



Prospectus

Blackgold International Holdings Limited

ABN 80 145 095 478

For:

- a non-renounceable pro rata offer to Eligible Shareholders of one (1) New Option for every ten (10) Existing Shares held on the Record Date at an issue price of \$0.001 per New Option with an exercise price of \$0.08 exercisable on or before 31 July 2016 (**Offer**); and
- an offer of Shortfall Options to persons nominated by the Directors on the terms set out in section 7.7 (**Shortfall Offer**).

The Offer is not underwritten.

ASX Code: BGG

This Prospectus provides important information about the Company. You should read the entire document including the Entitlement and Acceptance Form. If you have any questions about the New Options being offered under this Prospectus, or any other matter relating to an investment in the Company, you should consult your professional adviser. An investment in the New Options offered under this Prospectus is highly speculative.

This Prospectus is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This Prospectus is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

Important Notice

This Prospectus is dated 18 July 2014 and was lodged with ASIC on that date. Application was made to ASX for quotation of the New Options offered under this Prospectus on 9 July 2014.

Neither ASIC, ASX nor any of their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. No securities will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Nature of this Prospectus

This Prospectus is a 'transaction specific prospectus' to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of options to acquire securities in a class which has been continuously quoted by ASX in the 3 months prior to the date of the prospectus. In general terms 'transaction specific prospectuses' are only required to contain information in relation to the effect of the Offer on the Company and the rights and liabilities attaching to the New Options and the underlying securities of the New Options. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus contains information only to the extent to which it is reasonable for investors and their professional advisers to expect to find the information in it. It does not include all of the information that would be included in a prospectus for an initial public offer.

Prospectus availability

Eligible Shareholders can obtain a copy of this Prospectus during the Offer period on the Company's website at www.blackgoldglobal.net or by contacting the Company. If you access an electronic copy of this Prospectus, you should ensure that you download and read the entire Prospectus.

The electronic copy of this Prospectus available from the Company's website will not include a personalised Entitlement and Acceptance Form. Eligible Shareholders will only be able to accept the Offer by completing the personalised Entitlement and Acceptance Form which accompanies this Prospectus or by making payment using BPAY® (refer to section 6.4 of this Prospectus for further information).

Foreign jurisdictions

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these

restrictions may violate securities laws. Applicants who are residents in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it should not be lawful to make such an offer.

Disclaimer of representations

No person is authorised to provide any information or make any representation in connection with the Offer which is not contained in this Prospectus.

Forward looking statements

This Prospectus contains forward looking statements that, despite being based on the Company's current expectations about future events, are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and the Directors. These known and unknown risks, uncertainties and assumptions, could cause actual results, performance or achievements to materially differ from future results, performance or achievements expressed or implied by forward-looking statements in this Prospectus. These risks, uncertainties and assumptions include, but are not limited to, the risks outlined in section 6 of this Prospectus. Forward-looking statements include those containing such words as 'anticipate', 'estimate', 'believe', 'should', 'will', 'may' and similar expressions.

Privacy

Please read the privacy information located in section 7.16 of this Prospectus. By submitting an Entitlement and Acceptance Form, you consent to the matters outlined in that section.

Definitions

Certain terms and abbreviations used in this Prospectus have defined meanings which are explained in the Glossary.

Enquiries

If you have any questions please call the Company Secretary on +61 8 6489 0600 Link Market Services Limited (**Share Registry**) on 1300 554 474 at any time between 8.00am and 5.00pm (WST time) Monday to Friday until the Closing Date. Alternatively, consult your broker or other professional adviser.

Table of Contents

1	TIMETABLE TO THE OFFER	4
2	KEY OFFER TERMS AND CAPITAL STRUCTURE	4
3	INVESTMENT OVERVIEW AND KEY RISKS	5
4	PURPOSE AND EFFECT OF THE OFFER.....	7
5	RISK FACTORS	9
6	ACTIONS REQUIRED BY ELIGIBLE SHAREHOLDERS	16
7	DETAILS OF THE OFFER.....	19
8	RIGHTS AND LIABILITIES ATTACHING TO NEW OPTIONS AND THE UNDERLYING SHARES	24
9	ADDITIONAL INFORMATION.....	28
10	DIRECTORS' RESPONSIBILITY AND CONSENT.....	33
11	GLOSSARY.....	34

Corporate Directory

Directors

Chi Ho (James) Tong	(Non Exec. Chairman)
Yu Guo Peng	(Managing Director)
Jun Ou	(Executive Director)
Sophia Huang Wei-Her	(Non Exec. Director)
John Wu ZhongHan	(Non Exec. Director)
Prof. Guangfu Yang	(Non Exec. Director)

Company Secretary

Luke Martino

CEO

Yu Guo Peng

CFO

Shao Kui Chen

Registered Office

C/- 311-313 Hay Street
Subiaco WA 6008
Tel: +61 8 6489 0600
Fax: +61 8 9388 3701

Share Registry

Link Market Services Limited
Level 4 Central Park
152 St Georges Terrace
Perth WA 6000
Tel: 1300 554 474
Fax: +61 2 9287 0303

Solicitors to the Offer

Kings Park Corporate Lawyers
Level 2, 45 Richardson Street
West Perth WA 6005

Auditor*

Crowe Horwath Perth

Website

www.blackgoldglobal.net

*This party is named for informational purposes only and was not involved in the preparation of this Prospectus

1 TIMETABLE TO THE OFFER

Prospectus lodged with ASIC and ASX	18 July 2014
Ex Date - Shares trade ex Entitlement	23 July 2014
Record date to determine Entitlement (Record Date)	25 July 2014 7.00 pm (AEST)
Prospectus with Entitlement and Acceptance Form dispatched	30 July 2014
Offer opens for receipt of Applications (Opening Date)	30 July 2014
Closing date for acceptances (Closing Date)	11 August 2014 5.00 pm (AEST)
Options quoted on a deferred settlement basis	12 August 2014
Notify ASX of under-subscriptions	14 August 2014
Issue of New Options (Issue Date)	18 August 2014
Trading of New Options expected to commence	19 August 2014
Last date to issue Shortfall Options (see section 7.7 for details)	11 November 2014

The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date. As such the date the New Options are expected to commence trading on ASX may vary.

2 KEY OFFER TERMS AND CAPITAL STRUCTURE

Shares currently on issue ¹	888,003,622
New Options offered under this Prospectus ^{1 and 2} at \$0.001 per New Option	88,800,362

Note:

- 1 This assumes no further Shares are issued prior to the Record Date.
- 2 See section 9.2 for the terms and conditions of the New Options.

3 INVESTMENT OVERVIEW AND KEY RISKS

This information is a selective overview only. Prospective investors should read the Prospectus in full before deciding to invest in New Options.

