5424-5151-7167-3314

## The Original Register of Mining Industry

※ Precautions ※

In case of not performing requirement within term of existence of a mining right, the mining right would be cancelled.

Registration No. 078088

### ◀ Mining Right ▶

Indication No.	Receipt	Location	Record for Mining Land	Mining Name	Area	Term of Existence about Mining Right	The Other Details	Date of Registration
1	Sep. 01, 2009 No. 1788	Namha-myeon, Geochang-gun, Gyeongnam Namsang-myeon, Geochang-gun, Gyeongnam	Aneui No.22 Whole Unit	Gold mine Silver mine	279 ha	From Sep, 02, 2009 To sep. 01, 2029 for 20 years		Sep. 01, 2009

- Margin hereunder -

\* A part of a solid line is marked about erased details.

The mark of record for mining land in this original register of mining industry(mining), is a standard of east longitude

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Issued Date : April 26, 2019 09:46:01

◀ Ownership ▶ [First Section]					2-1	
Order No.	Receipt	Registry Purpose	Registry Cause	Registering Rightful Person	The Other Details	Date of Registration
1	Sep. 01, 2009 No. 1788	Registration of Setting a Mining Right		104-1203 Hongje Hyundai Apt., #331, Hongje-dong, Seodaemun-gu, Seoul SHIM, JOON BO (721108-*****)		Sep. 01, 2009
2	Jan. 12, 2011 No. 101	Registration of Transfer	Jan. 11, 2011 Dealing	16F-Gangnam Bldg., #1321-1, Seocho-dong, Seocho-gu, Seoul Representative Heesung Metal Co., Ltd. (110111-4478346) 104-1203 Hongje Hyundai Apt., #331, Hongje-dong, Seodaemun-gu, Seoul SHIM, JOON BO (721108-*****)		Jan. 12, 2011
2	Sep. 30, 2011 No. 2263	Registration of Address Change		10F-K One Bldg., #108, Jungang-ro, Seocho -dong, Seocho-gu, Seoul Representative Heesung Metal Co., Ltd. (110111-4478346)		Sep. 30, 2011
2		Registration of Address Change		(Hongje-dong, Hyundai Apt.) 104-1203, #57, Tongil-ro39ga-gil, Seodaemun-gu, Seoul SHIM, JOON BO (721108-*****)	No. 9744 of a Law(Dec. 10, 2009) Change Registration by Road Name Address Law	Dec. 27, 2011
2	Mar. 30, 2012 No. 501	Registration of Withdrawal	Mar. 30, 2012 Free Withdrawal		Seceder : SHIM, JOON BO	Mar. 30, 2012
2	Jan. 26, 2015 No. 147	Registration of Address Change		(Bongmyeong-dong, Science Tow) Suite-914, #60, Oncheon-ro, Yuseong-gu, Daejeon Heesung Metal Co., Ltd. (110111-4478346)		Jan. 26, 2015



◀Ownership ▶ [First Section]						2-2
Order No.	Receipt	Registry Purpose	Registry Cause	Registering Rightful Person	The Other Details	Date of Registration
2 Subsec. 5-ho	Aug. 11, 2016 No. 976	Registration of Address Change		(Dunsan-dong, Mangnolia) Suite 2112, #148, Cheongsa-ro, Seo-gu, Daejeon Heesung Metal Co.,Ltd. (110111-4478346)		Aug. 11, 2016
2 Subsec. 6-ho	Sep. 22, 2016 No. 1157	Registration of Address Change		(Dunsan-dong, Mangnolia) Suite 2112, #148, Cheongsa-ro, Seo-gu, Daejeon Southern Gold Korea Co.,Ltd. (110111-4478346)	Changed the name Heesung Metal Co.,Ltd. into Southern Gold Korea Co., Ltd.	Sep. 22, 2016
2 Subsec. 7-ho	June 07, 2017 No. 906	Registration of Name Change		(Dunsan-dong, Magnolia) Suite 2404, #148, Cheongsa-ro, Seo-gu, Daejeon Southern Gold Korea Co.,Ltd. (110111-4478346)		June 07, 2017
3	Feb. 7, 2019 No. 130	transfer registration	Feb. 1, 2019 sale	(Baekseok-dong, Cheonanmiraeacehitechcity) M 439, #10 Baekseokgongdan-1-ro, Seobuk-gu, Cheonan City, Choongcheongnam Province Geochang Project Co. (161511-0240542)		Feb. 7, 2019

Received Fee KRW150 (Including VAT KRWO)

- Margin hereunder -

This is to certify that this copy is same with the contents of the original register of mining industry.

