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RESEARCH

Bluebird Merchant Ventures

16th June 2022

Potentially industry leading gold producer in South Korea, which is now on the cusp of a 100,000oz pa low-cost production profile

Bluebird Merchant Ventures is a South Korea-focused resources company which is bringing old gold mines back to life. It is far quicker and cheaper to rehabilitate old gold mines than fund exploration; and these mines saw production cease a couple of decades ago due to a low gold price (under US\$140/oz). The management team sees the production economics at the current gold price to be highly attractive and is fast tracking the reopening of two gold mines in a great jurisdiction.

■ Compelling path to production in Korea – with first gold by year-end

Bluebird is focused on proof-of-concept gold production in 2022 at Kochang, which is fully funded, and well-planned for once the mountain permit is received. This is designed to set the scene for ramping up gold production at Kochang before emulating the same strategy at Gubong, with a swift trajectory to 100,000oz per annum by 2028. At reasonably low operating and capital costs, these Korean projects could be a big money spinner.

■ Batangas Gold Project in the Philippines coming back into play

Once BMV's flagship asset, this was put on hold due to anti-mining government policy. Improving sentiment to mining in the Philippines sees BMV looking to restart work on the project which has a Mining Licence, JORC resource & a PFS that made for good reading based on a US\$1,250 gold price. The project could be rapidly moved up the valuation curve.

■ Proven model to smartly move gold projects up the valuation curve

Colin Patterson (CEO) and Charles Barclay (COO) have developed a cracking business model. In 2010, the Apex Mine (Philippines) was acquired for \$7m, reinvigorated by the team and 2 years later received an offer for \$180m from a major. **We believe Bluebird bears all the hallmarks of being Apex Mark II.**

■ 50% Risked NPV at a 12% discount rate suggests upside of 280%

We believe our NPV valuation is very conservative and update coverage of Bluebird with a target price of 9.58p and a **Conviction Buy** stance.

Financial overview. Source: Company accounts & Align Research '18 month period

Year to end Dec	2020E ¹	2021E	2022E	2023E
Revenue (US\$'000)	-	-	-	9,250
PTP (US\$'000)	(900)	7,466	(1,300)	3,015
EPS (cents)	(0.0023)	1.86	(0.32)	0.48

This investment may not be suitable for your personal circumstances. If you are in any doubt as to its suitability you should seek professional advice. This note does not constitute advice and your capital is at risk. This is a marketing communication and cannot be considered independent research.

CONVICTION BUY
Revised price target
9.58p



Key data

EPIC	BMV
Share price	2.5p
52 week high/low	4.40p/1.50p
Listing	LSE
Shares in issue	635.3m
Market Cap	£15.6m
Sector	Mining

12 month share price chart



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IMPORTANT: Bluebird Merchants Ventures (BMV) is a research client of Align Research. Align Research & its Director own shares in BMV. For full disclaimer & risk warning information please refer to the last page of this document.

Business overview

Bluebird Merchant Ventures Operations

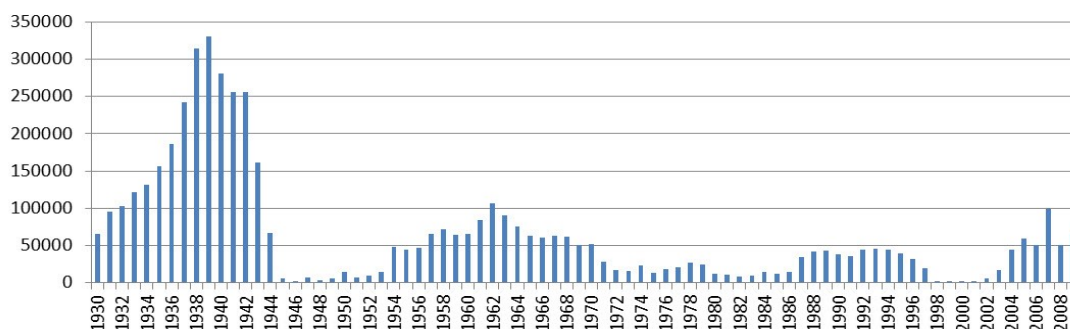
Bluebird Merchant Ventures (Bluebird) has gold interests in South Korea and the Philippines. In South Korea, the company is focused on re-opening old gold mines where the company now has a 100% interest. Bluebird is currently involved with the re-opening of the following narrow vein gold underground mines:

- **Gubong** – In the past, Gubong was the second largest gold producer in South Korea. **This grand old mine is seen as having a substantial amount of remnant ore lying between mined blocks which could provide excellent exploration potential.** Gold production between 1926 and 1971 is recorded as 434,291 ounces but the 120km of development drives would suggest that more like 5 million ounces of gold has been mined. Mine data indicates good potential from re-establishing production at the mine with early cash flow.
- **Kochang** – There are two separate mines - Kochang Gold Mine and Kochang Silver Mine. Mining ceased in 1975 and incomplete production records revealed that a total of 88,023 ounces of gold was mined, but probably the total was highly understated. **Exploration work previously carried out by Southern Gold has now defined gold mineralisation extending over a 2.5-kilometre strike which joins the two mines.**
- **Batangas** – The company has a 100% interest in the Batangas Gold Project (BGP) in the Philippines. **This is an advanced gold exploration asset with a total JORC compliant resource of 440,000 ounces, including a maiden ore reserve of 128,000 ounces (including silver credits).** Progress was disrupted by anti-mining government policy but in recent months there has been strong indications of a more favourable policy in the Philippines towards responsible mining.

Gold mining in South Korea

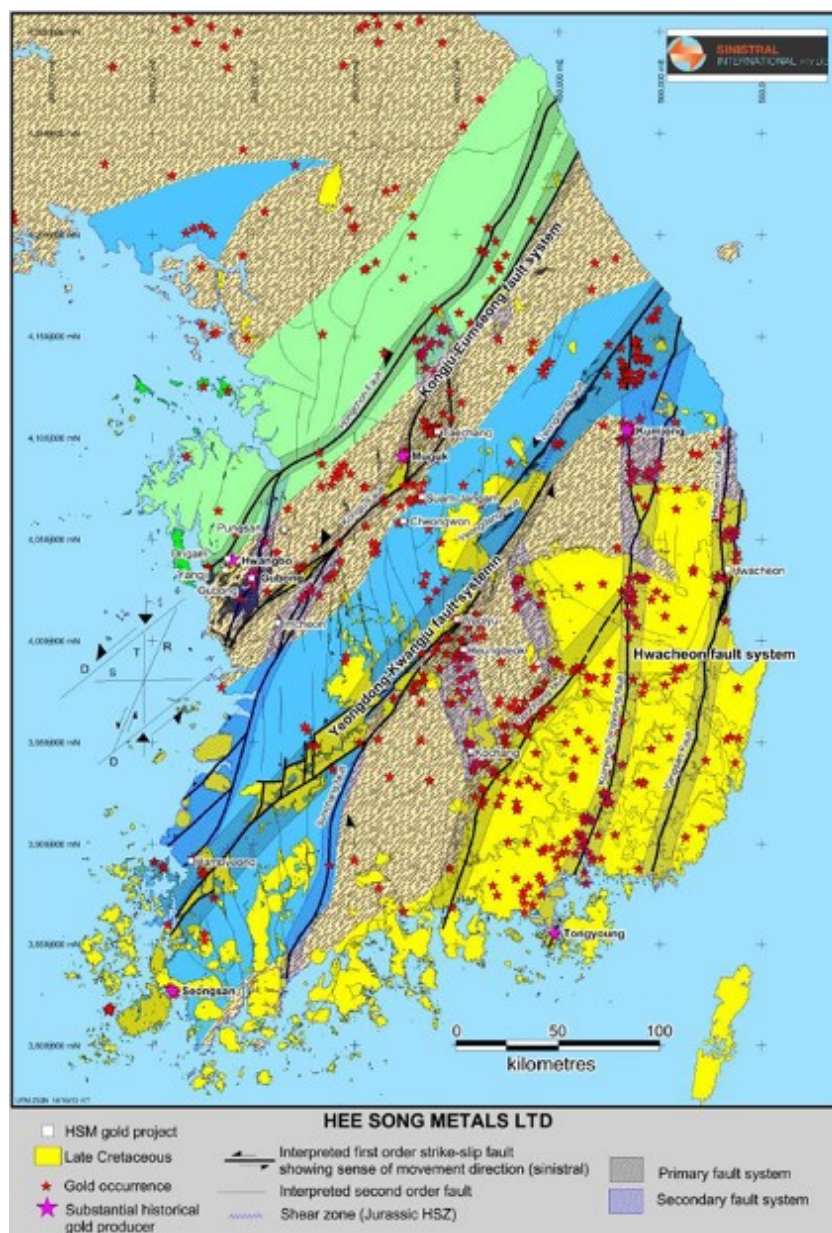
South Korea occupies the southern half of the Korean Peninsula. The country covers an area of around 100,000km² and so is roughly about the same size as England. South Korea has a population of 51 million, with 10 million people living in the capital Seoul, which is the largest city. The country is a global leader in the industrial and technological sectors and is the world's fifth largest exporter.