Question	Response	Where to find more information
What is being offered?	Eligible Shareholders are offered one (1) New Option for every ten (10) Existing Shares held on the Record Date at an issue price of \$0.001 per New Option (exercisable at \$0.08 on or before 31 July 2016).	Section 7.1
How will the proceeds of the Offer be used?	<p>Funds raised under the Offer will be used to meet the costs of the Offer and for working capital.</p> <p>Funds raised from the exercise of New Options will be used to acquire new mines, develop existing mines and for working capital.</p>	Section 4.1
What are the key risks of a subscription under the Offer?	<p>An investment in the Company has risks that you should consider before making a decision to invest. These risks include:</p> <ul style="list-style-type: none">• Negative working capital - According to the Company's most recent interim financial report for the half year ending 30 April 2014, the Company has a deficiency of current assets over current liabilities. There is a risk that the Company may require additional working capital to finance its operations.• Demand for and supply of coal - the Company's revenue is substantially dependent on the domestic Chinese supply of and demand for coal.• Permits - the Company's mining permits are subject to production quotas. While waivers have been granted for past years, the Company has historically breached these quotas. The Company is currently applying for an increased in the permitted quotas and is awaiting a production permit for its Baolong Mine.• Major customers - the Company relies on a small number of major customers for a substantial portion of the Company's revenue. If any one of these customers significantly reduces its purchase of coal from the Company, fails to pay for product purchased or is late in making payment, this might adversely affect the Company's cash flow and	Section 5

financial condition.

- Future capital needs and additional funding - the Company plans to acquire additional mines and to upgrade and expand its business which will require significant capital expenditures for the foreseeable futures. In addition, actual capital expenditures for the Company's capital investment projects may significantly exceed its estimated budgets because of various factors beyond its control.
- Location of assets and operations - the Company's assets and operations are located in China, and the Company may be a reduced level of title and control over these assets.

Please carefully consider these risks, the additional risks in section 5 and the information contained in other sections of this Prospectus before deciding whether or not to apply for New Options.

Is the Offer underwritten?	The Offer is not underwritten.	Section 7.4
What will be the effect of the Offer on control of the Company?	<p>The Offer will not have any effect on control of the Company before the exercise of any New Options.</p> <p>New Options may only be exercised in compliance with the Corporations Act, and will only affect control where permitted under the Corporations Act.</p>	Section 5.7
How do I apply for New Options under the Offer?	Applications can be made by Eligible Shareholders completing the personalised Entitlement and Acceptance Form and sending it to the Share Registry.	Section 6.2
How will the Shortfall Options be allocated?	Any New Options not applied for as Entitlement will become Shortfall Options which will be allocated at the Directors' discretion.	Section 7.7
How can I obtain further advice?	Contact the Company's Financial Controller on +86 (23) 6377 6619 or the Company Secretary on +61 8 6489 0600 or the Share Registry on 1300 554 474 at any time between 8.00am and 5.00pm (WST time) Monday to Friday until the Closing Date. Alternatively, consult your broker, accountant or other professional adviser.	

4 PURPOSE AND EFFECT OF THE OFFER

4.1 Introduction and purpose

The Offer will reward Shareholders by giving them the opportunity over the next 2 years to subscribe for Shares at an approximately 10% discount to the current market price. Funds raised from exercising New Options (up to approximately \$7.1 million) will be used for the acquisition of new mines and general working capital.

4.2 Effect of the Offer on the Company

Assuming that no Shares are issued before the Record Date and that Entitlements are taken up in full, the effect of the Offer will be that:

- (a) prior to the exercise of any New Options,
 - (i) cash reserves will increase by approximately \$88,000 (before costs);
 - (ii) the number of Options on issue will increase from nil to 88,800,362; and
 - (iii) the number of Shares on issue will remain at 888,003,622.
- (b) if all of the New Options are exercised,
 - (i) cash reserves will increase by approximately \$7.1 million (before costs);
 - (ii) the number of Options on issue will be nil; and
 - (iii) the number of Shares on issue will increase to 976,803,984.

4.3 Consolidated capital structure

Assuming that no Shares are issued before the Record Date and that Entitlements are taken up in full, the consolidated capital structure of the Company following the Offer will be:

- (a) prior to the exercise of any New Options:

	Shares	Options
Balance as at the Record date	888,003,622	nil
New Options offered under the Prospectus	-	88,800,362
Total as at the Closing Date	888,003,622	88,800,362

- (b) if all of the New Options are exercised:

	Shares	Options
Balance as at the Record date	888,003,622	nil
Shares issued upon exercising of New Options	88,800,362	-
Total as at the Closing Date	976,803,984	nil

4.4 Effect on control and potential dilution

The Offer will not have any effect on control of the Company before the exercise of any New Options.

New Options may only be exercised in compliance with the Corporations Act, and will only affect control where permitted under the Corporations Act.

4.5 Statement of financial position

The issue of Options under this Prospectus will raise approximately \$40,000 (net of costs) and will not have any material effect on the Company's financial position.

5 RISK FACTORS

Investment in the New Options is highly speculative as the Company is a resource exploration company. Please consider the risks described below and the information contained in other sections of this Prospectus. You should also consider consulting with your professional advisers before deciding whether or not to apply for the New Options.

The following is a list of the material risks that may affect the financial position of the Company, the value of an investment in the Company, as well as the Company's operations.

5.1 Risks under the Offer

The Options have an exercise price of \$0.08 per Option. The current Share price is approximately \$0.08. There is a risk that the Share price may fall and be less than the exercise price of the Options.

5.2 Company and industry risks

The risks outlined below are specific to the Company's operations and to the resource exploration industry in which the Company operates.

(a) Negative working capital

According to the Company's most recent interim financial report for the half year ending 30 April 2014, the Company has a deficiency of current assets over current liabilities. There is a risk that the Company may require further working capital to finance its operations.

(b) Demand for and supply of coal

As the majority of the Company's revenue is derived from mining and selling coal, its business, profitability and results of operations are substantially dependent on the domestic Chinese supply of and demand for coal. The domestic and international coal markets are cyclical and have in the past experienced significant fluctuations in supply, demand and prices from year to year. Specifically, reportable segment profit before taxation attributable to mining sales and mining fees fell by 33.76% and 18.76% respectively between the first half year periods of 2011-2012 and 2012-2013. Whilst demand for the Company's coal can be stronger in the second half of a financial year, there is a risk that this may not occur this or in future financial years.

These fluctuations are caused by numerous factors beyond the Company's control, including, among others:

- (i) global and domestic economic conditions and competition from other energy sources;
- (ii) global and domestic supply of thermal coal;
- (iii) the growth rate and expansion in industries with high demand for coal, such as the power and steel industries; and
- (iv) the indirect influence on domestic coal prices of the PRC Government through its regulation of on-grid tariffs.