April 26, 2019

/s/ OFFICIAL SEAL AFFIXED

Chief of Mining Registration Office,  
Republic of Korea



# 광업원부

※주의사항※  
 광업권 존속기간 내에도 의무사항을 이행하지 않을 경우 광업권은 취소될 수 있습니다.

등록번호 제 078088 호

◀ 광업권 ▶							1-1	
표시번호	접수	소재지	광업지적	광종명	면적	광업권의 존속기간	그 밖의 사항	등록일
1	2009-09-01 제1788호	경남 거창군 남하면 경남 거창군 남상면	인의 22호 전단위	금광 은광	279 ha	2009년9월2일 부터 2029년9월1일 까지 20년		2009년9월1일

---이 하 여 배---



본 광업(채굴)원부의 광업지적표시는 동경측지계 기준임.

발행일 : 2019년04월26일 09시46분01초

\* 실선으로 그려진 부분은 밑소 사항을 표시함



순위 번호	접수	등기목적	등기원인	등록권리자	그 밖의 사항	등록일
1	2009년9월1일 제1788호	광업권설정등록		서울 서대문구 홍제동 331 홍제현대아파트 104동 1203호 심준보 (721108-*****)		2009년9월1일
2 부1 부2 부3 부4 부5 부6 부7	2011년1월12일 제101호	이전등록	2011년1월11일 메	서울 서초구 서초동 1221-1 강남빌딩 16층 태포저 주식회사 회성메탈 (110111-4478346) 서울 서대문구 홍제동 331 홍제현대아파트 104동 1203호 심준보 (721108-*****)		2011년1월12일
2 부기1호	2011년9월30일 제2263호	주소변경등록		서울 서초구 서초동 증장로 108 캐이원빌딩 10층 대표자 주식회사 회성메탈 (110111-4478346)		2011년9월30일
2 부기2호		주소변경등록		서울 서대문구 통일로39가길 57, 104동 1203호 (홍제동, 현대아파트) 심준보 (721108-*****)	법률9744호(09. 12. 10) 도로 명주소법에 의한 변경등록	2011년12월27일
2 부기3호	2012년3월30일 제501호	탈퇴등록	2012년3월30일 입의탈퇴		탈퇴자 : 심준보	2012년3월30일
2 부기4호	2015년1월26일 제147호	주소변경등록		대전광역시 유성구 은권로 60, 914호 (봉명 동, 아이언스타운) 주식회사 회성메탈 (110111-4478346)		2015년1월26일
2 부기5호	2016년8월11일 제976호	주소변경등록		대전광역시 서구 청사로 148, 2112호 (둔산 동, 메크놀리아)		2016년8월11일

\* 실선으로 그어진 부분은 말소 사항을 표시함



◀ 소 유 권 ▶ [ 감 구 ]

순위 번호	접수	등기목적	등기원인	등록권리자	그 밖의 사항	등록일
2 부기6호	2016년9월22일 제1157호	명칭변경등록		주식회사 회성메탈 (110111-4478346) 대전광역시 서구 청사로 148, 2112호 (둔산 동, 메그놀리아) 주식회사 서든골드코리아 (110111-4478346)	주식회사 회성메탈 명칭을 주 식회사 서든골드코리아으로 변 경	2016년9월22일
2 부기7호	2017년6월7일 제906호	주소변경등록		대전광역시 서구 청사로 148, 2404호 (둔산 동, 메그놀리아) 주식회사 서든골드코리아 (110111-4478346)		2017년6월7일
3	2019년2월7일 제130호	이전등록	2019년2월1일 매매	충청남도 천안시 서북구 백석공단1로 10, 엠 439호(백석동, 천안미래에이스하이테크시티) 거창프로페트주식회사 (161511-0240542)		2019년2월7일

수수료 150원 영수함(부가수수료:0원 포함)

--이 하 여 배--

이 등본은 광업원부의 내용과 같음을 증명합니다  
2019년 4월26일



광업등록사무  
주장

광업권 온라인민원발급 서비스(<http://gwangup.motie.go.kr/>)의 민원확인 메뉴에서 문서확인번호를 입력하여 위변조 여부를 확인할 수 있습니다. 문서확인번호를 통한 확  
인은 발행일로부터 3개월까지 가능합니다.

\* 실선으로 그어진 부분은 말소 사항을 표시함

위 번역문은 원문과 상위없음을 서약  
합니다.