Innovation and technology have fuelled the country's remarkable rise from being one of the poorest countries in the 1960s, to now having the 11th largest economy in the world. However, South Korea has a long history of gold mining, with around 5 million ounces (Moz) produced between 1928 and 2008. After the First Sino-Japanese War and the Russo-Japanese War, Korea was occupied by Japan from 1910 to 1945, and the majority of this historic gold production was by Japanese companies in the 1928 – 1943 period.



Gold production in South Korea (ounces). Source: Company

South Korea's natural resources include coal, graphite, molybdenum, tungsten and lead but mining is not a primary contributor to the country's economy. In all, there is thought to be 1,400 old mines in South Korea which includes a substantial number of historic gold mines. Further, there have been numerous gold occurrences (see the red dots on the map on the next page) and some of these might have been mined. Many small to medium sized mines closed during the mid-1980s and there has been little exploration since the late 1990s.



Gold projects in South Korea and the major lithological units. Source: CPR January 2018

Recent history shows few international companies being involved in gold mining in South Korea. However, in the 1990s, Doug Kirwin, Bluebird's former Senior Technical Advisor, was responsible for three gold discoveries in South Korea which **Ivanhoe Mines (TVX:IVN)** subsequently put into production. More recently, in July 2016, Southern Gold acquired a number of gold projects across a series of tenements in South Korea. Amongst these were six high priority targets, where there were plans to drill four of these quite quickly. **The government in South Korea is highly supportive of the mining industry, with the country charging no mining royalty, plus there are other incentives.**

Background

Bluebird Merchant Ventures Ltd was incorporated in March 2014. The shares were admitted to trading on the London Stock Exchange by way of a Standard Listing in April 2016.

March 2017 saw the company enter an agreement to form a joint venture with ASX-listed Southern Gold (ASX:SAU) to re-open gold mines in South Korea. SAU had acquired a number of tenements within South Korea, some of which contain historic gold mines. SAU is an explorer and project generator with a business model of farming out production to professional mining operators. Bluebird finally selected the Kochang and Gubong mines with a plan of entering a 50:50 joint venture upon completion of a feasibility report on each mine. With agreed expenditure of US\$1 million completed on the projects and submission of feasibility reports, the joint ventures were duly formed.

Bluebird secured the opportunity for the South Korean mines from Momentum Resources (MR), which had been engaged with in a number of similar projects in SE Asia over the past decade. Following these moves, Colin Patterson and Charles Barclay, who between them own a 25% stake in MR, joined the board as CEO and COO respectively. The MR team is an East Asia-based group of professional mine operators with substantial experience in all aspects of mining.

Permit approval was received for both Gubong and Kochang in late 2019. At the time the company highlighted that these two mines provided the opportunity to advance into production and then grow in a substantially organic way from 10,000oz pa to 30,000oz pa over a three-year period.



Kochang. Source: Southern Gold

The global pandemic affected a lot of business and led to progress being curtailed in South Korea. However, during this time, the company worked on a deal with SAU to acquire the remaining 50% interest in the Korean projects. An Independent Expert had given a valuation for SAU's 50% of the two joint venture gold projects in South Korea of US\$9.945 million. **Along with associated costs, this was settled by issuing SAU with 200 million BMV shares at 3.6p, with 50 million shares issued in June 2021.** The remaining 150 million shares were issued in December 2021 following the publication of a full prospectus approved by the FCA.

In May 2022, BMV's Batangas Gold Project in the Philippines came back to life on the back of news of strong indications of a more favourable policy in the country towards responsible mining. The Board sensed the opportunity for the company to revive this gold project and an application was made for a further two-year extension of the exploration period of the Mining Permit, a move which would serve to allow the team to get revisit the potential of this project.

Operations

Bluebird is focused on bringing old gold mines back to life in South Korea. At present the company has well developed plans to bring two historic gold mines into production: Gubong and Kochang. These old mines are all on tenements that are 100%-owned by Bluebird and all have been granted Mining Rights under the Korean mining law. **No government royalties or exercise tax are payable in South Korea.**



Location of Southern Gold Projects in Korea. Source: CPR January 2018

Project	Area hectares	Blocks	Location
Gubong	2,484	9 contiguous blocks of 276 hectares	Chungnam Province
Kochang	837	3 contiguous blocks of 279 hectares	Gyeongnam Province

Two gold mines that Bluebird plans to bring back into production. Source: Company