There can be no assurance that the domestic or international markets for coal products will not experience excess supply or that the domestic or international demand for coal products will continue to grow. An over-supply of, or significant decline in demand for, coal products may have a material adverse effect on the Company's business, profitability and results of operations.

(c) Production

The Company's future success depends on its ability to acquire new coal resources and expand production at its existing mines. As the Company produces coal, the reserves at its existing mines will decline. The measured coal resources may change as a result of variations in recovery rates due to factors such as geological conditions and level of technology. Fluctuations in commodity prices and changes in production costs may affect the extent and degree of the Company's exploration and development activities. Many of these factors are beyond the Company's control and there can be no assurance that the Company will successfully expand its coal resources.

(d) Permits and approvals

The Company is required to obtain from competent government authorities relevant permits and approvals for its operations, properties and expansion projects. The Company's permits are subject to production quotas. The Company has historically breached these quotas.

As of the date of this Prospectus, the Company is in the application process for an increase in permitted annual coal production capacity of the Caotang Mine, the Heiwan Mine and the Changhong Mine. In addition, the Company is in the application process for the coal production permit for the Baolong Mine. There can be no assurance that the Company will be able to successfully obtain and renew these permits and approvals. Failure to do so may result in suspension of the Company's operations or penalties.

(e) Occupational and mine safety

The Company's projects are subject to PRC laws and regulations regarding occupational and mine safety, which means that there are potential liability risks. Producers who fail to comply with safety regulations will be subject to penalties, including fines and suspension of the safe production permit for the mine. If the safe production permit of a mine is suspended, the producer shall be compelled to stop operations at the coal mine. The Company operates in accordance with applicable laws and currently acceptable industrial practices and conducts its operations in a responsible manner with regard to occupational and mine safety.

(f) Major customers

The Company relies on a small number of major customers for a substantial portion of the Company's revenue. If any one of these customers significantly reduces its purchases of coal from the Company, fails to pay for product purchased or is late in making payment of purchased coal, or if the Company is unable to sell coal to them on similarly favourable terms or at all, the Company's cash flow and financial condition, and the results of operations, may be materially and adversely affected. However, there is no reason for the Company to believe that any of the major

customers will discontinue buying coal from the Company, or that any loss of sales to any major customer cannot be replaced by sales to the remaining major customer on no less favourable terms.

(g) Tax risks

The Company is subject to the tax regimes in the PRC. Currently, the Company's operating subsidiaries are taxed at the statutory PRC enterprise income tax rate and some of the Company's subsidiaries are taxed by the local tax bureaus on a deemed basis whereby the tax bureaus assessed the subsidiaries' enterprise income tax on a deemed profit basis on total revenue. The Company expects these subsidiaries to continue to be taxed using the deemed basis method in the future. However, there is no assurance that these subsidiaries will continue to be taxed on a deemed basis. Any increase in our tax liability would have a negative impact on the Company's net profit.

(h) Financing facilities

The Company relies on financing facilities such as bank loans and bills payable, among others, to finance its operations. Certain of these facilities are short term loans which are renewed on an annual basis. As at 30 April 2014 the total amount of loan facilities granted was AUD 97.3 million, of which AUD 93.8 million was utilised.

Whilst the Company is confident that all short term loans will be renewed annually, there is a risk that this may not occur. Any failure may materially affect the Company's business, financial performance, financial condition and results of operations.

(i) Access right

The Company conducts some of its mining activities on land that is collectively-owned by third parties. At Heiwan Mine, Baolong Mine, Changhong Mine and the site for its proposed coal-washing facility, the Company has entered into land-use agreements with the owners of the collectively-owned land which are valid for up to 20 years and obtained short-term land use rights from the relevant local bureaus with a validity period of two years. The Company has applied for permanent land use rights to these parcels of land and intends to continue to apply for the renewal of the existing short term land use rights upon expiry. However, there is no assurance that the Company will be able to renew the short-term land use rights or obtain permanent land use rights which may require substantial time, cost and effort for the Company to regain access to its mines or other facilities and any interruptions to its operations or sustained inability to access its mines or other facilities may have a material adverse effect on its business, financial condition and results of operations.

(j) Reserves and resource estimates

The Company bases its production, revenue and expenditure plans on its coal resource and reserve data.

The coal resource and reserve data and production targets are only estimates and may differ materially from our actual mining results. Estimates which were valid when made may change significantly when new information becomes available.

There are many factors, assumptions and variables beyond our control that result in inherent uncertainties in estimating resources and reserves. Our actual volume of reserves and rates of production may be different from these estimates due to various factors, including those outside our control.

(k) Capital growth

The Company plans to acquire additional mines and to upgrade and expand its business which will require significant capital expenditures for the foreseeable future. In addition, actual capital expenditures for the Company's capital investment projects may significantly exceed its estimated budgets because of various factors beyond its control. If the Company's actual capital expenditures for investment projects significantly exceed estimated budgets, or even if its budgets were sufficient to cover these projects, it may not be able to achieve the intended economic benefits of these projects, which in turn may materially and adversely affect the Company's financial condition, results of operations and growth prospects. Even if the Company completes its expansion, development and construction projects as planned, there is no assurance that such projects will be as profitable as expected

(l) Future capital needs and additional funding

The Company plans to acquire additional mines and to upgrade and expand its business which will require significant capital expenditures for the foreseeable future. In addition, actual capital expenditures for the Company's capital investment projects may significantly exceed its estimated budgets because of various factors beyond its control.

The Company has negative working capital for the half year ending 30 April 2014, meaning its current liabilities are more than its current assets. The Company may require additional funding for working capital in future if its current assets become insufficient to meet the obligations under its current liabilities and there is a risk that future funding may not be available which will adversely affect the business, operation, liquidity and financial position of the Company.

(m) Commodity prices

Commodities prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include worldwide and regional supply and demand for commodities, general world economic conditions and the outlook for interest rates, inflation and other economic factors on both a regional and global basis. These factors may have a positive or negative effect on the Company's exploration, project development and production plans and activities, together with the ability to fund those plans and activities.

(n) Environmental and land rehabilitation requirements

The Company's projects are subject to rules and regulations regarding environmental matters the discharge of hazardous wastes and materials. As with all mineral projects, the Company's projects are expected to have a variety of environmental impacts should development proceed. Development of any of the Company's projects will be dependent on the Company satisfying environmental guidelines and, where required, being approved by government authorities.

The Company intends to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws, but may still be subject to accidents or other unforeseen events which may compromise its environmental performance and which may have adverse financial implications.

(o) Key personnel

The responsibility of overseeing the day-to-day operations and the Company's strategic management depends substantially on its senior management and key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

(p) Legal and regulatory requirements

The Company is subject to extensive national and local governmental regulations, policies and controls. The liabilities, costs, obligations and requirements associated with these laws and regulations may be significant and may delay the commencement of, or cause interruptions in, our operations. Failure to comply with the applicable mining laws and regulations may even result in the suspension of our operations and thus materially and adversely affect our business and results of operations.