2019 년 05 월 01 일

서약인 박창희 (인)

I swear that the attached translation  
is true to the original.

1day of May,2019 at this office

(Signature) Changhee Park

등부 2019 년 제 2107 호

Registered No. 2019-2107

인 증

Notarial Certificate

위 박창희 은  
본 공증인의 면전에서 위 번역문이 원문과  
상위 없음을 확인하고 서명 날인하였다.

PARK, CHANG HEE personally  
appeared before me, confirmed that  
the attached translation is true to  
the original and subscribed his/her  
name.

2019 년 05 월 01 일  
이 사무소에서 위 인증한다.

This is hereby attested on this  
1day of May,2019 at this office

광주공증인합동사무소

Gwangju Notary Public Office

소속 광주지방검찰청  
광주광역시 동구 중앙로196번길15-4

Gwangju District Prosecutor's Office  
15-4, Jungang-ro 196beon-gil, Dong-gu,  
Gwangju, Korea

(Signature of the Notary Public)

Moon, Hyung Sub  
Moon, Hyung Sub

공증인

문형섭 (인)

This office has been authorized by the  
Minister of Justice, the Republic of  
Korea to act as Notary Public since  
24 DAY OF NOV, 2011. under Law No.11.

**PART IX**  
**DOCUMENTS INCORPORATED BY REFERENCE**

The following information, available for inspection in accordance with paragraph 26 of Part VII (“Additional Information”) of this Document and also otherwise available on the Company’s website at <https://www.bluebirdmv.com>, is incorporated by reference into this Document so as to provide the information required under the Prospectus Rules, and to ensure that Shareholders and others are aware of all information, which according to the particular nature of the Company and the New Ordinary Shares, is necessary to enable Shareholders and others to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Company and of the rights attaching to the New Ordinary Shares.

<i>Information incorporated by reference</i>	<i>Reference document</i>	<i>Page number in reference document</i>
Unaudited Interim accounts of Bluebird Merchant Ventures Limited for the 6 months ended 31 December 2018	Half-Year Report and Accounts December 2018 <ul style="list-style-type: none"> <li>• Consolidated Income Statement</li> <li>• Consolidated Statement of Comprehensive Income</li> <li>• Consolidated Statement of Financial Position</li> <li>• Consolidated Statement of Changes in Equity</li> <li>• Consolidated Cash Flow Statement</li> <li>• Notes to the Financial Statements</li> </ul>	4 5 6 7 8 9-17
Annual audited accounts of Bluebird Merchant Ventures Limited for the year ended 30 June 2018 and the independent auditors’ report thereon (including restated audited financial information for the year ended 30 June 2017)	Annual Report and Accounts 2018 <ul style="list-style-type: none"> <li>• Independent Auditors’ Report</li> <li>• Consolidated Income Statement</li> <li>• Consolidated Statement of Comprehensive Income</li> <li>• Consolidated Statement of Financial Position</li> <li>• Consolidated Statement of Changes in Equity</li> <li>• Consolidated Cash Flow Statement</li> <li>• Notes to the Financial Statements</li> </ul>	19-24 25 26 27 28 29 30-60
Annual audited accounts of Bluebird Merchant Ventures Limited for the year ended 30 June 2017 and the independent auditors’ report thereon	Annual Report and Accounts 2017 <ul style="list-style-type: none"> <li>• Independent Auditors’ Report</li> <li>• Consolidated Statement of Comprehensive Income</li> <li>• Consolidated Statement of Financial Position</li> <li>• Consolidated Statement of Changes in Equity</li> <li>• Consolidated Statement of Cash Flows</li> <li>• Notes to the Financial Statements</li> </ul>	24-27 29 30 31 32 33-61
Annual audited accounts of Bluebird Merchant Ventures Limited for the year ended 30 June 2016 and the independent auditor’s report thereon	Annual Report and Accounts 2016 <ul style="list-style-type: none"> <li>• Independent Auditors’ Report</li> <li>• Consolidated Statement of Comprehensive Income</li> <li>• Consolidated Statement of Financial Position</li> <li>• Consolidated Statement of Changes in Equity</li> <li>• Consolidated Statement of Cash Flows</li> <li>• Notes to the Financial Statements</li> </ul>	48-51 53 54 55 56 57-81



Information that is itself incorporated by reference in the above documents is not incorporated by reference into this document. It should be noted that, except as set forth above, no other portion of the above documents are incorporated by reference into this document and those portions which are not specifically incorporated by reference in this document are either not relevant for prospective investors or the relevant information is included elsewhere in this document.

