

# Blackgold International Holdings Limited



1 March 2011

The Manager  
Company Announcements Office  
Australian Securities Exchange Limited

## **BLACKGOLD ANNOUNCES WUSHAN COAL MINE ACQUISITION**

Blackgold International Holdings Limited (ASX : BGG) ("Blackgold") is pleased to announce that it has entered into Heads of Agreement to acquire a 100% interest in Chongqing Yihua Mining Company Ltd ("CY Mining") which is the owner of the WuShan Coal Mine situated in Wushan County, Chongqing, China ("WuShan").

Under the Heads of Agreement Blackgold has the right, subject to the completion of satisfactory due diligence, to acquire all the shares in CY Mining for a consideration of RMB 80 million (approximately \$12.09 million). The acquisition is also subject to the execution of a definitive agreement in accordance with the laws of the People's Republic of China ("PRC") and receipt of the necessary approvals from the relevant PRC authorities.

WuShan, which covers an area of 29.96km<sup>2</sup>, is a highly developed, pre-production, thermal coal mine located within 20 kilometers of Blackgold's existing operations (refer attached diagram). The mine contains 5 existing production adits together with ventilation and access shafts and ancillary infrastructure including power, piped water, access roads and buildings. WuShan is located about 18 kilometres from its river port loading facilities and has historically supplied small quantities of thermal coal. Blackgold anticipates that commercial coal production may commence immediately once machinery and equipment are installed and commissioned and expects that this could occur within 4 months of completion of the acquisition.

WuShan has been the subject of extensive local exploration and development in the past and accordingly Blackgold anticipates to commence commercial production as soon as possible, should the proposed acquisition proceed. As the previous geological evaluation was undertaken under geological standards and practises of the PRC, these evaluations are not disclosed in this announcement as they have not been assessed in terms of the JORC code. It is Blackgold's intention to undertake an evaluation of WuShan as soon as possible to convert the existing PRC reported data to resources in accordance with the JORC Code.

Given that Blackgold is based in the PRC and has been operating the Caotang Mine for over 12 years the Company is satisfied on the basis of its understanding and interpretation of the PRC geological data available to enter into the Heads of Agreement to acquire WuShan.

The WuShan acquisition is in line with Blackgold's expansion plans as articulated in the Company's recent prospectus and is expected to be beneficial to the operations of the Company, should the acquisition proceed, in the following manner:

- a) WuShan is anticipated to represent near term production which will significantly increase Blackgold's annual coal production volume; and
- b) additional exploration and evaluation at the WuShan Mine by a JORC qualified independent geologist is proposed as it is expected to allow for an increase in the Company's JORC assessed resources.

The acquisition is subject to the completion of satisfactory due diligence by Blackgold which is currently under way and the Company has already commissioned an independent appraisal of the mine.

On behalf of the Board

**Yu Guo PENG**

Executive Director / Chief Executive Officer

**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 after closing its Initial Private Offering oversubscribed. 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.

**For Further Information Contact:**

Richard Revelins  
Peregrine Corporate  
+61 -3 -9824 8166  
[richard@peregrinecorporate.com.au](mailto:richard@peregrinecorporate.com.au)

Kee Leng Chua  
Biztrack Partnership Pte Ltd  
+65 9106 9306  
[keeleng@biztrack.com.sg](mailto:keeleng@biztrack.com.sg)