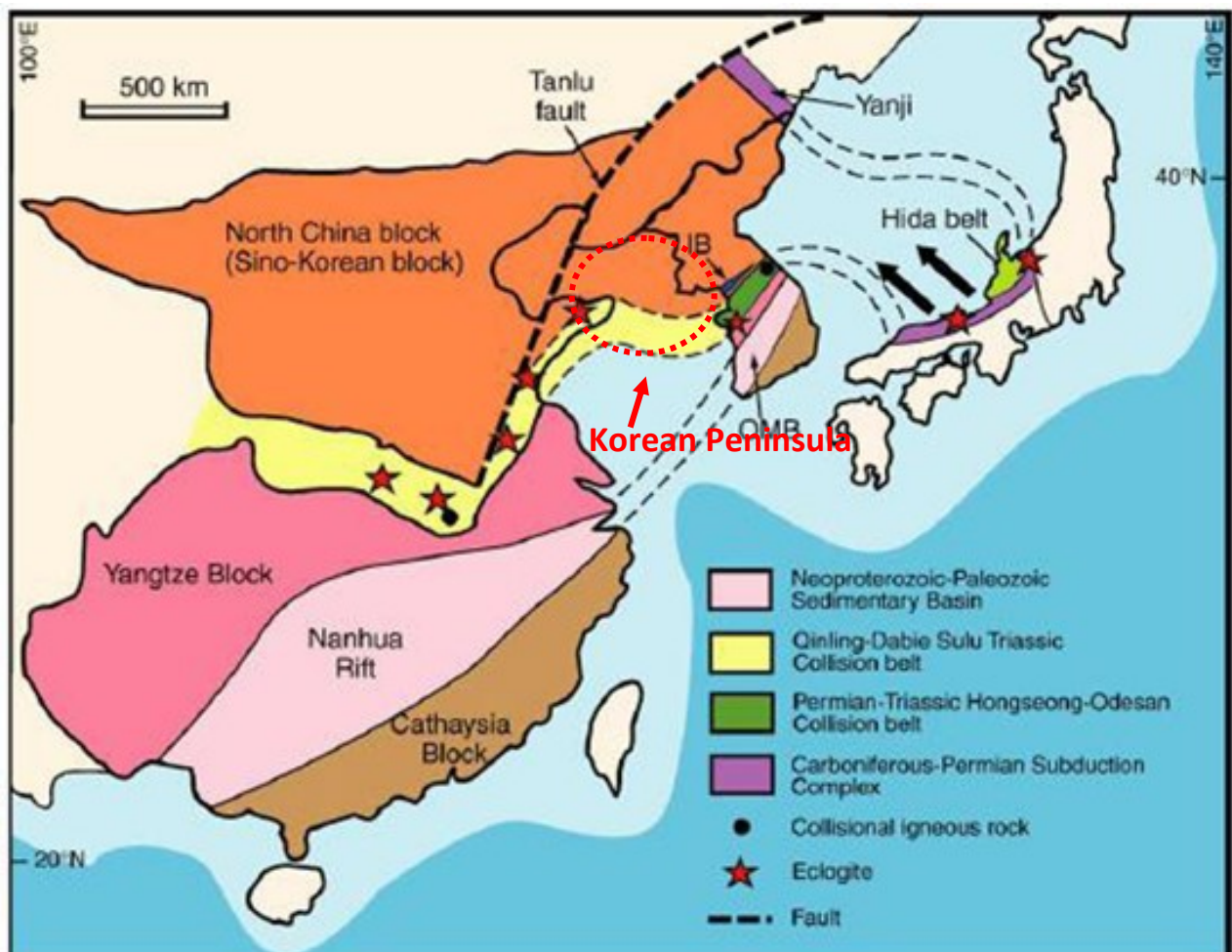
Geology

The topography of South Korea consists mainly of hills and mountains but there are large coastal plains in the western and southern parts of the country. The highest point in South Korea is Hallasan, an extinct volcano which rises to a height of 6,398 feet.

Korea sits on the Pacific Rim and has affinities to the gold producing belts in China and Japan. In terms of geological time, Korea lies between the China and Japan subduction zone within the 'ring of fire' geology. This relates to plate tectonics and the enormous geological forces that are unleashed when tectonic plates collide.

A subduction zone represents an oceanic trench area at the margins of a continent where older and denser seafloor disappear underneath the continent as this plate is dragged downwards into the earth's upper mantle. These suprasubduction environments, which are the crust above the subduction zone, are one of the major sources of the world's gold.

Limited systematic modern exploration has been undertaken in the Korean Peninsula in comparison to similar belts of rocks to the north-east (i.e. parts of Japan and Russia) as well as to the south-west (China) that are both known to host numerous significant gold deposits.



Major lithologic units in East Asia. Source: CPR Report January 2018

Korea specialist and ex-joint venture partner SAU maintains that this geology means that South Korea hosts some of the best plumbing systems in the world when looking for the emplacement of precious metal deposits. Its technical team believes that South Korea is ripe for modern-style gold exploration and discovery.

Gubong is orogenic in nature which means that they were formed during plate tectonics at the time when mountains were built. Geologists believe that they were formed as parallel sets of structurally hosted gold and silver bearing quartz-calcite veins in metamorphosed terranes at a depth of 1.2 – 4 kilometres. These sorts of deposits are likely to have been formed either by magmatic fluids at a depth from within granitic intrusions or from metamorphic fluids which were heated during the metamorphism process, which have served to transfer and concentrate metals from country rock into veins.

Kochang differs in that it is an epithermal deposit occurring in a metamorphic setting. However, these two mines have similar physical characteristics as they all occur within metamorphic rocks. Both Gubong and Kochang consist of high-grade quartz veins which have developed in narrow structurally controlled fissures or shears in numerous stacked veins. Also, at both these mines, past gold production activity has been concentrated on just one or a few of these veins which in those days were of economic value.

Gubong

In the past, Gubong was the second largest gold producer in South Korea. This old mine is seen as having a substantial amount of remnant ore that lies between previously mined blocks and provides excellent exploration potential. **Mine data indicates good potential from re-establishing production at the mine as well as the prospect of early cash flow.** The mine lies 130 kilometres south of Seoul and is 10 kilometres from the nearest city of Cheongyang. The mine operated over three periods: 1911-39, 1946–50 and 1952-71.



Old photograph of Gubong. Source: Company

Gubong's orogenic gold mineralisation consists of quartz veins formed with schists and gneisses of Pre-Cambrian Age with the veins lying in an NNE corridor. These veins show a gold:silver ratio of 1:1 to 4:1 and form milk white quartz veins with a narrow band of sulphides, with the highest-grade gold mineralisation seen near the margins. There are nine stacked known veins plus the Danbong, Bongman and Gunryong veins. Just a few of these veins were mined, but other veins in this system are now seen as being economic.

Recorded gold production consists of 434,291 ounces mined during 1926-71, plus 109,307 ounces of silver. However, these figures are thought to have been understated as there was little control over the mining carried out by Japanese companies. The MR team believes that the 120 kilometres of development drives would probably suggest that a total of more like 5 million ounces of gold have been mined in the past.

Historical drilling results

Historical exploration drilling results from a total 57 holes for a total of 17,715m have been examined by the team whilst involved in its detailed planning. This drilling was carried out over various periods from 1968 to 2015 and mostly by KORES. The downhole depths of these drill holes varied from 9m to 950m, with an average depth of around 320m. **In all, 18 drill holes contained significant intersections greater than 1g/t Au. These highly encouraging results are shown below.**

Hole ID	From (m)	To (m)	Width (m)	Gold (g/t)	Silver (g/t)
89-12	100.1	100.3	0.2	9.8	22.0
89-12	110.7	114.7	4.0	1.4	2.0
89-13	117.1	117.7	0.6	19.0	49.0
89-15	53.2	53.6	0.4	1.8	1.0
89-15	104.3	108.8	4.5	2.4	39.0
89-16	210.8	211.2	0.4	3.7	-
89-18	123.3	124.6	1.3	1.4	369.0
89-20	186.6	186.8	0.2	2.5	2.0
89-6	188.7	189.1	0.4	17.3	6.0
90-10	109.8	110.4	0.6	62.3	26.0
90-10	149.0	149.2	0.2	95.9	35.0
90-10	196.0	196.3	0.3	5.0	2.0
90-12	840.0	841.0	1.0	1.1	4.0
90-12	845.2	846.8	1.6	27.9	25.0
90-3	340.0	340.6	0.6	29.0	15.0
90-4	138.5	138.8	0.3	7.3	8.0
90-5	90.0	90.2	0.2	3.5	-
90-5	110.9	111.8	0.9	8.4	25.0
90-5	190.5	190.7	0.2	32.0	1.0
90-6	125.8	126.1	0.3	5.5	-
90-7	87.8	88.1	0.3	34.1	12.0
90-8	146.0	146.3	0.3	522.2	81.0
90-8	277.9	278.1	0.2	72.4	40.0
90-9	275.3	279.0	3.7	3.2	5.0
90-9	347.2	348.7	1.5	4.9	-
91-5	441.8	444.8	3.0	15.2	6.0
GBDD004 ¹	143.55	145.00	1.45	1.99	-

¹ - including 0.4m at 5.18g/t gold

Significant intersections >1g/t gold found in historical drilling results. Source: Company

Resources & Mining

The Korean Resources Corporation (KORES) estimates that the remaining resource at Gubong is 2.34Mt at 7.36g/t, which equates to 555,229 ounces of gold. This however does not represent a JORC-compliant resource.