Any statement contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this document to the extent that a statement contained herein (or in a later document which is incorporated by reference herein) modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this document.

**PART X**  
**DEFINITIONS AND GLOSSARY**

For a glossary of technical terms please refer to section 3.1 of Part VIII (Competent Person's Report) of this Document.

The following definitions apply throughout this Document, unless the context requires otherwise.

"£" "GBP" or "pound sterling" or "pounds" or "pence"	pound sterling, the lawful currency of the UK;
"A\$" or "AUD"	Australian dollars, the lawful currency of Australia;
"A Warrants"	4,900,000 warrants over new Ordinary Shares exercisable at £0.02 to be issued on Admission pursuant to the Series A Conversion as more particularly described in paragraph 12.6 of Part VII of this Document;
"Admission"	admission of the New Ordinary Shares to listing on the Official List (Standard Segment) and to trading on the Main Market, which is expected to occur at 8.00 a.m. on or around 19 June 2019;
"Admission and Disclosure Standards"	the admission and disclosure standards of the LSE for securities admitted or seeking to be admitted to trading, as amended from time to time;
"Articles or Articles of Association"	the articles of association of the Company, as amended from time to time;
"ASX"	the Australian Securities Exchange;
"ATO"	Kensington Trust Singapore Limited ATO IS&P (First Names Singapore) Retirement Fund – FN3, of 14, Robinson Road, #09-01A, Far East Financing Building, Singapore 048545, which is a trust fund associated which Colin Patterson;
"ATO Bridge Loan"	the bridge loan provided to the Company by ATO as described in paragraph 12.16 of Part VII of this Document;
"ATO Trustee"	Kensington Trust Singapore Limited;
"B Warrants"	2,450,000 warrants over new Ordinary Shares exercisable at £0.025 to be issued on Admission pursuant to the Series A Conversion as more particularly described in paragraph 12.6 of Part VII of this Document;
"BMV Philippines"	Bluebird Merchant Ventures Inc a company incorporated in the Philippines with registered office at Ground Floor, CJV Building, 108 Aguirre Street, Legaspi Village, Makati City, Philippines;
"Board"	the directors of the Company from time to time;
"Bridge Loan Conversion Shares"	13,916,920 new Ordinary Shares to be issued on Admission to ATO in respect of amounts due for repayment under the ATO Bridge Loan as more particularly described in paragraph 12.16 of Part VII;

"Business Day"	any day on which banks are open for business in London and the BVI (excluding Saturday and Sundays);
"BVI"	British Virgin Islands;
"BVI Companies Act"	BVI Business Companies Act No. 16, 2004 (as amended);
"C Warrants"	2,325,000 Warrants over new Ordinary Shares exercisable at £0.035 issued pursuant to the Series A Conversion as more particularly described in paragraph 12.6 of Part VII of this Document;
"certificated" or "in certificated form"	an Ordinary Share which is not in uncertificated form;
"Change of Control"	the acquisition of Control of the Company by any person or party (or any group of persons or parties who are acting in concert);
"Christopher Search Warrants"	warrants over 2,500,000 new Ordinary Shares to be issued to Christopher Search on Admission as described in paragraph 12.20 of Part VII;
"Closely Associated Person"	<ul style="list-style-type: none"> <li>(a) a spouse, or a partner considered to be equivalent to a spouse in accordance with national law;</li> <li>(b) a dependent child, in accordance with national law;</li> <li>(c) a relative who has shared the same household for at least one year on the date of the transaction concerned; or</li> <li>(d) a legal person, trust or partnership, the managerial responsibilities of which are discharged by a person discharging managerial responsibilities or by a person referred to in point (a), (b) or (c), which is directly or indirectly controlled by such a person, which is set up for the benefit of such a person, or the economic interests of which are substantially equivalent to those of such a person;</li> </ul>
"Company"	Bluebird Merchant Ventures Ltd, a company incorporated in the British Virgin Islands under BVI Companies Act as a BVI Business Company limited by shares, existing under the laws of BVI, having its registered address at Harneys, Craigmuir Chambers, PO Box 71, Road Town, Tortola VG1110, British Virgin Islands;
"Completion"	completion of Admission;
"Connected Persons"	has the meaning set out in section 252 of the Act and includes a spouse, children under 18 and any company in which the relevant person is interested in shares comprising at least one-fifth of the share capital of that company;
"Construction Phase"	the construction of a mine and a pilot processing plant at the Kochang Project to process ore from both the Gubong Project and Kochang Project to provide a 'proof of concept';
"Control"	an interest, or interests, in Ordinary Shares carrying in aggregate 30 per cent. or more of the Voting Rights of a company, irrespective of whether such interest or interests give <i>de facto</i> control;