There can be no assurance that the relevant government will not modify such laws or regulations or impose additional or more stringent laws or regulations on us. Compliance with such laws or regulations may require us to incur significant costs or other obligations or liabilities.

(q) Competitive activity

The Company operates in a competitive market. Competition in the coal industry is based on factors such as price, production capacity, coal type and quality, transportation capability and costs, blending capability and brand name recognition. The Company faces competition in both the domestic and international markets from other large domestic and foreign coal mining companies and coal traders. The Company's success depends on its ability to continue competing effectively against these competitors. The Company's revenue and profit margins will be adversely affected in the event that there is a significant increase in competition in either the domestic or foreign markets and the Company is not able to compete effectively against other competitors or cope with changing market conditions by maintaining operating efficiency and improving price competitiveness.

(r) Location of assets and operations

All of the Company's assets are located in China and all of the Company's revenue is sourced from China. Accordingly, our financial condition, results of operations and growth prospects are to a significant degree subject to economic, political and legal developments in China. The Company may be adversely affected by the political instability or changes in social conditions, laws and regulations relating to mining, taxation and imports and exports.

(s) Operating risks

The operations of the Company may be affected by various factors. Accidents at the Company's mines could materially and adversely affect the Company's business, financial condition and results of operations and the safety of the Company's coal operations. Underground mining activities are inherently dangerous if the mines have high concentrations of methane gas, as such activities may result in explosions caused by sparks. While the Company controls and ensures the proper functioning of the ventilation system in its underground coal mines and complies with the PRC Government's safety requirements, there can be no assurance that the safety measures that the Company currently implement in the Company's mines are sufficient to prevent all possible accidents.

(t) Uninsurable risks

Mining operations involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences, and political and social instability. These events may lead to industrial accidents, injury or death of employees, the damage or destruction of plant and equipment, damage to geological and mine structures, and other circumstances which may have a material adverse effect on the operational and financial performance of the Company. The occurrence of any of these events, and the consequences resulting from them, may not be covered adequately, or at all, by insurance policies. None of the mining operating assets at the mining sites is covered by any property insurance as there are no relevant insurance products available in the areas we operate.

Although insurance is maintained within ranges of coverage consistent with industry practice, there is no assurance that such insurance will be available in the future on commercially reasonable terms or that any cover will be adequate and available to cover any or all claims. Any occurrence of uninsured losses or liabilities may have a material adverse effect on the Company's business, financial results and operations, and result in a decline in the value of the securities of the Company.

(u) Reliance on third parties

The Company is reliant on third parties for certain key services including resource and reserve calculation. Like other coal producers in Chongqing, the Company depends on river and road transportation infrastructure for delivery of coal to the Company's customers. Any constraints on loading capacity, significant increase in transportation costs, industrial disputes, natural disasters, financial failure or default or inadequate performance in the provision of these services may have a material adverse effect on the Company's cost competitiveness, business, financial condition and results of operations.

(v) Litigation risk

From time to time, the Company may be involved in litigation. Such litigation may include, but is not limited to, contractual claims, personal injury claims and employee claims. If a claim is pursued against the Company, the litigation may adversely impact on the sales, profits or financial performance of the Company. Any claim, whether successful or not, may adversely impact on the Company.

(w) Foreign exchange

As an Australian entity, the Company raises its capital in Australian dollars, however the future revenue and costs of the Company will be largely determined in Chinese Renminbi. As a result, the Company has exposure to currency risk.

5.3 General investment risks

The risks outlined below are some of the general risks that may affect an investment in the Company.

(a) Securities investments and share market conditions

There are risks associated with any securities investment. The prices at which the securities trade may fluctuate in response to a number of factors.

Furthermore, the stock market, and in particular the market for exploration and mining companies may experience extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of such companies. These factors may materially adversely affect the market price of the securities of the Company regardless of the Company's operational performance. Neither the Company nor the Directors warrant the future performance of the Company, or any return of an investment in the Company.

(b) Liquidity risk

The market for the Company's Shares may be illiquid. As a consequence investors may be unable to readily exit or realise their investment.

(c) Economic risk

Changes in both Australia and world economic conditions may adversely affect the financial performance of the Company. Factors such as inflation, currency fluctuations, interest rates, industrial disruption and economic growth may impact on future operations and earnings.

6 ACTIONS REQUIRED BY ELIGIBLE SHAREHOLDERS

6.1 What you may do

As an Eligible Shareholder, you may:

- (a) subscribe for all or part of your Entitlement (see section 6.2);
- (b) allow all or part of your Entitlement to lapse (see section 6.3).

6.2 To subscribe for all or part of your Entitlement

Applicants should read this Prospectus in its entirety in order to make an informed decision on the prospects of the Company and the rights attaching to the New Options offered by this Prospectus before deciding to apply for New Options. If you do not understand this Prospectus you should consult your stockbroker, accountant or other professional adviser in order to satisfy yourself as to the contents of this Prospectus.

If you wish to subscribe for all or part of your Entitlement, complete the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on that form. The Entitlement and Acceptance Form sets out the number of New Options you are entitled to subscribe for.

Any refund of application moneys will be returned to Applicants as soon as practicable following the close of the Offer.

6.3 To allow all or part of your Entitlement to lapse

If you are an Eligible Shareholder and do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

If you take no action, your Entitlement will lapse. You will receive no benefit or New Options and your Entitlement will become available as Shortfall Options.

If you wish to receive a benefit, you must take action to accept your Entitlement in accordance with the instructions above and on the accompanying personalised Entitlement and Acceptance Form.

The number of Existing Shares you hold as at the Record Date and the rights attached to those Existing Shares will not be affected if you choose not to accept any of your Entitlement.

6.4 Payment methods

Cheque, bank draft or money order

The completed Entitlement and Acceptance Form must be accompanied by a cheque, bank draft or money order made payable to '**Blackgold International Holdings Limited**' and crossed 'Not Negotiable' for the appropriate application money in Australian dollars calculated at \$0.001 per New Option accepted. Your cheque, bank draft or money order must be paid in Australian currency and be drawn on an Australian branch of an Australian financial institution. The Company will present the cheque or bank draft on or around the day of receipt of the Entitlement and Acceptance Form. You must ensure that your cheque account has sufficient funds to cover your payment, as your cheque will be presented for

payment on receipt. If your bank dishonours your cheque your application will be rejected. Dishonoured cheques will not be represented.