Past mining at Gubong exploited six high grade quartz veins called No. 1 to No. 6 which lay within schist and gneiss and extended over an area of 14km². No. 6 was the most extensively worked vein that was mined down dip for around 1,000 metres, which corresponds to a vertical depth of 550 metres below the surface. Previous exploration includes the drilling in 2004, which saw two deep drill holes (750 and 820 metres) drilled by KORES, which concluded that the No. 6 vein continued at depth.



EES estimated a total of 2.7Mt of ore at an average grade of 7.0g/t and with more than 575,000 ounces recovered. **Based on the likely prevailing AUD/USD FX rate at the time, a gold price of US\$1,285 per ounce was used and a cash flow of US\$299 million was determined over the life of the mine.**

Feasibility Report

Work commenced on re-opening the main entrance at the huge Gubong Mine in July 2017. After the mine closed, the main adit was sealed and buried under tonnes of earth as part of a comprehensive rehabilitation process which saw all the buildings dismantled. Subsequently, in January 2018, the all-important Competent Persons Report was published.

Work underground has resulted in medium grade gold grab samples. In January 2018, it was reported that 10 out of 15 samples taken had grades in excess of 1g/t gold with three samples assaying more than 10g/t gold. **In addition, there were high silver grades as well with 12 of the 15 samples being above 10g/t silver.**

Since then, there have been excellent results from the initial metallurgical test work on ore from Adit 4 with recoveries of over 90%. **Importantly, this analysis has demonstrated that the ore does not need complex extraction techniques.** A water treatment plant has been commissioned at Gubong with lab tests have showed that no heavy metals are present.

The feasibility report on reopening the Gubong mine was completed in July 2018. At that time, the board was able to report that the pre-construction phase had commenced which involved further exposure of the underground workings to allow for additional sampling and subsequent metallurgical test work.

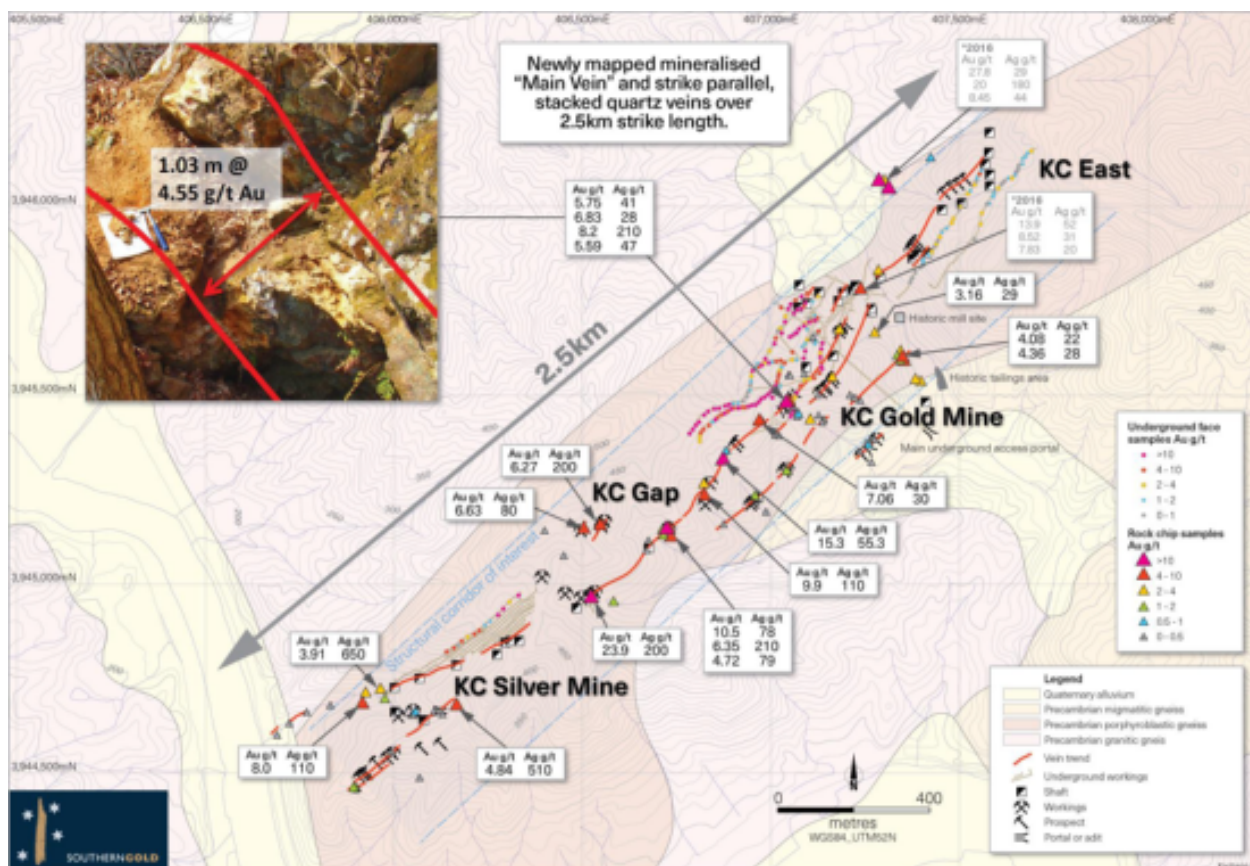
In November 2019, the company received the “Permit to Develop” the Gubong mine which means that Bluebird is now free to engage in a full-scale operation to reopen the mine and bring it back into production.

Kochang

The Kochang Mine was worked in a total of four different phases between 1928 and 1975. Work was restarted and an exploration adit dug towards the south in 1989-90. Production records are incomplete, but it is thought that 88,023 ounces of gold were mined in the 1938 -75 period. A report by KORES records mine production totalling 110,000 ounces of gold and 5.9 million ounces of silver between 1961 and 1985.

Kochang is an epithermal vein system with the mineralisation consisting of gold silver quartz veins up to 600 metres in length, hosted in Pre-Cambrian aged host rocks. There are at least five gold quartz veins which trend in a NE direction and are seen to be dipping by 50-70°. Quartz veins consist of narrow quartz-sulphide veins and veinlets 2-10 centimetres plus there is evidence of the presence of higher-grade ore shoots.

There are actually two separate mines: Kochang Gold Mine and Kochang Silver Mine. The Kochang Gold Mine mined the Main Vein, whilst the Silver Mine mined the South Vein. Assay maps from the past combined with recent surface mapping suggests that there are several separate veins associated with the Main Vein which were not mined in the past. Workings extend over 1.2 – 1.5 kilometres or 2.5 kilometres if the silver shaft area is included.



2.5 kilometre of mineralisation delineated at Kochang by Southern Gold. Source: CPR January 2018

Surface mapping and sampling at the Kochang Silver Mine shows significant gold assays along with several additional veins that were not mined in the past. **Previous exploration work carried out, plus some drilling, has indicated the presence of high-grade ore shoots.** In the past, bonanza grades were reportedly mined in the upper levels of the north shaft vein.

In 1990, KORES undertook an airborne radiometric and magnetics survey which was part of a country wide investigation of old mining areas. The results showed that Kochang contained a Potassium Channel anomaly, together with a 1.5-kilometre-wide circular magnetic anomaly to the north. It is thought that the magnetic anomaly is a concealed intrusive one with the potassium anomaly likely to represent the hydrothermal outflow zones from that intrusive area.

The area containing these anomalies has since been mapped and chip sampled by Southern Gold and past owners. Four diamond drill holes were drilled to depths of 1,233 metres in 2016 by Asiatic Gold prior to being acquired by Southern Gold. Subsequent work by Southern Gold has led to the delineation of some 2.5 kilometres of mineralisation extending between the two historic mines.