“Conversion Shares”	40,088,869 new Ordinary Shares to be issued at Admission pursuant to the Conversion;
“Conversion”	the settlement of the amounts owed by the Company under the ATO Bridge Loan, the Series A Loan Notes, the Salary Sacrifice Scheme and the Funding Facility to be satisfied by the issue of the Conversion Shares;
“CREST”	the relevant system (as defined in the CREST Regulations) for paperless settlement of share transfers and holding shares in uncertificated form which is administered by Euroclear;
“CREST Regulations”	the Uncertificated Securities Regulations 2001 of the UK (SI 2001/3755) (as amended);
“D Warrants”	2,200,000 Warrants over new Ordinary Shares exercisable at £0.03 issued pursuant to the Series A Conversion as more particularly described in paragraph 12.6 of Part VII;
“Depositary”	Computershare Investor Services PLC;
“Depositary Agreement”	the depositary agreement dated 27 November 2015 between the Company and the Depositary;
“Depositary Interests”	the dematerialised depositary interests in respect of the Shares issued or to be issued by the Depositary;
“Directors”	the directors of the Company as at the date of this Document, whose names are set out on page 39 of this Document;
“Disclosure Guidance and Transparency Rules” or “DTR”	the disclosure guidance and transparency rules of the FCA made pursuant to section 73A of FSMA, as amended from time to time;
“Document”	this prospectus;
“DTR5”	Chapter 5 of the Disclosure Guidance and Transparency Rules;
“Egerton Gold Philippines”	Egerton Gold Philippines Inc., a company incorporated and existing under the laws of the Philippines, company number A199810393, having its registered address at G/F CJV Bldg, 108 Aguirre Street Legazpi Village, Makati 1229;
“Enlarged Share Capital”	the issued equity share capital of the Company following the issue of the New Ordinary Shares;
“Euroclear”	Euroclear UK & Ireland Limited, a company incorporated and registered in England and Wales under the Companies Act 1985 with company number 02878738;
“Existing Ordinary Shares”	the 247,349,075 Ordinary Shares in issue as at the date of this Document, being the entire issued share capital of the Company;
“Existing Share Capital”	the issued ordinary share capital of the Company as at the date of this Document;
“Existing Shareholders”	Shareholders as at the date of this Document;
“Existing Warrants “	the Vistra Warrants and the First Subscription Warrants;
“FCA”	the UK Financial Conduct Authority;

“Feasibility Reports”	the Gubong Feasibility Report and the Kochang Feasibility Report;
“First Gold Projects”	the Gubong Project, the Daebong Project and the Taechang Project;
“First Mining Joint Venture”	the contractual joint venture in respect of the Gubong Project that may be entered into pursuant to the Gubong Farm-In Agreement;
“First Subscription”	the subscription for the 6,320,000 Ordinary Shares more particularly described in paragraph 12.12 of Part VII of this Document;
“First Subscription Agreements”	the subscription agreements more particularly described in paragraph 12.12 of Part VII of this Document;
“First Subscription Shares”	the subscription for the 6,460,000 Ordinary Shares issued pursuant to the First Subscription;
“First Subscription Warrants”	the 6,460,000 warrants over new Ordinary Shares issued under the First Subscription Warrant Deed exercisable at £0.04;
“First Subscription Warrants Deed”	the warrant deeds more particularly described in paragraph 12.13 of Part VII of this Document;
“FSMA”	the Financial Services and Markets Act 2000;
“Funding Facility”	the funding facility available to the Company as described in paragraph 12.8 in Part VII of this Document;
“Funding Facility Conversion”	the conversion of monies drawn down under the Funding Facility into the Funding Facility Warrants and Funding Facility Shares;
“Funding Facility Loan Notes”	the USD 350,000 fixed rate unsecured loan notes, as described in paragraph 12.8 of Part VII of this Document;
“Funding Facility Shares”	9,951,920 new Ordinary Shares to be issued upon the Funding Facility Conversion as more particularly described in paragraph 12.8 of Part VII of this Document;
“Funding Facility Warrants”	the warrants over 9,951,920 Ordinary Shares issued pursuant to the conversion of the debt issued under the Funding Facility as more particularly described in paragraph 12.15 of Part VII of this Document;
“Group”	the Company and its Subsidiaries as at the date of this Document;
“Gubong Exchange Shares”	the 6,553,222 new Ordinary Shares to be issued on Admission to ATO in exchange for the Gubong SG Shares pursuant to the exercise of the Put Option;
“Gubong Expenses”	the expenditure by the Group in respect of the Gubong Project under the Gubong JV Agreement in excess of USD 500,000 but less than USD 750,000;
“Gubong Farm-In Agreement”	the term sheet between the Company and Southern Gold in relation to the Gubong Project as described in paragraph 12.4 of Part VII of this Document;



