

26 February 2015

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 31 JANUARY 2015 (“1Q2015”)

COMPANY DIRECTORS & MANAGEMENT

Directors

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

Management

Deputy General Manager	Zhong Xiao Zhu
Deputy General Manager, Enterprise Management	Yi Jiang Peng
Chief Financial Officer	Shao Kui Chen
Chief Geologist	WenMing Yeo
Deputy General Manager and Chief of the Production Technology Department	Jun Shao

ADDRESS

Australia

Level 23, Governor Macquarie Tower
1 Farrer Place
SYDNEY NSW 2000
Australia

China

12th floor, No. 18
MianHua Street, YuZhong District
Chongqing, 400011, China

Production:

- The Company gradually increased its production this quarter.
- Mine production for the quarter ended 31 January 2015 (“1Q2015”) had increased to 0.3 million tonnes (MT), approximately 0.1Mt or 72.2% higher than that achieved for the quarter ended 31 December 2014 (“4Q2014”).

Coal Trading :

- Trading sales volume for 1Q2015 was 1.0MT, approximately 0.3MT or 39.6% increase as compared to that achieved for 4Q2014.

Corporate:

- On 30 December 2014, the Company entered into a Heads of Agreement (“HOA”) with Matex International Limited (“**Matex**”), a company incorporated under the laws of Singapore and listed on the Mainboard of the Singapore Exchange Securities Tradings Limited (“**SGX-ST**”).
- Matex will purchase the Company’s wholly owned subsidiary, Blackgold Holdings Hong Kong Limited (“**BGG HK**”), for a total purchase price of S\$475 million (“**Proposed Acquisition**”) on the terms of the sales and purchase agreement to be entered into by the Company and Matex.
- The proposed acquisition is likely to constitute:
 - In respect to Matex, a reserve takeover, under Chapter 10 of the SGX-ST listing manual and will be subject to, *inter alia*, the approval of Matex’s shareholders and SGX-ST; and
 - In respect to the Company, a disposal of the Company’s major undertaking under ASX listing rule 11.2, which will be subject to, *inter alia*, the approval of the Company’s shareholders.
- Further details of the proposed acquisition could be obtained from the Company’s announcement on ASX and Matex’s announcement on SGX-ST.



1. Overview

Blackgold International Holdings Limited (**Company** or **Blackgold**) currently owns four existing underground thermal coal mines, the Caotang Mine and the Heiwan Mine in Fengjie County, Chongqing, the Baolong Mine in Wushan County, Chongqing and the Changhong Mine in the area bordering Xishui County of Guizhou and QiJiang County of Chongqing, all in the People's Republic of China (**PRC**).

Blackgold produced approximately 265,139 tonnes of raw coal in 1Q2015, primarily at the Caotang and Heiwan Mines. Total production in 1Q2015 was approximately 72,2% higher than the 153,965 tonnes achieved in 4Q2014.

Production for 1Q2015, however, was approximately 0.3MT or 52.8% lower than that the 561,422 tonnes achieved for the quarter ended 31 January 2014 ("**1Q2014**")

As announced on 24 April 2014, Blackgold's four mines have a combined 2012 JORC Code compliant Proved and Probable Reserves of 100.7 million tonnes¹. Whilst the coal quality on the Company Properties varies within each seam, the seams generally contain low-high sulfur and high heating value anthracite coal. The table below shows the average coal quality of the proved and probable reserves at each of Blackgold's mines:

Average Raw Coal Quality of the Reserve						
Mine	Moisture (%)ad	Ash (%)ad	Volatile Matter (%) ad	FC (%) ad	Sulfur (%) ad	CV (kcal/kg) ar
Caotang	0.63	33.53	7.07	59.32	0.47	4,965
Heiwan	0.76	26.53	6.92	65.56	0.74	5,630
Baolong	0.58	28.39	6.87	62.39	0.57	5,494
Changhong	0.49	18.02	8.89	67.4	2.64	6,788

The data indicates that the majority of Blackgold's coal is anthracite coal, with dry volatile matter contents ranging from 1% to 10%. The dry ash contents of certain raw coal quality indicate that beneficiation (coal washing) prior to utilization will be required in a number of instances.