Feasibility Report

Management seems to have great expectations for this mine as such deposits typically extend over 1 kilometre in depth and Kochang has historically only been developed to a depth of 150 metres.

The company accessed the Main Vein at Kochang in February 2018. Ground conditions were reported to be excellent, and access was gained to the bottom level of the old mine. The process of identifying early production feedstock material has already begun underground. In May 2018, the company was able to report that the initial results of grab sampling underground had demonstrated that sorting the broken rock by hand in the mine increased the grade from 1.69g/t to 5.12g/t gold. There has also been encouraging results from the sampling of the in-situ ore which was left behind by the original miners. **Bluebird has channel sampled a total of 1,330 metres of veins at five metre intervals which provided average assays of 5.29g/t gold and 31.54g/t silver.**

Late 2018 saw the mineral potential and metallurgical test work elements of the feasibility report on Kochang announced. Having reviewed all the existing data on Kohang, the initial Mineral Potential was estimated at being in the 550,000 - 700,000 tonnes range derived from a small area with grades ranging between 5.2 - 6.6g/t of gold and 27.3 - 34.8g/t of silver; with underground drill targets identified in close proximity to the three main veins. Excellent results were indicated from initial metallurgical test work on Kochang samples with the average grade of the composite sample of almost 5g/t gold and 19g/t silver. **Testing revealed gold recoveries of up to 80% and around 60% for silver using a simple gravity circuit which all looks to point towards the potential for a low-cost process.**

In May 2019, the company received confirmation of the drilling grant from KORES for its Kochang Drilling Programme. At this time, the board was able to report that the team had located a further six old adits (where evidence of historic mining has been noted at three) entering the mine some 100 metres to the northeast of the current entrance. **This all points to a potential increase in the general size of the deposit. In December 2019, Bluebird received a "Permit to Develop" the Kochang mine which then was seen to provide a low capex opportunity.**

Batangas Gold Project

BMV has a 100% stake in the Batangas Gold Project (BGP) in the Philippines. This was the flagship project when the company started trading on the LSE in May 2016. **BGP is an advanced gold exploration asset with a total JORC compliant resource of 440,000 ounces and includes a maiden ore reserve of 128,000 ounces (including silver credits).** This all came from a Pre-Feasibility Study by the previous joint venture partner company, Red Mountain Mining, which was based on a gold price of US\$1,250 per ounce. The company had an interest in BGP through a joint venture agreement with the owner and had the option to acquire an increased interest.

However, within months of the IPO, a general election in the Philippines led to the appointment of an anti-mining government and so Bluebird began to look at other opportunities elsewhere in East Asia. The changes in the Philippines subsequently gave Bluebird the opportunity to acquire a 100% interest in BGP for 1.25 million shares and a 1% Net Smelter Royalty in December 2016. **The property was on care and maintenance and over its life exploration expenditure has totalled US\$20 million.** So as far as most were concerned BTG was only good for potentially US\$20 million of tax losses.

Time is a great healer. Fast forward six years and now with a far higher gold price, in May 2022 the company was able to announce that in the last few months there looks to have been strong indications of a more favourable policy in the Philippines towards responsible mining. All of this has set the scene for BMV to revive the gold project. Essentially, BTG consists of two Mineral Production Sharing Agreements (MPSA), which are permits that are valid for a 25-year period and are renewable. These permits consist of periods of exploration and once two further key permissions are granted then allow for production.

Also in May 2022, the company was able to report that an application had been made for a further two-year extension of the exploration period of the Mining Permit. In addition, the proposed work programme focuses on the potential of underground mining at Lobo, Batangas. Apparently, this application has received a favourable response.

The mineral resources at Lobo are associated with a linear, steeply dipping, epithermal lode with high grade 'shoots' of mineralisation. **In June 2016, the previous partner in an ASX announcement reported that it had developed Probable JORC Compliant Ore Reserves at Lobo of 171,000 tons at 6.6 grams per ton for 36,000 ounces of gold excluding silver credits.** This included 150,000 tons at 6.4 grams per ton from the upper 80 metres of the mineral resources at Lobo. This ore could be mined and processed within the first 18 months of production.

The application that the company has made for a further two-year period of exploration has proposed an Exploration Work Programme and Environmental Work Programme to focus on the potential for underground mining at Lobo. In the past, BMV's previous partners had presented the project as an open pit mine but they were not able to secure the further key permissions. **The board believes that by using its core competencies of underground mining and repurposing the project from an open pit mine to an underground mine focused around Lobo, that the project will have minimal surface environmental impact.**

Strategy for growth

Bluebird focuses on bringing old gold mines back into production. Although gold mining in South Korea has been off the radar for many years, it does seem as though the stage is set for tremendous value to be unlocked based on re-opening and revitalising historic gold mines in that country. Refurbishing old mines has big advantages over the conventional exploration model as it is a much cheaper and faster route to production. By re-opening and revitalising old mines, **Bluebird will be saving on costs like US\$3,000 per metre of development driveway or up to US\$20,000 per metre for sinking a shaft.** Importantly, the timeline to production is far swifter as most of the costly exploration work has already been undertaken. Plus, there is also a greater understanding of the geometry of the orebody, grade trends and characteristics that come from years of exploration and mining.

With so many abandoned gold mines, South Korea provides some highly compelling opportunities for Bluebird's business model. The country's gold potential has been largely forgotten as it has not been a substantial producer for decades. Gold production in South Korea as good as ceased in the 1980s as the mines were no longer economic with the gold price below US\$140 per ounce. Now 40 years on, with gold standing above US\$1,800 per ounce, the economics look highly attractive. These days there is a far better understanding of orogenic gold deposits along with modern processing equipment and new reagents which allow for improved gold recoveries.

Bluebird has a target of mining 100,000 ounces of gold per annum within six years of initial production. Management has a well-developed plan which currently focuses on bringing the Gubong and Kochang mines back into production. Progress has been slower than hoped. In December 2019, BMV was granted the Permits to Develop the two projects. There then followed a process under the joint venture agreement to present to the partner, SAU, a proposal to take the projects to production. As a result of SAU declining to make the investment there was a protracted period to resolve the issue with BMV becoming the sole owner of the projects. During this time the company was unable to advance the projects. Finally, in July 2021 this process was concluded.

In February 2020, management returned to Seoul in order to set up the commencement of the projects. This was in progress when Covid-19 caused the world to shut down. The pandemic caused disruption common to most countries and companies and has delayed BMV's progress on the ground in South Korea until recent months. With the key Permits to Develop for both these mines, Bluebird is now free to engage in a full-scale operation to reopen these mines and bring them back into production. The plan is to eventually operate these two mines concurrently and as each mine has differing qualities this provides BMV with a lot of flexibility.

First into production is planned to be the Kochang mine which is the smaller of the two and shallower. Kochang will be developed initially as it is cheaper and quicker than developing Gubong, although the original intention with its partner had been to develop both mines together. **The initial goal is to get gold from the Kochang mine as a proof of concept for the reopening of both mines, which is anticipated will take around six months from starting work.** BMV has already applied for the key permit under Mountain Use Regulations to proceed at Kochang which will allow for the construction of a small stockpile of ore and on-site facilities. All this is expected to take a couple of months. Initially at Kochang, the plan is to begin by generating ore from underground clean-up and remnant mining with off-site processing as it will only be a pilot facility.