“Gubong Feasibility Report”	the feasibility report in respect of the Gubong Project finalised in July 2018 described in paragraph 12.4 of Part VII of this Document;
“Gubong Investment”	the commitment of USD 500,000 by the Company in respect of the necessary farm-in expenditure in the Gubong Project described in paragraph 12.4 of Part VII of this Document;
“Gubong JV Agreement”	the farm-in and incorporated joint venture agreement between the Company and Southern Gold in respect of the Gubong Project described in paragraph 12.4 of Part VII of this Document;
“Gubong JV Co”	Gubong Project JV Co Pte Limited a company incorporated in Singapore with registered office at 4 Robinson Road #05-01, the House of Eden, Singapore 048542 and Company number 201820558M;
“Gubong Permits”	the granting of permission for the establishment of extraction rights and authorisation for the extraction plan in respect of the Gubong Project as required from the South Korean Minister of Trade, Industry and Energy;
“Gubong Pre-Construction Phase”	the work to be undertaken at the Gubong Project prior to the commencement of construction of the Gubong mine and a processing plant, as recommended in the Gubong Feasibility Report;
“Gubong Project”	the project to re-open the five historical underground mines in the Gubong project area including the Gubong mine;
“Gubong Project Co”	the Gubong Project Co Limited, a company incorporated in South Korea with company number 505-88-01119 and registered office at 10, Baekseokgongdan 1-ro, Seobuk-gu, Cheonan-si, Chungcheongnam-do, Republic of Korea, a wholly owned subsidiary of Gubong JV Co;
“Gubong SG Shares”	the 647,668 Southern Gold Shares acquired by ATO pursuant to the Gubong SG Share Subscription;
“Gubong SG Share Subscription”	the subscription by ATO on behalf of the Company for AUD 250,000 Southern Gold Shares at a price of AUD 0.386 per ordinary share;
“Heesong Metals”	Heesong Metals Co. Limited, the former name of Southern Gold Korea before it was acquired by Southern Gold;
“Joint Venture Agreements”	the Gubong JV Agreement and the Kochang JV Agreement;
“Joint Venture Partner”	Southern Gold;
“JV Cos”	Gubong JV Co and Kochang JV Co;
“Kochang Farm-In Agreement”	the term sheet between the Company and Southern Gold in relation to the Kochang Project as described in paragraph 12.9 of Part VII of this Document;
“Kochang Feasibility Report”	the feasibility report in respect of the Kochang Project, as described in paragraph 12.10 of Part VII of this Document;

“Kochang Investment”	the commitment of USD 500,000 by the Company in respect of the necessary farm-in expenditure in the Kochang Project described in paragraph 12.10 of Part VII of this Document;
“Kochang JV Agreement”	the Share Subscription, Farm-in and Incorporated Joint Venture Agreement dated 12 June 2018 between the Company, and Southern Gold in respect of the Kochang Project as more particularly described in paragraph 12.10 of Part VII of this Document;
“Kochang JV Co”	Kochang Project JV Co PTE Ltd., a company incorporated in Singapore with company number 201820562Z and registered office at 4 Robinson Road #05-01, the House of Eden, Singapore 048543;
“Kochang Permits”	the granting of permission for the establishment of extraction rights and authorisation for the extraction plan in respect of the Kochang Project as required from the South Korean Minister of Trade, Industry and Energy;
“Geochang Project Co”	the Geochang Project Co Limited, a company incorporated in South Korea with company number 653-88-01252 and registered office at 10, Baekseokgongdan I-ro, Seobuk-gu, Cheonan-si, Chungcheongnam-do, Republic of Korea , a wholly owned subsidiary of Kochang JV Co;
“Kochang SG Share Subscription”	the subscription by an entity controlled by the Company for 647,668 Southern Gold Shares to the value of AUD 250,000 on 20 August 2018 pursuant to the Kochang JV Agreement;
“Kochang SG Shares”	the 647,668 Southern Gold Shares subscribed for by the Company, pursuant to the Kochang JV Agreement;
“IFRS”	International Financial Reporting Standards as adopted by the European Union;
“IPO”	the admission of the Company’s Ordinary Shares to listing on the Standard Segment of the Official List and to trading on the Main Market on 13 April 2016;
“Prospectus”	the prospectus published by the Company on 6 April 2016 in connection with the IPO;
“JORC”	the Australasian Joint Ore Reserves Committee;
“JORC Code”	the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012;
“LHA”	LDOA Holdings Limited;
“Listing Rules”	the listing rules made by the FCA pursuant to section 73A of FSMA, as amended from time to time;
“Loan Note Holder”	a holder of Series A Loan Notes from time to time;
“London Stock Exchange” or “LSE”	London Stock Exchange plc;
“LPD”	the latest practicable date prior to the publication of this Document;