A summary of each mines' respective Reserves is detailed below. Reserves have been depleted through mining activities and as such, the tables below do not account for depletions after the effective date.

¹ Please refer to ASX Announcement dated 24 April 2014 for full details of the Reserve estimate. This information was prepared under the JORC Code 2012 Edition. The Company is not aware of any new information or data that materially affects the information included above and, in the case of estimates of mineral resources and ore reserves, confirms that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.



JORC CODE COMPLIANT DATA FOR BLACKGOLD COAL PROPERTIES AS OF 1 NOVEMBER 2013 ¹									
Mine	Reserve Category			Raw Coal Quality					
	Proved	Probable	Total	Moisture (%) ad	Ash (%) ad	Volatile Matter (%) ad	FC (%) ad	Sulfur (%) ad	CV (kcal/kg) ar
Caotang	19.9	3.4	23.3	0.63	33.53	7.07	59.32	0.47	4,965
Heiwan	1.9	0.5	2.4	0.76	26.53	6.92	65.56	0.74	5,630
Baolong	29.8	26.4	56.2	0.58	28.39	6.87	62.39	0.57	5,494
Changhong	12.0	6.7	18.7	0.49	18.02	8.89	67.40	2.64	6,788
Total	63.7	37.0	100.7						

Note: These reserves are estimated in compliance with the JORC Code 2012 Edition. Since mining has occurred, the "Reserves and Resources Base" is being slowly depleted. The deliverable CV of these reserves is between 4,500-7,000kcal/kg

The Company has also identified Inferred Resources of 42 Mt (32 Mt at Baolong and 10 Mt at Changhong) which it intends to upgrade by future drilling in order to replace reserves depleted by mining activities ¹.

Our trading arm sold approximately 968,808 tonnes of coal in 1Q2015, an increase of 71.3% when compared to that sold in 1Q2014.



2. Production Statistics

FY2015	Unit	Tonnes	Sales A\$ M	Sales RMB M
1 st Quarter	Caotang	220,118	8.5	42.9
	Heiwan	45,021	4.3	21.5
	Changhong	0	-	-
	Group	265,139	12.8	64.4

FY2014	Unit	Tonnes	Sales A\$ M	Sales RMB M
1 st Quarter	Caotang	389,030	17.8	97.2
	Heiwan	100,601	10.0	54.6
	Changhong	71,791	5.5	29.8
	Group	561,422	33.3	181.6
2nd Quarter	Caotang	95,056	3.2	21.9
	Heiwan	12,542	1.0	4.6
	Changhong	12,536	0.5	3.3
	Group	120,134	4.7	29.8
3rd Quarter	Caotang	137,169	5.7	31.1
	Heiwan	16,183	0.6	5.8
	Changhong	6,081	0.3	2.3
	Group	159,433	6.6	39.2
4th Quarter	Caotang	136,257	4.6	24.7
	Heiwan	17,708	1.6	8.8
	Changhong	-	-	-
	Group	153,965	6.2	33.5
Total for the 12 months	Caotang	757,512	31.3	174.9
	Heiwan	147,034	13.2	73.8
	Changhong	90,408	6.3	35.4
	Group	994,954	50.8	284.1

* The above production statistics table does not include any contribution from coal trading.



Caotang Mine (Wholly owned by BGG)

Caotang Mine's main portal is at an elevation of 435m in the foothills of a mountainous countryside. The mine is located 14 km north-northeast of Fengjie County town, in the PRC, approximately 33km by road from the town center and approximately 25km from the port on the Yangtze River. The site administration falls under the jurisdiction of Baidi and Fenhe Towns (both are equivalent to district level administration).

The Caotang Mine is characterised by two minable coal seams namely K1 and K2 of which K1 is the primary producing coal seam. The K1 coal seam at the Caotang Mine is the major economic seam while the K2 seam is the secondary producer.

The total thickness of the K1 seam ranges from 0.0m to 2.4m with an average of 1.2m; within the Mine workings it is 1.96m thick.

The K2 coal seam is distributed throughout the permit area and is the secondary producer with the product commonly referred to as "fragrant coal." The coal seam thickness ranges from 0.0m to 1.5m, averaging 0.99m in the Mine workings.