Once beyond the proof-of-concept stage in 2023, production at Kochang is expected to rise steadily from 5,000oz pa to 15,000oz in 2024. Much the same strategy is planned at Gubong and in this way the joint venture will be able to achieve cash flow to organically fund an increasing level of gold production. **Gubong is planned to come on stream in 2025 taking combined gold production to 20,000oz and then to 25,000oz and 50,000oz in subsequent years.** BMV is seeking to keep capital intensity low and so gold is planned to be extracted using a simple process such as gravity or vat leach which both represent low-cost technology for recovering gold.

Gubong was the second largest gold mine in South Korea which in its heyday employed some 20,000 people and has the potential of being a company making project. The potential ore sources that are available at Gubong include: numerous surface stockpiles that were considered to be waste, tailings, ore from underground clean-up and remnant mining. These will be the source of the initial production with existing broken ore underground to be vacuumed or conveyed out by mechanised means. Further targets include remnant ore as well as the nine gold veins coalesce into a single vein right at the bottom of the mine with grades in the range of 15-20g/t.

The opportunity at Gubong seems to get bigger the more that Colin and Charles study this project. **Mining to date has only been to a depth of 500m (below the valley floor), but these orogenic orebodies tend to be 1,500m deep or more, so there is obvious potential at depth.** Diamond drilling has shown a continuation of the gold mineralisation 700m down dip which represents for all intents and purposes a new mine. **Based on their experience, Colin and Charles believe that Gubong may well have another 5Moz of gold that could be mined.** If the team decided to go for the bigger picture, which involves a wide-scale re-imagined project at Gubong, then Year 3 (2025) of production could see a full-scale feasibility study based on the determination of a JORC-compliant resource to determine the optimum size for expansion.

With the global pandemic rescinding, BMV has been able to get back out to South Korea in recent months. A funding package is in place to enable the team to achieve proof-of-concept gold production at Kochang. **Proof-of-concept should allow the company to gain a better valuation in the market and provide the launch pad for gaining the necessary funding to put the gold mining plans into reality.** Sampling results from Kochang seem to show that the company is on the right track, with sampling every 5m proving to be sufficient for the orebody, which greatly reduces costs and time. On top of that, fine ore from previous mining operations has been proven to accumulate on the adit floor and can be quickly collected and stockpiled for future processing.

The reawakening of the opportunity at the Batangas Gold Project (BGP) in the Philippines provides another impressive gold project which looks reasonably close to production. Crucially, already in place is a Mining Permit along with a JORC-complaint resource and reserve. BTG came out highly positively from a PFS at a far lower gold price than at present. Basically, this is a real bonus for BMV which is essentially focused on gold development projects in South Korea and provides an additional project to also push smartly up the valuation curve.

In our view, it looks to be a good time to be a junior about to commence gold mining. There is no doubt that confidence in the whole banking system was damaged almost irreparably following the 2008 crisis. World economies might have recovered to varying degrees from the Covid-19 pandemic but only the printing of vast amounts of money has protected the stock markets in the short term. However, the chickens look like they are coming home to roost as increasing money supply so much has generated the prospect of high inflation persisting for many years. In times of economic uncertainty investors seek to invest in gold, which has been seen to be a safe haven for centuries.

South Korea has been largely forgotten by the mining industry. This is despite the country having had a substantial gold mining industry in the past and sitting on the Pacific Rim with big affinities to gold producing belts in China and Japan. **In a couple of years' time, when the bigger companies of the mining world wake up to the gold potential in this country, Bluebird could have already snapped up the best projects and have the systems in place.** In our view, this could make the company a highly desirable target for any larger operator looking to gain a footprint in South Korea. A lot of the pieces are already in place for such a scenario. **At current gold prices, we believe Bluebird already has the makings of becoming a highly profitable and valuable business moving ahead.**

Financials & current trading

Results over recent years cover the company's move to focus its mining strategy on South Korea.

Y/E 30 June US\$'000s	2016A ¹	2017A ¹	2018A ¹	2019A ²	2020A
Revenue	-	-	-	-	-
Pre-tax profit/loss	- 921	-1,555	-1,731	-4,243	-900
Net profit/loss	-921	-1,555	-1,736	-4,247	-900

¹ 30 June y/e

² 18 month period to 31 December 2019

Bluebird Merchant Ventures five-year trading history. Source: Company accounts

2020 results

The year ending 31st December 2020 was a difficult one for many businesses given the global pandemic. During 2020 the company's partner SAU decided to exit from the joint venture arrangement and an expert was appointed to value their share of the joint venture business. Losses for the period came to US\$0.9 million, largely due to US\$0.633 million of administrative costs. With no tax liability, the loss for the period also came out at US\$0.9 million which equated to a loss per share of 0.0023 US cents.

Interims

The six-month period to 30th June 2021 was devoted solely to agreeing a deal with SAU to acquire its 50% share of the Gubong and Kochang project joint venture which resulted in a gain on acquisition of US\$8.301 million. The operating loss was US\$0.242 million and after gains on the acquisition of the joint ventures, the pre-tax profit came out at US\$7.965 million. With no tax payable, the loss for the period was also US\$7.965 million and earnings per share came out at 0.02 US cents.

Recent developments

April 2022 saw a funding package agreed to advance initial gold production in 2022. The funding package has the support of Southern Gold and comprises an initial debt tranche of US\$500,000 payable in 2 equal tranches in April and May 2022 to catalyse operations on the ground.

In May 2022, news from the Batangas Gold Project in the Philippines was that there were strong indications of a more favourable policy in the country towards responsible mining. This presented an opportunity for the company to revive this gold project. To this end, management made an application for a further two-year extension of the exploration period of the Mining Permit.

June 2022 saw Bluebird reporting that CEO, Colin Patterson held a series of successful meetings in South Korea with a view to moving the projects forward on an expedited basis. The company reported on work reviewing technical data that was collected just prior to the pandemic which served to confirm that 5m sampling is appropriate for the ore body, thus saving time and costs. In addition, eight drain samples were taken along the length of the main adit to determine the grade of remanent gold in the drain system. This confirms management's experience that fine ore from previous mining operations accumulates on the adit floor and can be quickly collected and stockpiled for future processing.

Risks

Geological risks

There are a series of technical risk factors concerning the amount of understanding of the geology of the project areas, the mineralisation style being targeted and the distribution and magnitude of the indicators that have been identified in exploration work.

Metal price risks

Metal prices are highly cyclical and changes in the price of gold and could have a negative or positive impact on the valuation of the company's projects and revenue from the sales of metals.

Exchange rate risks

Movements in the value of currencies will have an effect on the company's accounts on translation from the South Korean won into US dollars. Fluctuations in the value of the South Korean won and US dollar against sterling may influence the valuation that Bluebird is awarded by the market.

Future funds

The market for raising funds for small cap companies look to have had improved since the global spread of the COVID-19 infection made equity markets extremely difficult. The selloff in international stock markets has not helped and some recent fund raisings in the resources sector have seen share prices being undermined by incoming investors demanding substantial discounts to provide the necessary capital.

Political risk

South Korea is a developed world economy, but as with anywhere in the world there is always some degree of political risk attached to the mining industry. However, the government in South Korea is seen as being highly supportive of its mining sector, where it is incentivising exploration by providing grants for drilling and charging no royalty on production. In the Philippines, the attitude towards mining and mining companies seems to be improving.

Board of Directors

Jonathan Morley-Kirk – Non-Executive Chairman

Jonathan has more than twenty years' experience as a Fellow of the Institute of Chartered Accountants in England and Wales. He has focused largely on natural resources and emerging markets. Jonathan has many years of public company directorship experience with international companies. Prior to moving to Jersey twenty years ago, he held directorial positions at Samuel Montagu & Co and S G Warburg in London.