“Main Market”	the regulated market of the London Stock Exchange for officially listed securities;
“MAR”	the Market Abuse Regulation (EU) No 596/2014;
“Memorandum of Association” or “Memorandum”	the memorandum of association of the Company in force from time to time;
“Mining Joint Ventures”	the First Mining Joint Venture and the Second Mining Joint Venture;
“Mining Rights”	the tenements that are the subject of the Joint Venture Agreements in relation to the Gubong Project and the Kochang Project, as set out in Table 1 in Part I of this Document;
“Momentum Resources” or “Momentum”	Momentum Resources Limited, a company connected with Colin Patterson and Charles Barclay, incorporated in Malaysia and having its registered office address at Brumby Centre, Lot 42, Jalan Muhibbah, 87000 Lubuan F.T., Malaysia;
“Momentum Admission Shares”	32,000,000 new Ordinary Shares to be issued to Momentum at Admission in accordance with the Momentum MOU;
“Momentum MOU”	the legally binding memorandum between the Company and Momentum dated 24 March 2017 as more particularly described in paragraph 12.3 of Part VII of this Document;
“New Articles”	the new articles of association adopted on 9 August 2018;
“New Ordinary Shares”	121,513,516 new Ordinary Shares to be issued on Admission;
“New Warrants”	the the Funding Facility Warrants, the A Warrants, the Series A Warrants and the Christopher Search Warrants;
“November Subscription”	means the subscription for 11,761,840 Ordinary Shares at 2.5p completed on 15 November 2018;
“November Subscription Shares”	means the 11,761,840 Ordinary Shares issued pursuant to the November Subscription;
“Ordinary Shares”	ordinary shares of no par value each in the capital of the Company;
“Other Projects”	the Daechang Project and the Taechang Project;
“Other Shareholders”	LHA, Monza and Oyster;
“PDMR”	a person within the Company who is: <ul style="list-style-type: none"> <li>(a) a member of the administrative, management or supervisory body of the Company; or</li> <li>(b) a person who acts as a director of the Company whether or not officially appointed to such position; or</li> <li>(c) a senior executive who is not a member of the Board who has regular access to inside information relating directly or indirectly to that entity and power to take managerial decisions affecting the future developments and business prospects of the Company;</li> </ul>

“Pre-Construction Phase”	the additional development work required at the Gubong Project and Kochang Project as recommended by the Feasibility Reports before the commencement of the Construction Phase;
“Premium Listing”	a Premium Listing under Chapter 6 of the Listing Rules;
“Prospectus Directive”	Commission Regulation (EC) No 809/2004;
“Prospectus Rules”	the prospectus rules of the FCA made pursuant to section 73A of FSMA, as amended from time to time;
“Put Option”	the put option granted to ATO as more particularly described in paragraph 12.5 of Part VII;
“Registrar”	Computershare Investor Services (BVI) Limited;
“Relevant Member State”	any member state of the European Economic Area which has implemented the Prospectus Directive;
“Resolution of Directors”	a resolution approved at a duly constituted Meeting of Directors or a Committee of Directors of the Company, by affirmative vote of a majority of the Directors present at the Meeting who voted and did not abstain;
“RIS”	regulatory information service;
“RMML”	Red Mountain Mining Limited a company incorporated in Australia (ACN 119 658 106);
“RMMS”	Red Mountain Mining Singapore Ltd, a company incorporated and existing under the laws of Singapore with company number 201218066C, having its registered address at 8 Temasek Boulevard, # 35-03 Suntec Tower 3, Singapore, 038988 and a wholly owned subsidiary of RMML;
“Salary Sacrifice Scheme”	the salary sacrifice scheme of the Company more particularly described in paragraph 9 of Part VII;
“Salary Sacrifice Shares”	22,737,998 new Ordinary Shares to be issued on Admission to certain employees and Directors to discharge the Company’s historical liabilities under the Salary Sacrifice Scheme;
“SEC”	US Securities and Exchange Commission;
“Second Mining Joint Venture”	the contractual joint venture in respect of the Kochang Project that may be entered into pursuant to the Kochang Farm-In Agreement;
“Second Subscription”	the subscription for 4,000,000 new Ordinary Shares more particularly described in paragraph 12.14 of Part VII of this document;
“Second Subscription Shares”	the subscription for the 4,000,000 Ordinary Shares issued pursuant to the Second Subscription;
“Securities Act”	United States Securities Act of 1933;
“Senior Managers”	Stuart Kemp, Joseph Lee and Graeme Fulton;

