



**BLACKGOLD INTERNATIONAL HOLDINGS LIMITED**

**ACN 145 095 478**

**(ASX CODE: BGG)**

17 May 2011

The Manager  
Company Announcements Office  
Australian Securities Exchange Limited

**BGG ANNOUNCES UNAUDITED FIRST QUARTER RESULTS FOR THE QUARTER ENDED 31 JANUARY 2011 (PRIOR TO LISTING DATE)**

Blackgold International Holdings Limited (ASX: BGG) (the “**Company**”) was admitted to the Official List of ASX on 18 February 2011 and official quotation of the Company’s securities commenced on 22 February 2011.

On 1 March 2011, the Company announced its financial results for the financial period ended 31 October 2010 (“**Financial Period 2010**”). For that Financial Period 2010, the Company reported an audited consolidated total comprehensive income amounting to AUD\$13,552,000.

The Company is now pleased to report an unaudited consolidated total comprehensive income for the first quarter ended 31 January 2011 (“**First Quarter 2011**”) of AUD\$9,165,000. A summary of the Company's unaudited Consolidated Statement of Comprehensive Income for the First Quarter 2011 and the Financial Period 2010 is set out below.

<b>AUD '000</b>	<b>Unaudited First Quarter 2011</b>	<b>Audited Financial Year 2010</b>
Revenue	26,704	48,668
Less Cost of Sales	(13,564)	(26,027)
<b>Gross Profit</b>	<b>13,140</b>	<b>22,641</b>
Other Operating Income	224	188
Distribution and Marketing Expenses	(275)	(847)
Administrative and Other Expenses	(734)	(2,361)
<b>Profit from Operations</b>	<b>12,355</b>	<b>19,621</b>

Finance Costs	(59)	(15)
<b>Profit Before Taxation</b>	12,296	19,606
Income Tax	(3,094)	(5,091)
<b>Profit After Taxation</b>	9,202	14,515
Other Comprehensive Income / (Expense)		
Foreign Currency Translation Difference	(37)	(963)
<b>TOTAL COMPREHENSIVE INCOME FOR THE QUARTER</b>	9,165	13,552

During the First Quarter 2011, unaudited revenue attributable to the Company and its subsidiaries (the Group) mining operations was AUD\$15,245,000 while unaudited revenue attributable to the Group's trading operations was AUD\$11,459,000. While gross margins from mining operations are higher, Management expect the Group's trading operations to become an increasingly important segment of the Group's overall business. Coal trading not only allows the Company to meet the customers' demands, it also contributes to the Group's overall profitability.

Shareholders and potential investors in the Company should note that the Company's unaudited consolidated total comprehensive income for the First Quarter 2011 and unaudited Consolidated Statement of Comprehensive Income for the First Quarter 2011, both set out above, have all been extracted from the Company's unaudited management accounts and may differ from the final audited reviewed results to be reported in the Company's half year financial report for the half year ended 30 April 2011 and the final audited results to be reported in the Company's full year financial report for the year ending 31 October 2011.

### **Production**

For the 5 months ended 31 March 2011, total production of the Group's coal mines was approximately 432,000 tonnes. The Group produced approximately 730,000 tonnes in the Financial Period 2010.

### **Acquisition of WuShan Maojiawang Coal Mine**

On 19 April 2011, the Company announced that it has completed the acquisition of the entire equity interest in Chongqing Yihua Mining Co., Limited (CY Mining), which owns the WuShan Maojiawang Coal Mine, for a total consideration of RMB80 million (approximately A\$11.67 million).

In the announcement, it is mentioned that the WuShan Maojiawang Coal Mine mining lease covers 29.96km<sup>2</sup> in a central location of Wushan County some 8km south of the Yangtze River. The Maojiawang No. 1 Mine Area has a production permit that covers 2.83km<sup>2</sup> with approval to develop two production adits and one ventilation adit at the Zhoujiabo Section. A production permit application covering the remainder of the main lease will be submitted during the year and upon approval development will continue on the existing production adit and ventilation shaft situated at the Maojiawang No. 2 Mine Area at the Shibeiya Section.

The Company has appointed Al Maynard & Associates Pty Ltd (“**AM&A**”) as Independent Geologists to review the data and conduct explorations works with the aim of providing JORC Code compliant reserve and resources estimates for the WuShan Mine. AM&A indicated that such an estimate can be completed within approximately three months of receipt of final drill-hole data. The Company will release JORC Code compliant estimates when available.

Excluding the WuShan Mine, the revised production targets for the Group based on total JORC ore reserves of 6.568 million tonnes are as follows:

<i>(Unit: million tonnes)</i>	<b>Calendar Year</b>		
	<b>2011</b>	<b>2012</b>	<b>2013</b>
Caotang Mine	0.8	1.0	1.5
Heiwan Mine	0.2	0.3	0.5
<b>TOTAL</b>	<b>1.0</b>	<b>1.3</b>	<b>2.0</b>

The production targets for Caotang Mine and Heiwan Mine for 2011 and 2012 are the same as that stated in the Company's IPO Prospectus dated 15 October 2010 (“**Prospectus**”) in Section 2 "Company and project overview". In setting the production targets for 2013, the Directors considered all the factors and assumptions set out in page 25 of the Prospectus and also the Group's actual production for the 5 months ended 31 March 2011 as set out above which the Directors believe form a reasonable basis therefore.

On 28 April 2011, the Company announced that it had appointed AM&A as independent geologist to carry out and oversee this recommended geological work programme. The main objective for the appointment of AM&A is to carry out such work as may be required to report on an updated JORC Code compliant estimate of ore reserves and mineral resources at the Caotang Mine and at the Heiwan Mine.

Barring unforeseen circumstances, the Company expects demand for coal in China in the second and third quarters to remain strong. The Company's application of funds raised from the initial public offering is expected to show results in the third quarter.

Yours faithfully

For and on behalf of

**BLACKGOLD INTERNATIONAL HOLDINGS LIMITED**

Yu Guo PENG

Executive Director / Chief Executive Officer

### **Competent Person's Statement**

The information in this report which relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Brian Varndell, who is a Fellow member of the Australasian Institute of Mining and Metallurgy and independent consultant to the Company. Mr Varndell is an associate of Al Maynard & Associates and has over 35 years of exploration and mining experience in a variety of mineral deposit styles including coal mineralisation. Mr Varndell has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Varndell consents to inclusion in the report of the matters based on his information in the form and context in which it appears.

### **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.