The Caotang Coal is classified as high ash, medium to high sulphur, medium to high phosphorous, and medium calorific value coal making it suitable for the thermal energy market.

Recent and historical assay data indicated that the air dried ("AD") basis raw coal has an average calorific value ("CV") of 5,800 kcal/kg with a 2.3% moisture content, 27.2% ash, 2.1% total sulphur and 0.06% P₂O₅, as received. Future production is anticipated to be of similar quality.

Total production from the Caotang Mine was approximately 220,118 tonnes in 1Q2015, which is approximately a 61.55% increase to the production achieved in 4Q2014.

However, as compared to the corresponding quarter, 1Q2014, the production had decreased by 43.4%.

Please refer to Annexure A for details regarding the lateral development of this mine.

Heiwan Mine (Wholly owned by BGG)

Heiwan Mine portal is at an elevation of 1,120m in a very mountainous countryside, located in the northeast portion of the Fengjie County and approximately 27 km northeast of the Fengjie County, in the PRC. It is approximately 42km by road from the town center and approximately 35km from the port site on the Yangtze River.

The main coal seam worked at the Heiwan Mine is K3. The coal thickness ranges from 0.25m to 0.50m with an original quoted average of 0.40m, but recent underground exposures average 0.49m.

K1 seam, which is similar to K3 averaging 0.84m thickness, is also developed as a secondary production contributor.

Recent and historical assay data indicated that the AD basis raw coal has an average CV of 6,150 kcal/kg with a 2.2% moisture content, 24.8% ash, 0.9% total sulphur and 0.024 P₂O₅. Future production is anticipated to be of similar quality.



This classifies the coal as high ash, low sulphur, and medium calorific value coal suitable for the thermal energy market.

Total production from the Heiwan Mine was approximately 45,021 tonnes in 1Q2015, which is approximately a 154.24% increase to the production achieved in 4Q2014.

However, as compared to the corresponding quarter, 1Q2014, the production had decreased by 55.2%.

Please refer to Annexure A for details regarding the lateral development of this mine.

Changhong Mine (Wholly owned by BGG)

Changhong Mine is located in the southern portion of the Chongqing Municipality and approximately 108 km south of downtown Chongqing, in the PRC. The mine is located in the area bordering Xishui County of Guizhou and Qijiang District of Chongqing. It is approximately 62km southeast of Qijiang town center and 18km from the nearest railway station.

There are 6 main Upper Permian Longtan Formation coal seams in the district. The thicker M6 and M8 coal seams are originated from 3 small mines. Those mines were amalgamated in 2007. Production will continue in cleanup mode above the 1,093m level adit while the new 1,023m level adit is completed to access the deeper coal.

The M6 AD raw coal seam's typical historical analysis is 2.24% moisture content, 33.24% ash, 10.30% volatiles, 56.46% fixed carbon, 5.75% total sulphur and 5,168kcal/kg CV. The M8 AD raw coal seam's typical historical analysis is 2.28% moisture content, 13.32% ash, 9.04% volatiles, 77.64% fixed carbon, 1.84% total sulphur and 7,144kcal/kg CV. Future production is anticipated to be of similar quality.

The coal is mainly used for power generation, domestic consumption, or steaming coal.

This mine only started production in January 2013. There is no production this quarter while the Company conducts the first overall inspection and testing of mine equipments since its commercial production.

Blackgold is also evaluating the feasibility of starting a coal washing operation at the mine to reduce the sulfur content of the coal. Production is expected to resume in 2015.

Please refer to Annexure A for details regarding the lateral development of this mine.

Baolong Mine (Wholly owned by BGG)

Baolong Mine is located in the southeast of Wushan County and 17 km from Baolong Town, in the PRC. The trucking distance from the mine site to the local Baolong dock site at Putaoba is 25km.

Blackgold has upgraded the mine development plan to achieve a higher future production. It is currently awaiting approval of its applications for the required safety permit.