“Series A Conversion”	the conversion of the monies advanced under the Series A Loan Notes, as described in Part VII, paragraph 12.6, into the Series A Conversion Shares and the Series A Warrants;
“Series A Loan Notes”	the USD 500,000 Fixed Rate Unsecured Loan Notes Series A 2017, as described in paragraph 12.6 of Part VII of this Document;
“Series A Shares”	15,162,217 Ordinary Shares, pursuant to the conversion of the Series A Loan Notes as more particularly described in paragraph 12.6 of Part VII of this Document;
“Series A Warrants”	B Warrants, C Warrants and D Warrants issued pursuant to the Series A Loan Notes as more particularly described in paragraph 12.6 of Part VII of this Document;
“SG Share Subscriptions”	the Gubong SG Share Subscription and the Kochang SG Share Subscription;
“South Korea”	the Republic of Korea;
“South Korean Projects”	the Gubong Project and the Kochang Project;
“South Korean won”	the lawful currency of the Republic of South Korea;
“Southern Gold”	Southern Gold Limited a company incorporated under the laws of South Australia with Australian Business number 30 107 424 519 and registered office at 10 George Street, Stepney, SA 5069, Australia;
“Southern Gold Korea”	Southern Gold Korea Limited, a wholly owned subsidiary of Southern Gold and holder of the South Korean Projects mining tenements;
“Southern Gold Shares”	ordinary fully paid shares in the capital of Southern Gold;
“SP Angel”	SP Angel Corporate Finance LLP, financial adviser and broker to the Company, which is authorised and regulated by the FCA;
“Standard Listing”	a Standard Listing under Chapter 14 of the Listing Rules;
“Standard Segment”	the standard listing segment of the Official List;
“Taechang Project”	the redeveloping of the Taechang gold mine in South Korea;
“Takeover Code”	the UK City Code on Takeovers and Mergers;
“TIDM”	Tradable Instrument Display Mnemonic;
“Transaction Costs”	total expenses incurred (or to be incurred) by the Company in connection with the Admission equalling approximately USD 140,000;
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland;
“UK Corporate Governance Code”	the UK Corporate Governance Code issued by the Financial Reporting Council in the UK from time to time;



“UK Government”	the government of the UK;
“UKLA” or “UK Listing Authority”	the FCA acting in its capacity as the competent authority for listing in the UK pursuant to Part VI of FSMA;
“uncertificated” or “in uncertificated form”	a share or other security recorded on the relevant register of the relevant company concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
“United States” or “US”	has the meaning given to the term “United States” in Regulation S of the Securities Act;
“US\$ or “USD”	US dollars, the lawful currency of the United States;
“VAT”	UK value added tax;
“Vistra”	Vistra Trust (Singapore) Pte. Limited;
“Vistra Warrants”	the warrants over 5,757,924 Ordinary Shares exercisable at £0.0575 that were issued to Vistra on the IPO and that have subsequently been transferred to ATO;
“Voting Rights”	all the voting rights attributable to the capital of the Company which are currently exercisable at a general meeting of Shareholders;
“VWAP”	volume weighted average price;
“Warrants”	New Warrants and the Existing Warrants; and
“WTMR”	White Tiger Mineral Resources Inc a company incorporated and existing under the laws of the Philippines on 17 November 2014, company number CS201422508, having its registered address at G/F Dr No 148, Suarez Building, Mabini Street, Magugpo South, Tagum City, Davao Del Norte.