If the amount of your cheque(s), bank draft(s) or money order(s) for application money (or the amount for which those cheque(s) or bank draft(s) clear in time for allocation) is insufficient to pay for the number of New Options you have applied for in your Entitlement and Acceptance Form, you may be taken to have applied for such lower number of New Options as your cleared application money will pay for (and to have specified that number of New Options in your Entitlement and Acceptance Form) or your Application may be rejected.

The Entitlement and Acceptance Form must be received by the Company at the following address by no later than 5.00 pm AEST (3pm (WST)) on the Closing Date:

By Post To:	By Delivery To:
Blackgold International Holdings Limited c/- Link Market Services Limited Locked Bag A14 Sydney South NSW 1235	Blackgold International Holdings Limited c/- Link Market Services Limited 1A Homebush Bay Drive Rhodes NSW 2138

BPAY

Alternatively, if you are paying by BPay, refer to your personalised instructions on your Entitlement and Acceptance Form. Shareholders who wish to pay by BPay must ensure that payment is received by no later than 5pm AEST (3pm (WST)) on the Closing Date.

You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPAY are received by 5pm AEST (3pm (WST)) on the Closing Date.

If you have more than one shareholding and consequently receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those shareholdings only use the Customer Reference Number specific to that shareholding as set out in the applicable Entitlement and Acceptance Form. Do not use the same Customer Reference Number for more than one of your shareholdings. This can result in your application monies being applied to your Entitlement in respect of only one of your shareholdings (with the result that any application in respect of your remaining shareholdings will not be recognised as valid).

The Company shall not be responsible for any postal or delivery delays or delay in the receipt of the BPay payment.

6.5 Entitlement and Acceptance Form is binding

A completed and lodged Entitlement and Acceptance Form together with a cheque, bank draft or money order for the application moneys, or by making a payment in respect of an Application by BPay, constitutes a binding application to acquire New Options on the terms and conditions set out in this Prospectus and, once lodged, cannot be withdrawn.

By completing and returning your Entitlement and Acceptance Form with the requisite application monies, or by making a payment in respect of an Application by BPay, you will

be deemed to have represented that you are an Eligible Shareholder. In addition, you will also be deemed to have represented and warranted on behalf of yourself or each person on whose account you are acting that the law in your place of residence and/or where you have been given the Prospectus, does not prohibit you from being given the Prospectus and that you:

- (a) agree to be bound by the terms of the Offer;
- (b) declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- (c) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form;
- (d) authorise the Company and its respective officers or agents, to do anything on your behalf necessary for the New Options to be issued to you, including to act on instructions of the Company's share registry upon using the contact details set out in the Entitlement and Acceptance Form;
- (e) declare that you are the current registered holder of Shares and are a resident in Australian, New Zealand, Singapore or British Virgin Island, and you are not in the United States or a US Person, or acting for the account or benefit of a US Person;
- (f) acknowledge that the information contained in, or accompanying, the Prospectus is not investment or financial product advice or a recommendation that New Options are suitable for you given your investment objectives, financial situation or particular needs; and
- (g) acknowledge that the New Options have not, and will not be, registered under the securities laws in any other jurisdictions outside Australia and New Zealand and accordingly, the New Options may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of applicable securities laws in particular the US Securities Act.

The Entitlement and Acceptance Form does not need to be signed to be a valid application. An Application will be deemed to have been accepted by the Company upon allotment of the New Options.

If the Entitlement and Acceptance Form is not completed correctly or if the accompanying payment of the application moneys is for the wrong amount, it may still be treated as a valid application for New Options. The Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final. However, an Applicant will not be treated as having applied for more New Options than is indicated by the amount of the cheque for the application moneys.

7 DETAILS OF THE OFFER

7.1 New Options offered for subscription

By this Prospectus the Company makes a non-renounceable pro rata offer of one (1) New Option for every ten (10) Existing Shares held as at the Record Date at a price of \$0.001 per New Option (exercisable at \$0.08 on or before 31 July 2016) (**Offer**). Fractional entitlements will be rounded up to the nearest whole number.

The Offer is only open to Eligible Shareholders. The Company reserves the right to reject any application that it believes comes from a person who is not an Eligible Shareholder.

Details of how to apply for New Options are set out at section 6.

The rights and liabilities of the New Options offered under this Prospectus and the Shares that will be issued upon exercising the New Options are summarised in section 8.

7.2 Minimum Subscription

There is no minimum subscription of the Offer.

7.3 Acceptances

This Offer may be accepted in whole or in part prior to the Closing Date subject to the rights of the Company to extend the Offer period or close the Offer early.

Instructions for accepting your Entitlement are set out in section 6 and on the Entitlement and Acceptance Form which accompanies this Prospectus.

7.4 Underwriting

The Offer is not underwritten.

7.5 Entitlement to Offer

The Offer is made to Eligible Shareholders, who are those Shareholders that:

- (a) are the registered holder of Shares as at 5pm (WST) on the Record Date; and
- (b) have a registered address in Australia, New Zealand, Singapore and British Virgin Islands.

7.6 Rights trading

The Offer is non-renounceable. This means that the rights of Eligible Shareholders to subscribe for New Options under this Prospectus are not transferable and there will be no trading of rights on ASX. Eligible Shareholders who choose not to take up their rights will receive no benefit and their shareholding in the Company will be diluted if other Eligible Shareholders take up their Entitlements and later exercise of their New Options to acquire Shares.

7.7 Shortfall Options

Any New Options not applied for under the Offer will become Shortfall Options. Subject to the terms set out below, the Directors reserve the right to issue any Shortfall Options at

their discretion within 3 months after the Closing Date at the same issue price under the Offer (**Shortfall Offer**).

The Shortfall Offer will, to the extent it is made in Australia, be made under this Prospectus. To the extent the Shortfall Offer is made outside Australia, the Shortfall Offer is made without disclosure, a prospectus, lodgement, filing or registration, or other requirements of any applicable securities law, and only in circumstances where it is lawful to do so (such as to institutional or sophisticated investors).

7.8 Offer outside Australia, New Zealand, Singapore and British Virgin Islands

Recipients may not send or otherwise distribute this Prospectus or the Entitlement and Acceptance Form to any person outside Australia, New Zealand, Singapore or British Virgin Islands.

7.9 Treatment of Overseas Shareholders

Given the small number of Shareholders with registered addresses outside Australia, New Zealand, Singapore or British Virgin Islands, and the cost of complying with applicable regulations in those jurisdictions, the Company has decided that it would be unreasonable to extend the Offer to any Shareholder, as at the Record Date, whose registered address is not situated in those jurisdictions. The Prospectus will not be sent to those Shareholders.

New Zealand

The Offer contained in this Prospectus to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand)*. Members of the public in New Zealand who are not existing Shareholders on the Record Date are not entitled to apply for any New Options.