Colin Patterson – Executive Director & Chief Executive Officer

Colin has more than 40 years' experience in the mining industry 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 Colin was Executive Chairman of a Philippine listed gold producer, Apex Mining. He is a fellow on Australian Institute of Mining and Metallurgy. Colin holds a degree of a Bachelor of Science in Engineering (Mining), a Bachelor of Commerce with honours in Business Economics (Finance).

Charles Barclay – Executive Director & Chief Operating Officer

Charles has worked in the gold mining industry for more years than he cares to remember. His career has encompassed most mining and project positions from Sampler to Chief Operating Officer, a position he has held in three mining companies in the Asia Pacific area over the past twenty years. Charles has managed many projects including Vertical Shaft construction (South Africa), mine design and construction (Papua New Guinea and Vietnam) but his favourite projects have always been reopening and rejuvenating old mines and mine workings.

Aidan Bishop – Executive Director

Aidan is the founding Director of Bluebird Merchant Ventures which was listed on the London Stock Exchange in 2016. Aidan has founded several start-up ventures. These include a venture capital backed super premium award-winning chocolate company in the United Kingdom that exports globally. In addition, he founded a tech company, BigDish that successfully listed on the London Stock Exchange in 2018 and is a Director of Norrland Gold, a TSX listed Swedish exploration company.

Clive Sinclair-Poulton – Non-Executive Director

Clive has many years of experience working as a Director of a number of companies within the natural resources sector. Since 2009 he has been Executive Chairman of Agricola Resources plc. Previously, from 2008 until November 2014, Clive 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, Clive held the office of the Chief Executive Officer at Bezant Resources plc, an AIM listed exploration company whose assets included a Philippine exploration project. He earned a Bachelor's and Master's degree in Law from St Catharine's College (Cambridge). Clive is a Member of the Chartered Institute for Securities and Investment.

Senior Management**Stuart Kemp – 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. Stuart has worked for leading, innovative corporations in the UK, New Zealand and across SE 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.

Graeme Fulton – Project Manager

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. Graeme has expertise in geological modelling & evaluation; Resource & Reserve definition/modelling; mine design & scheduling; feasibility studies audits and due diligence. He is a Fellow of the Australian Institute of Mining and Metallurgy. Graeme has a degree in Mining & Petroleum Engineering from Strathclyde University.

Forecasts

We update our coverage of Bluebird with forecasts for the 2021 to 2023 financial years. In the year ending 31st December 2021, there is a gain on the acquisition of the remaining 50% of the Gubong and Kochang projects of US\$8.301 million, after which the pre-tax profit has been estimated at US\$7.466 million. With no tax payable, the same profit is recorded for the year, which equates to earnings per share of 1.86 cents.

Funding is already in place for proof-of-concept gold production, which is expected to result in first gold being poured before the end of 2022. In this financial year, the higher level of activity is expected to result in administration costs increasing to US\$1.2 million, leading to a pre-tax loss and loss for the year of US\$1.3 million. The loss per share is 0.32 cents.

For 2023 it is assumed that the initial capital expenditure and working capital requirements will be in place in H1, provided by a debt facility which gives rise to a higher financing charge. **With such funds in place, 5,000oz of gold production is planned from the Kochang mine in 2023.** At the same time, the processing plant is assumed to be commissioned. A gold price of US\$1,850 would suggest revenue of US\$9.25 million. Production costs of US\$800/oz result in a US\$4 million costs of sales resulting in a US\$5.2 million gross profit. After US\$1.035 million of financing costs, the pre-tax profit comes out at US\$3.015 million. Profits are expected to be tax exempt in the early years as an allowance against the company's investment in development work, plant and machinery. This leads to a profit for the year of US\$3.1 million and earnings per share of 0.48 cents.

Year End 31 December (000s 'US\$)	FY 2020A	FY2021e	FY 2022e	FY 2023e
Revenue	-	-	-	9,250
Cost of Sales	-	-	-	(4,000)
Gross profit/(loss)	-	-	-	5,250
Administrative expenses	(633)	(600)	(1,200)	(1,200)
Farm in costs	(26)	(75)	-	-
Operating profit/(loss)	(2,200)	(675)	(1,200)	4,050
Gain on acquisition of joint ventures	-	8,301	-	-
Exchange gain/(loss)	-	(10)	-	-
Finance gain/(expense)	(59)	(100)	(100)	(1,035)
Share of loss of joint ventures	(182)	(50)	-	-
Loan written off	-	-	-	-
Profit/(loss) before taxation	(900)	7,466	(1,300)	3,015
Income tax expense	-	-	-	-
Profit/(loss) for the year	(900)	7,466	(1,300)	3,015
Attributable:				
Equity shareholders to the parent company	(900)	7,466	(1,300)	3,015
Earnings per share				
Basic profit/(loss) per share (cents)	(0.0023)	1.86	(0.32)	0.48
Weighted average number of shares	385,087,402	401,958,103	631,396,167	705,807,991
Total shares plus warrants and options	403,405,330	665,614,614	788,514,203	788,514,203

Source: Company/Align Research

Valuation

To determine a valuation and a target price for the stock we have sought to place a value on both the Korean and Philippian gold interests.

Korean projects

Our valuation is based on forecast production from both the Kochang and Gubong Mines. To this end we have developed a financial model of both these mines based on the CPRs, feasibility studies, discussions with management and costs of similar sized projects around the world. **Our analysis is based on employing a flat gold price of \$1,850 per ounce over the life of the project.**

In order to remain conservative, the remaining resources available to be mined have been deduced from the results of both estimates determined by KORES and work by the company. At Kochang, work by the company has outlined a total estimate of the mineral potential of between 550,000 - 700,000t of 5.2 - 6.6g/t gold and 27.3 - 34.8g/t silver (announced on 20th November 2018) for a calculated of 116,000oz gold. Meanwhile, the KORES 2018 sampling programme over a small area of Kochang led to this South Korean government owned company determining a Total Indicated and Inferred Resource of 113,280oz gold at a grade of 6.55 g/t gold and 35.97g/t silver versus Bluebird's reported silver grade of 31.54 g/t.

At Gubong, the remaining resource by KORES was estimated at 2.34Mt at 7.36g/t - equating to 555,299 ounces of gold. The independent CPR dated June 2019 CPR pointed out that *"..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..."*

The previous independent CPR report dated January 2018 highlighted that Gubong had the greatest potential resource, estimated in excess of one million ounces of gold, as well as having the largest area to explore. In addition, the ESS also considered that there was potential to incorporate a number of satellite deposits (Pungsan, Ongnam and Yangi) where KORES had estimated further resources totalling 300,000 ounces of gold. Finally, the EES also considered tailings as providing additional potential. **In all, EES estimated a total of 2.7Mt of ore at an average grade of 7.0g/t and with more than 575,000 ounces recovered.**

Whilst the KORES results do not represent JORC-complaint resources, the Korean system does seem to be logical. The company does not intend to go down the route of delineating JORC resources immediately, although this is likely to form part of the feasibility studies over the bigger prize at Gubong which is planned to be investigated from year 3 of production (2023). In the past, the authors of the EES, which International Gold undertook on Gubong in 2011, considered that the historic resource could be upgraded to JORC using 2007 core and further drilling.

Our model is based on Bluebird mining a combined resource from Kochang and Gubong, as has been outlined in the independent work. **We have modelled for an expected ultimate production level of 500,000tpa. A mine life of 10 years is estimated with an annual yield of 100,000oz of gold pa when name plate capacity is achieved.**

Management believes that recoveries in excess of 90% are likely and so we have assumed a 90% recovery, but with 85% initially in the first year of production. The long-term grade has been chosen to be 7g/t - in line with the KORES resource estimates, with an average grade of a 4.5g/t and 6.5g/t in the first two years. We assume production rising from 2023 to achieve a plateau production level of 100,000oz pa in 2028.

