



27 March 2017

Bluebird Merchant Ventures LTD
(the “Company” or “Bluebird”)

Strategy Update and New Acquisition

Bluebird Merchant Ventures (EPIC: BMV) is pleased to announce the Company’s new strategic direction.

Highlights:

- **Bluebird enters into an agreement to form a joint venture to reopen two high-grade gold mines in South Korea**
- **New Management Structure**
- **Directors offer to take salaries in shares**
- **SP Angel become Company Broker**

Bluebird is pleased to announce a joint venture with ASX listed explorer, Southern Gold Ltd (SAU). SAU has acquired a number of tenements within South Korea. Several old mines are located within these tenements. As an explorer SAU’s business model is to farm out production to professional mining operators. Bluebird has selected the Taechang and Gubong mines and will enter into a 50:50 joint venture upon completion of a feasibility study on each mine. Bluebird will be the Operator of the mining projects.

In order to achieve a 50:50 joint venture Bluebird has to spend USD500,000 per mine over an initial 12-month period in order to produce a feasibility study for restarting production. In addition, Bluebird is required to invest AUD250,000 into a placing of Southern Gold shares for each mine. The placings can be made at any time up until 90 and 120 days after Bluebird is provided access by SAU to the respective mines.

The Gubong mine was once the second largest gold mine in South Korea. It operated from 1908 until the early 1970’s when the mine was closed due to a very low gold price. Six veins were mined and there is extensive infrastructure such as a major adit, two vertical shafts, incline shafts (all of which have been previously sealed off to prevent unauthorised access) and a few hundred kilometres of underground development. The mine area, which is 4 square kilometres in size, is recognised as being in one of the 10 major metallogenic provinces in Korea. Mineralisation is recognised over 14 square kilometres.

Whilst Taechang has not been developed to anything like the extent of Gubong, it was a high-grade producer. Accesses to the underground workings were not previously sealed off and are mostly open thus making it an ideal target for early production.

Bluebird secured the opportunity for the South Korean mines from Momentum Resources (MR) who have been engaged with a number of projects within South East Asia over the past decade. The MR team are professional mine operators and have many years of experience in all aspects of mining and are based within East Asia. The team will join Bluebird and have been incentivised to achieve key project milestones as described in Appendix 1. Colin Patterson and Charles Barclay collectively own 23% of MR.



Colin Patterson and Aidan Bishop have both offered to the Board that they would like to take 100% of their respective salaries over at least the next 12 month period in stock and for that stock to be subject to lock-in arrangements to be agreed with the Board.

Given the current uncertainty with Philippine mining policy the Company has no major expenditure planned in the Philippines this year. The Company expects to continue its Philippine business when the operating environment and mining policy becomes clearer. However the Company will continue to work with its local partner towards achieving key permitting milestones.

Due to the expectation that the South Korea opportunity will become a significant one for the Company, the Directors have elected to terminate discussions in relation to the unsolicited offer that was first announced on 11 October 2016.

Colin Patterson will become Chief Executive Officer whilst Charles Barclay will both join the Board as an Executive Director and become Chief Operating Officer. Stuart Kemp will become the Chief Financial Officer. These appointments take effect on 31 March 2017. Both Colin Patterson and Charles Barclay have a track record of bringing old underground gold mines back into production. In addition they have both taken mines from the exploration stage through to mine development and operation.

Lastly, the Company is pleased to announce that it has retained SP Angel Corporate Finance to act as Company Broker.

Colin Patterson, incoming Chief Executive Officer commented: "The strategic shift towards South Korea represents an exciting move for Bluebird. The prospect of refurbishing old gold mines in a large gold district offers the potential to create significant value for shareholders. Compared to most countries in the World, Korea is an excellent jurisdiction to rapidly get mines into operation at a modest cost."

Charles Barclay, incoming Chief Operating Officer stated: "The opportunities afforded in reopening old gold mines with existing resource and excellent potential to delineate further resource are many. Most old mines were never abandoned in an organised manner with a lot of broken ore never cleaned out. This presents a good opportunity for cheap production. Apart from this the value of hundreds of meters of developed infrastructure is enormous."

Appendix 1

Momentum Resources will be issued up to a total of 80 million shares based on the following project milestones:

- 8 million shares upon Bluebird executing the agreement with SAU;
- 8 million shares upon Bluebird making the first placement in SAU shares;
- 8 million shares per project for achieving positive feasibility to enable the project to enter the production phase;
- 50% of the remaining balance of shares upon the project funding the construction phase;
- The remaining balance of shares upon the project upon commencing production i.e. pouring first gold.

Two further milestone payments of USD 1 million each will be paid in shares once the company achieves a 90 day VWAP share price of 6p and a 90 day VWAP share price of 10p.

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