Singapore

This Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. The Offer is made to Eligible Shareholders resident in Singapore in reliance of section 273(1)(cd)(i) of the *Securities and Futures Act*. Accordingly this Prospectus and any other document or material in connection with the Offer may not be circulated or distributed, nor any New Options be offered or sold, or be made the subject on an invitation for subscription or purchase, whether directly or indirectly, to any person who is not an existing Shareholder on the Record Date.

Elsewhere

This Prospectus does not constitute an offer of securities in any jurisdiction where, or to any person to whom, it would not be lawful to issue the Prospectus or make the Offer. No action has been taken to register or qualify the New Shares or the Offer or otherwise to permit an offering of the New Shares in any jurisdiction than as set out in this section.

This document is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This document is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

Recipients may not send or otherwise distribute this Prospectus or the Entitlement and Acceptance Form to any person outside Australia, New Zealand, Singapore or British Virgin Islands (other than to Eligible Shareholders).

7.10 Beneficial holders, nominees, trustees and custodians

The foreign selling restrictions under the Offer summarised in section 7.9 of this Prospectus apply to the underlying beneficial holder. Nominees, trustees and custodians must not apply on behalf of any beneficial holder that would not itself be an Eligible Shareholder. Shareholders who are nominees, trustees or custodians are advised to seek independent advice as to how they should proceed. Shareholders who hold Shares on behalf of persons whose registered address is not in Australia, New Zealand, Singapore or British Virgin Islands are responsible for ensuring that applying for New Options does not breach securities laws in the relevant overseas jurisdictions.

Nominees and custodians that hold Shares should note that the Offer is available only to Eligible Shareholders. The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of securities. If any nominee or custodian is acting on behalf of a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Offer is compatible with applicable foreign laws.

7.11 Allotment and application money

New Options will be issued only after all application money has been received and ASX has granted permission for the New Options to be quoted. It is expected that New Options will be issued on 18 August 2014 and normal trading of the New Options on ASX is expected to commence on 19 August 2014.

All application moneys will be deposited into a separate bank account of the Company and held in trust for Applicants until the Shares are issued or application moneys returned. Any interest that accrues will be retained by the Company and will not be paid to Applicants.

7.12 Quotation

The Company has applied to ASX for quotation of the New Options offered by this Prospectus on 9 July 2014. If ASX does not grant permission for the quotation of the New Options offered under this Prospectus within 3 months after the date of this Prospectus, or such longer period as modified by ASIC, none of the New Options offered by this Prospectus will be allotted or issued. In these circumstances, all Applications will be dealt with in accordance with the Corporations Act including the return of all application moneys without interest.

A decision by ASX to grant official quotation of the New Options is not to be taken in any way as an indication of ASX's view as to the merits of the Company or of the New Options.

Quotation, if granted, of the New Options offered by this Prospectus will commence as soon as practicable after statements of holdings of the New Options are dispatched.

7.13 Market prices of Existing Shares on ASX

The highest and lowest market sale price of Shares during the 12 months immediately preceding the lodgment of this Prospectus with the ASIC, and the last market sale price on the date before the lodgment date of this Prospectus are set out below.

	12 month high	12 month low	Last market sale price
Price	\$0.2 on 1 August 2013	\$0.07 on 16 July 2014	\$0.08 on 17 July 2014

7.14 CHESS

The Company participates in the Clearing House Electronic Subregister System (**CHESS**). CHESS is operated by ASX Settlement Pty Ltd (**ASPL**), a wholly owned subsidiary of ASX.

Under CHESS, the Company does not issue certificates to investors. Instead, security holders will receive a statement of their holdings in the Company, including New Options issued under this Prospectus. If an investor is broker sponsored, ASPL will send a CHESS statement.

The CHESS statement will set out the number of New Options issued under this Prospectus, provide details of your holder identification number and give the participation identification number of the sponsor.

If you are registered on the issuer sponsored sub register, your statement will be dispatched by the Company's share registrar and will contain the number of New Options issued to you under this Prospectus and your security holder reference number.

A CHESS statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

7.15 Taxation and duty implications

The Directors do not consider that it is appropriate to give Shareholders advice regarding the taxation consequences of the Company conducting the Offer or Shareholders applying for New Options under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation positions of Shareholders. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to Shareholders in the Offer. Shareholders should, therefore, consult their own professional tax adviser in connection with the taxation implications of the Offer.

No brokerage or stamp duty is payable by Applicants in respect of Applications for New Options under this Prospectus.

7.16 Privacy

The Company collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company.

By submitting an Entitlement and Acceptance Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Entitlement and

Acceptance Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company's related body corporates, agents, contractors and third party service providers, including mailing houses and professional advisors, and to ASX and regulatory authorities.

If an Applicant becomes a Shareholder, the Corporations Act requires the Company to include information about the Shareholder (including name, address and details of the Shares held) in its public register. The information contained in the Company's public register must remain there even if that person ceases to be a Shareholder. Information contained in the Company's register is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

If you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your Application. An Applicant has the right to gain access to the information that the Company holds about that person subject to certain exceptions under law. A fee may be charged for access. Such requests must be made in writing to the Company's registered office.

7.17 Enquiries

Any queries regarding the Offer should be directed to Mr Lim Teck Meng, Financial Controller on +86 (23) 6377 6619 or Mr Luke Martino, Company Secretary on +61 8 6489 0600.

Any queries regarding the Entitlement and Acceptance Form should be directed to the Share Registry on 1300 554 474.

You can also contact your stockbroker or professional adviser with any queries in relation to the Offer.

8 RIGHTS AND LIABILITIES ATTACHING TO NEW OPTIONS AND THE UNDERLYING SHARES

8.1 Terms of New Options

The following is a summary of the terms and conditions of the New Options:

- (a) The Options will be issued for \$0.001.
- (b) Each Option entitles the holder to one Share.
- (c) The exercise price of the Options is \$0.08 each.
- (d) The expiry date of the Options is 31 July 2016 ("Expiry Date").
- (e) The Options may be exercised at any time prior to the expiry date, in whole or in part, upon payment of the exercise price per Option.
- (f) The Options will be quoted and are transferable.
- (g) The Company will provide to each Option holder a notice that is to be completed when exercising the Options ("Notice of Exercise"). Options may be exercised by the Option holder in whole or in part by completing the Notice of Exercise and forwarding the same to the Secretary of the Company to be received prior to the expiry date. The Notice of Exercise must state the number of Options exercised, the consequent number of Shares to be allotted and the identity of the proposed allottee. The Notice of Exercise by an Option holder must be accompanied by payment in full for the relevant number of Shares being subscribed, being an amount of the exercise price per Share.
- (h) All Shares issued upon the exercise of the Options will rank equally in all respects with the Company's then issued Shares. The Company will apply to the ASX for quotation of all Shares issued upon exercise of Options.
- (i) There are no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new issues or pro-rata issues of capital to Shareholders during the term of the Options. Thereby, the Option holder has no rights to a change in the exercise price of the Option or a change to the number of underlying securities over which the Option can be exercised except in the event of a bonus issue. The Company will ensure, for the purposes of determining entitlements to any issue, that Option holder will be notified of a proposed issue after the issue is announced. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in such issues.
- (j) If from time to time on or prior to the Expiry Date the Company makes a bonus issue of securities to holders of Shares in the Company ("Bonus Issue"), then upon exercise of his or her Options a holder will be entitled to have issued to him or her (in addition to the Shares which he or she is otherwise entitled to have issued to him or her upon such exercise) the number of securities which would have been issued to him or her under that Bonus Issue if the Options had been exercised before the record date for the Bonus Issue.