Year	Combined gold production (ounces)	Source of gold production
2023	5,000	100% Kochang
2024	15,000	100% Kochang
2025	20,000	Kochang & Gubong (begins production)
2026	25,000	Kochang & Gubong
2027	50,000	Kochang & Gubong
2028 - 31	100,000	Kochang & Gubong

Assumed gold production over the period that has been modelled. Source: Align Research

Feasibility reports for re-opening the mines at Gubong and Kochang have already led to the indicated necessary capital expenditure for a 100,000 ounce per annum operation being estimated at US\$28 million over a five-year period. However, the global pandemic has caused disruption to most countries and companies which has resulted in consequent delays to supply chains. These are evident but remain an unknown quantity as concerns BMV's projects. Certainly, inflation and cost increases will have made an effect on the company's projects. **We have attempted to reflect this by increasing the capex for the projects to US\$36 million in our analysis.**

Proof-of-concept gold production is the initial route being taken. Looking beyond this stage, the capital cost is seen to be US\$2.1 million in Year 1 (2023) increasing to US\$2.9 million in Year 2 (2024), with the remainder of this US\$36 million budget modelled to be invested in Years 3-5 (2025-2027) which will fuel the step change in production from 20,000 to 100,000 ounces. In addition, a figure for sustaining capex of US\$1 million per annum has been adopted in subsequent years for maintaining the business at this level of production. **Our model shows that these projects do generate strong cash flows and so the bulk of the capex is expected to be funded by cash flow.** However, the capex in the early years will need to be raised to commence production, and the company plans to raise this either through debt or equity. We have assumed that a total of some US\$9 million is raised in early 2023 in debt financing at market rates. This will cover the planned capex for 2022 and 2023 as well as providing some additional working capital.

There are number of subsidies available to the company from the South Korean government which equate to 40-60% of direct costs and would have a significant impact on capital costs. In order to maintain our conservative stance, we have not assumed that Bluebird receives any of this type of funding.

The company has previously estimated an average cash cost per ounce (C1 level) of US\$576. However, in this latest analysis we have been guided by the board to use a figure of US\$800 per ounce due to inflationary pressure, particularly fuel prices. This is the figure that we have used over the life of the project. The South Korean corporate tax rate of 30% has been applied.

Annual cash flows resulting from Bluebird's 100% interest in these projects have been discounted using a 12% discount rate, which serves to risk these already highly conservative figures. The net present value of the project at a 12% discount rate now comes out at a revised US\$164.59 million (£130.63 million).

Discount rate	10%	12%
US\$ million	189.43	164.59
£ million	150.34	130.63

Net Present Value for Kochang and Gubong. Source: Align Research

However, we wish to be even more conservative to allow for both loan provision and project execution risk and so discount this NPV by a further 50%, resulting in a derived valuation of US\$82.30 million. When the loan facility closes then the risk factor would of course be reduced and we would take the opportunity to increase our adjusted valuation accordingly.

Batangas Gold Project

In seeking to place a valuation on Batangas that makes sense in the current equity markets we have sought to use peer group comparisons. However, there seems to be a shortage of directly relatable projects that are owned by quoted companies. So, we have elected to use RTG Mining (TSX:RTG), an Australian mining and exploration company that is quoted on a number of international stock markets and focuses on gold in the Philippines. RTG Mining's key project is the Mabilo gold-copper site, which has an indicated mineral resource of 227,000 tonnes of copper and 762,400 ounces of gold. RTG is also exploring its Bunawan and Nalesbitan projects.

With the stock currently trading at C\$0.07, RTG Mining has a market capitalisation of C\$58.71 million (US\$46.72 million) and an Enterprise Value of C\$46.33 million (US\$36.79 million). RTG Mining's Mabilo project has a gold equivalent (AuEQ) resource of 1.97Moz at 4.8g/t, which equates to an EV per ounce figure of US\$18.68. Batangas is an advanced gold exploration asset with a total JORC compliant resource of 440,000 ounces and using the derived EV/oz figure suggests a valuation of US\$8.21 million for Batangas which we have used in our further analysis.

This looks to be a highly conservative figure, with EV/oz figures far higher elsewhere in the world, which probably results from the Philippines government's past anti-mining stance. Methods of valuing exploration projects include the Appraised Value Method, which assumes that the amount spent on exploration reflects its value. The Appraised Value is seen as the sum of the worthwhile past exploration expenditures and required future costs. Only those past expenditures that have contributed to identification of exploration potential are seen to contribute to value. In all, more than US\$20 million has been spent at Batangas, which we would argue has been spent well as the project has a JORC compliant resource and reserve and has passed through the PFS stage.

Total

Assets	US\$ million
Korean Projects	82.30
Batangas Gold Project	8.21
Sub-total	US\$ 90.51 million
	£71.83 million
Per share valuation based on the number of issued shares (635,319,056)	11.31p
Funds from warrants being exercised less debt	£2.789 million
Total	£74.62 million
Per share valuation based on the number of shares on a fully diluted basis (778,514,203)	9.58p

Sum of the parts table. Source: Align Research

Our SOTP table shows that a total value of US\$90.51 million has been determined for the Korean projects and the Batangas Gold Project. Based on the current number of issued shares (635,319,056), that suggests a valuation of 11.31p per share.

Looking at the valuation per share on a fully diluted basis, we have added in the funds which would be received by the company on warrants & the 100m shares subscription sharing agreement. This equates to £2.789 million net of debt and gives a total valuation of £74.62 million. The number of shares on a fully diluted basis has been determined on a conservative basis to be 788,514,203, which includes the option to subscribe for a further 100 million shares at a floor price of 2p per share over the next twelve months. On a fully diluted basis the valuation per share comes out at 9.58p, a figure we have adopted as our revised target price for the stock.

Conclusion

In our view, Bluebird is a highly compelling gold play with a commitment to provide a decent pipeline of news to keep investors fully informed. Management has extensive experience of bringing old mines back on stream with powerful economics due to the attractively lower costs of refurbishing an old mine compared with building a new one. At the same time, no amount of advanced exploration and drilling can ever provide the level of knowledge and comfort that the data from the historic mining of a deposit provides.

The mining team at the helm of Bluebird has a highly successful track record of bringing old narrow vein gold underground mines back to life and unlocking the value. These highly experienced mining engineers are the first people to have stepped into these mines for probably thirty years and now look set to optimise the economics using modern mining practices, processing, equipment and reagents plus the latest mineralisation models. **In small cap stocks management is key and there is nothing more reassuring for investors than having a company being run by a Board that have proven themselves in a similar previous highly successful gold mining ventures and that are aligned with investors through their shareholdings – something we have learnt the hard way in recent years.** This box is resolutely ticked here.

Over the remaining six months of 2022, there would look to be a slew of highly positive news flow events ahead of the first gold pour. We look forward to being able to revisit our target price as the company moves ever closer to this time ahead of establishing sustained gold production at both Kochang and Gubong. **However, this could just be just the start as not just Kochang and Gubong, but now also Batangas are set to be pushed very smartly up the valuation curve by a team that knows full well how to achieve and deliver shareholder value.**

We have to point out that all this is happening against the supportive backdrop of a rising gold price. Currently, it looks like gold's weather as the global economy is having to deal with rapidly rising inflation, a spectre that hasn't been seen in the developed world for a couple of decades. It is little surprise that inflation has been aroused as many central banks have been injecting huge amounts of liquidity into the financial system. **These are just the sort of market conditions that can magnify profits from gold mining, especially from projects like Bluebird's that have reasonably low opex and capex costs and a rapidly rising level of gold production.**

Our coverage of Bluebird Merchant Ventures is updated with a revised target price of 9.58p and a Conviction Buy stance.

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