Historical K1 seam raw coal moisture has averaged 6.5%; ash has averaged 38.29%; volatiles have averaged 7.9%; total sulphur has averaged 5.03%; CV has been between 4,100 kcal/kg to 4,760 kcal/kg, averaging 4,420 kcal/kg; and phosphorus has averaged 0.004%. The historical K2 seam raw coal moisture has averaged 4.39%; ash has averaged 25.2%; volatiles have averaged 8.55%; total sulphur has averaged 1.82%; CV has been between 4,200 kcal/kg to 6,620 kcal/kg, averaging 5,420 kcal/kg; and phosphorus has averaged 0.014%. Future production is anticipated to be of similar quality.

Please refer to Annexure A for details regarding the lateral development of this mine.

3. Coal Trading

Our trading arm had sold approximately 1.0MT of coal in 1Q2015, an increase of 71.3% when compared to that sold in 1Q2014.

4. Chongqing Guoping Shipping Transportation Co., Ltd (“GPST”)

GPST continues to operate with the current fleets.

5. Corporate

5.1 As previously announced.

On 19 November 2014, the Company announced that it had entered into a binding term sheet with Vibrant Group Limited (SGX: VIGB) under which:

- Blackgold issues convertible bonds to Vibrant’s wholly owned subsidiary, Lion Heart Holding Group Corp (“LHGC”), with a total face value of up to S\$25million; and
- Blackgold grants LHGC the right to nominate a Singapore Exchange (“**SGX**”) Mainboard listed entity (“**SGX Listco**”) to purchase Blackgold’s Hong Kong subsidiary (which holds the group’s Chinese operating assets) under a transaction that would see Blackgold’s assets listed on SGX Mainboard and, subject to applicable laws and required approvals, Blackgold’s shareholders holding shares traded on SGX (“**RTO**”).

5.2 Updates on Term sheet signed with Vibrant Group Limited

- LHGC exercised its right to dominate the SGX Listco.
- On 30 December 2014, the Company entered into a Heads of Agreement (“**HOA**”) with Matex International Limited (“**Matex**”), a company incorporated under the laws of Singapore and listed on the Mainboard of the Singapore Exchange Securities Traded Limited (“**SGX-ST**”).
- Matex will purchase the Company’s wholly owned subsidiary, Blackgold Holdings Hong Kong Limited (“**BGG HK**”), for a total purchase price of S\$475 million (“**Proposed Acquisition**”) on



the terms of the sales and purchase agreement to be entered into by the Company and Matex.

- The proposed acquisition is likely to constitute:
 - In respect to Matex, a reserve takeover, under Chapter 10 of the SGX-ST listing manual and will be subject to, *inter alia*, the approval of Matex's shareholders and SGX-ST; and
 - In respect to the Company, a disposal of the Company's major undertaking under ASX listing rule 11.2, which will be subject to, *inter alia*, the approval of the Company's shareholders.
- Further details of the proposed acquisition could be obtained from the Company's announcement on ASX and Matex's announcement on SGX-ST.

6. Occupational Health and Safety

Blackgold is pleased to report that there were no incidents or accidents during 1Q2015.

Blackgold has maintained an excellent safety record over the past 15 years.

Individual positioning devices have been purchased and are standard issue to all underground personnel.

Although both Caotang Mine and Heiwan Mine are classified as low gas mines, automatic gas detectors have been installed inside the mining areas and are remotely connected to the respective site offices with monitoring links to the Coal Safety Control Bureau of Fengjie County.

These gas detectors have also been installed at Changhong Mine and the company intends to install them at Baolong Mine before production commences.

7. China Coal Industry

China's coal industry has traditionally been fragmented among large state-owned coal mines, local state-mines are regarded as inefficient, with minimal capital, outdated equipment and poor safety records. During the past several years China has closed down numerous small coal mines in an effort to consolidate the industry, increase efficiency and promote acceptable safety standards.

Blackgold is the largest coal mining company in Chongqing region and is ideally positioned to benefit from this consolidation process by acquiring additional mines and thereby growing its production and earnings.

Many of the local mines have existing infrastructure and produce coal that can be upgraded and quickly brought into larger scale production. It is Blackgold's aim to leverage its strategic position to make further acquisitions and build production and earnings through both internal growth and via new acquisitions.