- (k) In the event of any reconstruction (including consolidation, subdivisions, reduction or return) of the authorised or issued capital of the Company, all rights of the Option holder shall be reconstructed (as appropriate) in accordance with the ASX Listing Rules.

8.2 Rights attaching to Shares

All Shares issued upon exercising the New Options offered under this Prospectus will, from the time they are issued, rank equally with the Company's Existing Shares.

Full details of the rights and liabilities attaching to the Shares are:

- detailed in the Constitution, a copy of which can be inspected, free of charge, at the registered office of the Company during normal business hours; and
- regulated by the Corporations Act, the Listing Rules and the general law.

The following is a summary of the more significant rights and liabilities attaching to the Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

(a) Voting rights

Subject to the Listing Rules and any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of members each Shareholder has one vote on a show of hands and one vote per Share on a poll. Voting may be in person or by proxy, attorney or representative.

(b) Dividends

The Directors may declare that a dividend is to be paid to Shareholders entitled to the dividend. Dividends are payable out of profits. Dividends declared will (subject to any special rights or restrictions attaching to a class of shares created as to any arrangement as to dividend) be payable on shares in accordance with the Corporations Act.

(c) Future issues of securities

Without prejudice to any special rights conferred on the holder of any shares, the allotment and issue of any shares is under the control of the Directors. Subject to the Listing Rules, the Corporations Act, and the Constitution, the Directors may allot and issue such number of shares or class of shares, and on such terms, as they see fit.

(d) Transfer of Shares

Subject to the Constitution, a shareholder may transfer shares by a market transfer in accordance with any computerized or electronic system established or recognised by the Listing Rules or the Corporations Act for the purpose of facilitating transfers of shares, or by an instrument in writing in any usual or common form or in any other form approved by the Directors or by ASX, or by an instrument which is sufficient under section 1071B of the Corporations Act, or in any other usual or common form.

The Directors may decline to register a transfer of shares (other than a market transfer) where the Listing Rules or ASX Settlement Operating Rules require or permit the Company to do so, or the transfer is in breach of the Listing Rules or any escrow agreement in relation to restricted securities entered into by the Company under the Listing Rules.

(e) Meetings and notices

Each shareholder is entitled to receive notice of, and to attend, general meetings for the Company and to receive all notices, accounts and other documents required to be sent to shareholders under the Constitution, the Corporations Act or the Listing Rules. Shareholders may requisition meetings in accordance with the Corporations Act.

(f) Variation of rights

Under the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary the rights attaching to shares. Subject to the Corporations Act and the Listing Rules, if at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of the issue of the shares of that class), whether or not the Company is being wound up, may be varied with the consent in writing of the holders of these quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(g) Election of directors

There must be a minimum of 3 but not more than 9 Directors. At every annual general meeting one third of the Directors (rounded to the nearest whole number) must retire from office. Any Director who would have held office for more than 3 years if that Director remains in office until the next general meeting must retire. These retirement rules do not apply to certain appointments including the managing director.

(h) Indemnities

To the extent permitted by law the Company must indemnify each past and present Director and secretary against any liability incurred by that person as an officer of the Company and any legal costs incurred in defending an action in respect of such liability.

(i) Meeting and notice

Each shareholder is entitled to receive notice of and to attend general meetings of the Company and to receive all notices, accounts and other documents required to be sent to shareholders under the Constitution, the Corporations Act or the Listing Rules.

(j) Rights on winding up

Subject to the rights if holders of shares (if any) with special rights in a winding up, on a winding up of the Company all assets that may be legally distributed among members will be distributed in proportion to the number of Shares held by them irrespective of the amount paid up or credited as paid up on the shares.

(k) Shareholder liability

The Shares are fully paid ordinary shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(l) Alteration to the Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of shareholders present and voting at the general meeting. At least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

(m) Listing Rules

If the Company is admitted to trading on the Official List, then despite anything in the Constitution, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the Constitution to contain a provision and it does not contain such a provision, the Constitution is deemed to contain that provision. If the Listing Rules require the Constitution not to contain a provision and it contains such a provision, the Constitution is deemed not to contain that provision. If a provision of the Constitution is or becomes inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

9 ADDITIONAL INFORMATION

9.1 Continuous disclosure obligations

The Company is a 'disclosing entity' (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities. The Shares to be issued upon exercising the New Options offered under this Prospectus are in the same class of Shares that have been quoted on the official list of the ASX during the 12 months prior to the issue of this Prospectus.

This Prospectus is a "transaction specific prospectus" to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities in a class which has been continuously quoted by ASX in the three months prior to the date of the prospectus. In general terms "transaction specific prospectuses" are only required to contain information in relation to the effect of Offer on the Company and the rights and liabilities attaching to the New Options and the underlying Shares of the New Options. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the period from lodgment of the Company's annual financial statements of the Company for the financial year ended 31 October 2013 to the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:

- (i) the annual financial statements of the Company for the financial year ended 31 October 2013 being the last financial statements for a financial year, of the Company lodged with the ASIC before the issue of this Prospectus;
- (ii) any half-year financial report lodged with ASIC by the Company after the lodgement of that annual report and before the lodgement of this Prospectus; and
- (iii) any continuous disclosure notices given by the Company after the lodgment of the financial statements referred to in paragraph (i) and before the lodgment of this Prospectus with ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be obtained free of charge from the Company's registered office during normal office hours.

The Company has lodged the following announcements with ASX since the 2013 audited financial statements:

Date	Description of Announcement
09/07/2014	Appendix 3B - Non-Renounceable Entitlement Offer of Options
09/07/2014	Non-Renounceable Entitlement Offer of Options
30/06/2014	Half Yearly Report & Accounts & Appendix 4D
24/06/2014	Change of Share Registry Address Notification
30/05/2014	Quarterly Activities Report
24/04/2014	Updated JORC Independent Technical Review Report
28/03/2014	Results of Meeting
03/03/2014	Company Presentation, March 2014
28/02/2014	Quarterly Activities Report
18/02/2014	Notice of Annual General Meeting/Proxy Form

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours or from www.asx.com.au.

9.2 Directors' interests

As at the date of this Prospectus the Directors have a relevant interest in securities of the Company and remuneration as set out below.

Directors	Shares	Options (Entitlements)
James Tong	51,050,000	5,105,000
Yu Guo Peng	544,500,000	54,450,000
Jun Ou	333,000	33,300
Sophia Huang Wei-Her	nil	nil
John Wu ZhongHan	nil	nil
Guangfu Yang	nil	nil

Remuneration paid to Directors in the two years prior to the date of this Prospectus ¹		
	2012/13 (AUD'000)	2013/14 (AUD'000)
James Tong	50	54
Yu Guo Peng	300	304
Jun Ou	65 ²	80 ²
Sophia Huang Wei-Her	nil ³	25 ⁴
John Wu ZhongHan	nil ³	25 ⁴
Guangfu Yang	11	12

Notes:

¹ This does not include any reimbursements that the Directors may receive for work related expenses.

² Inclusive of post-employment benefits comprise retirement insurance and housing provident fund.

³ Board member since 4 February 2013.

⁴ Inclusive of superannuation.

The Company has entered into indemnity, insurance and access deeds with each of the Directors (**Deeds**). Under the Deeds, the Company agrees to indemnify each of the Directors to the extent permitted by the Corporations Act against certain liabilities incurred by the Directors whilst acting as an officer of the Company, and to insure each Director against certain risks to which the Company is exposed as an officer of the Company. The Deeds also grant each Director a right of access to certain records of the Company for a period of up to 7 years after the Director ceases to be an officer of the Company.

The Deeds were entered into as part consideration for the Directors agreeing to hold office as directors of the Company.

The Constitution of the Company provides that the Directors may be paid for their services as Directors. Non-executive directors may only be paid a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting, to be divided among the non-executive directors and in default of agreement then in equal shares.

The Company also pays premiums to insure all of the Directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct whilst acting in the capacity as a Director of the Company.

Other than as set out above or elsewhere in this Prospectus, no Director or proposed Director holds at the date of this Prospectus, or held at any time during the last 2 years before the date of lodgment of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company; or
- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Company or the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given:

- (d) to a Director or proposed Director or to any firm which any such Director is a partner, to induce him or her to become, or to qualify as, a Director; or
- (e) for services provided by a Director or proposed Director or to any firm which any such Director is a partner, in connection with the formation or promotion of the Company or the Offer.

9.3 Interests of promoters and named persons

Except as disclosed in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offer; or
- (c) the Offer.

Kings Park Corporate Lawyers have acted as solicitors to the Offer. In respect of this work, the Company will pay approximately \$9,000 exclusive of GST. Subsequently fees will be paid in accordance with normal hourly rates. Kings Park Corporate Lawyers have received approximately \$350,000 (exclusive of GST and disbursements) in fees for services to the Company in the 2 years prior to the date of this Prospectus.

9.4 Consents

Each of the persons referred to in this section:

- (a) has given and has not, before the date of lodgment of this Prospectus with ASIC withdrawn their written consent:
 - (i) to be named in the Prospectus in the form and context which it is named; and
 - (ii) where applicable, to the inclusion in this Prospectus of the statement(s) and/or reports (if any) by that person in the form and context in which it appears in this Prospectus;
- (b) has not caused or authorised the issue of this Prospectus;
- (c) has not made any statement in this Prospectus or any statement on which a statement in this Prospectus is based, other than specified below;
- (d) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Prospectus, other than the references to their name and the statement(s) and/or report(s) (if any) specified below and included in this Prospectus with the consent of that person.

Name	Role	Statement
Kings Park Corporate Lawyers	Lawyers	None
Link Market Services Limited	Share Registry	None

9.5 Expenses of the Offer

The total expenses of the Offer (exclusive of GST) are estimated to be:

Cost (approximately)	\$
ASIC and ASX fees	17,705
Legal fees	9,000
Printing, postage and other expenses	15,000
Total	41,705

These expenses have or will be paid by the Company.

9.6 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings of a material nature and the Directors are not aware of any other legal proceedings pending or threatened against the Company.

10 DIRECTORS' RESPONSIBILITY AND CONSENT

Each Director has consented to the lodgment of this Prospectus with the ASIC and has not withdrawn that consent.

Dated: 18 July 2014

A handwritten signature in black ink, appearing to read 'John Wu', is written over a horizontal dotted line. To the right of the signature is a large, stylized, handwritten 'm'.

Signed for and on behalf of
Blackgold International Holdings Limited by
Mr John Wu ZhongHan

11 GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

\$, A\$ or Dollars	Australian dollars unless otherwise stated.
AEST	Australian Eastern Standard Time.
Applicant	a person who submits a valid Entitlement and Acceptance Form pursuant to this Prospectus.
Application	a valid application made on an Entitlement and Acceptance Form to subscribe for New Options pursuant to this Prospectus.
ASIC	the Australian Securities & Investments Commission.
ASX	ASX Limited (ACN 008 624 691) and where the context permits the Australian Securities Exchange operated by ASX Limited.
Board	the board of Directors.
Closing Date	the date set out in section 1.
Company or Blackgold	Blackgold International Holdings Limited (ABN 80 145 095 478).
Constitution	the constitution of the Company.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Deeds	the indemnity, insurance and access deeds between the Company and each of the Directors.
Director	a director of the Company.
Eligible Shareholders	a Shareholder as at the Record Date with a registered address in Australia, New Zealand, Singapore and British Virgin Islands.
Entitlement	a Shareholder's entitlement to subscribe for New Options offered by this Prospectus.
Entitlement and Acceptance Form	the personalised entitlement and acceptance form attached to this Prospectus.
Ex Date	the date set out in section 1.
Existing Share	a Share issued as at 5pm (WST) on the Record Date.
Ineligible Shareholder	a Shareholder who is not an Eligible Shareholder.
Listing Rules	the listing rules of the ASX.

New Options	means Options issued under this Prospectus.
Offer	an invitation made in this Prospectus to subscribe for New Options.
Official List	the official list of the ASX.
Opening Date	the date set out in section 1.
Option	an option to be issued a Share.
PRC	People's Republic of China.
Prospectus	this Prospectus and includes the electronic prospectus.
Record Date	the date set out in section 1.
Share	a fully paid ordinary share in the Company.
Share Registry	Link Market Services Limited (ABN 54 083 214 537).
Shareholder	the registered holder of Shares in the Company.
Shortfall Offer	has the meaning given in section 7.7.
Shortfall Options	New Options not applied for under the Offer.
US person	has the meaning given to that term in Regulation S under the US Securities Act.
US Securities Act	the <i>United States Securities Act of 1933</i> , as amended.
WST	Western Standard Time, Western Australia.