8. Future Developments

There was no exploration undertaken this quarter. However, Blackgold will continue to work with independent geologists to progress the exploration and evaluation activities and upgrade its existing reserves and resource base in the forthcoming quarters.

Blackgold enjoys excellent logistics infrastructure and its proximity to the Yangtze River allows it to transport coal to customers at low cost. Blackgold will continue to evaluate acquisition opportunities of mines with similar geographical advantages.

Contact:

For more information please contact:

*Chi Ho (James) Tong
Non-Executive Chairman
Blackgold International Holdings Limited
Email: james88china@gmail.com
Telephone: +86 139 1755 2318*



Disclaimer

Certain statements included in this announcement, including information regarding Blackgold's plans with respect to its proposed dual listing and future production, constitute forward looking information. This information is based upon a number of estimates and assumptions made by the Company in light of its experience, current conditions and expectations of future developments, as well as other factors that the Company believes are appropriate in the circumstances. While these estimates and assumptions are considered reasonable, they are inherently subject to business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward-looking information provided by the Company, or on behalf of, the Company. Such factors include, among other things, risks relating to additional funding requirements, metal prices, exploration, acquisition, development and operating risks, competition, production risks, regulatory restrictions, including environmental regulation and liability and potential title disputes. Forward-looking information is no guarantee of future performance and, accordingly, investors are cautioned not to put undue reliance on forward-looking information due to the inherent uncertainty therein. Forward-looking information is made as at the date of this announcement and the Company disclaims any intent or obligation to update publicly such forward-looking information, whether as a result of new information, future events or results or otherwise.

About Blackgold

Blackgold International Holdings Limited (ASX Code: BGG) is a Chongqing, China-based producer of high value thermal coal predominantly sold for industrial power generation to power plant customers in Shanghai. Blackgold listed on ASX on 22 February 2011. Blackgold intends to continue to increase its coal production through internal growth and via acquisition to become a significant producer of high value thermal coal.

Blackgold currently operates four existing underground thermal coal mines, the Caotang Mine and the Heiwan Mine in Fengjie Country, Chongqing in the PRC, the Baolong Mine in Wushan County, Chongqing in the PRC and the Changhong Mine in the area bordering Xishui County of Guizhou and QiJiang County of Chongqing.



ANNEXURE A – Lateral Development

Period	Mines	Caotang Mine	Heiwan Mine	Baolong Mine	ChangHong Mine
	Adit inside Pit	Metres			
1Q2015	Primary lateral driving (Development off seam)	995	-	26	-
	Primary lateral driving (Development on seam)	957	732	-	-
	Draw points construction	934	807	-	-
	Raise between levels (off seam)	-	-	-	-
	Decline on seam	-	-	-	-
	Raises on seam	-	1,156	-	-

Period	Mines	Caotang Mine	Heiwan Mine	Baolong Mine	ChangHong Mine
	Adit inside Pit	Metres			
1Q2014	Primary lateral driving (Development off seam)	950	-	63	1,000
	Primary lateral driving (Development on seam)	703	604	-	370
	Draw points construction	240	208	-	150
	Raise between levels (off seam)	-	559	-	150
	Decline off seam	-	-	-	-
2Q2014	Primary lateral driving (Development off seam)	990	-	100	1,103
	Primary lateral driving (Development on seam)	300	300	-	84
	Draw points construction	391	150	-	-
	Raise between levels (off seam)	240	110	-	150
	Decline off seam	-	150	-	-
3Q2014	Primary lateral driving (Development off seam)	840	-	70	119
	Primary lateral driving (Development on seam)	862	377	-	-
	Draw points construction	523	580	-	-
	Raise between levels (off seam)	-	-	-	-
	Decline on seam	-	-	-	-
4Q2014	Primary lateral driving (Development off seam)	915	-	100	-
	Primary lateral driving (Development on seam)	-	586	-	-
	Draw points construction	844	460	-	-
	Raise between levels (off seam)	-	-	-	-
	Decline on seam	1,070	-	-	-

Note: Lateral development of mines is planned according to the proposed production requirement, certain pits that are not further developed are indicated as such ("-").



LOCATION OF BLACKGOLD'S MINES

