


黑金环球
BLACKGOLD INTERNATIONAL
Capital Structure
At 29 November 2011:

Shares on issue	: 894.3 million
Options	: Nil
Market Capitalisation	: A\$169.9 million
Cash at Bank	: A\$ 28.8 million
Debt	: A\$ 14.7 million
Enterprise Value	: A\$155.8 million

At 11 October 2011:

Current JORC Resource	: app 130m tonnes
Current JORC Reserve	: app 5m tonnes

Company Directors & Management
Directors

Executive Director & CEO	Yu Guo Peng
Non-Executive Chairman	Chi Ho (James) Tong
Executive Director	Jun Ou
Non-Executive Director	Teck Sin (Steven) Chong
Non-Executive Director	Chong Hee (Frank) Peh
Non-Executive Director	Seng Kiong (SK) Yap
Non-Executive Director	Prof Guangfu Yang

Management

Deputy General Manager	Zhong Xiao Zhu
Deputy General Manager, Enterprise Management	Yi Jiang Peng
Chief Engineer	Fa Jian Zhang
Assistant to General Manager and Controller	Hong Lin Liu
Chief Financial Officer	Shao Kui Chen
Financial Controller	Teck Meng Lim
Chief Geologist	WenMing Yeo
Sales and Procurement Manager	Guo Peng Xiao
Head of Human Resources	Jun Shao

Top Shareholders

Lucky Magic Enterprises	62%
Prima Network Financial	7%
Singapore Enterprises Private	5%

Contact

Teck Meng Lim
Financial Controller
Email: ltm@blackgoldglobal.net
T: +86 1388 3532 451

Australia Enquiries

Karen Oswald
Purple Communications
T: +61 8 6314 6300
E: koswald@purplecom.com.au

Quarterly Activities Report for the period ended 31 October 2011

Highlights :

- Production from the Company's Caotang and Heiwan Mines of 943,700 tonnes for the financial year ended 31 October 2011 (**FY2011**). This is 29% above the previous financial year's production of 732,300 tonnes and in line with the Company's previously announced forecasts of approx. 1Mt.
- Announcement of maiden JORC resource at WuShan MaoJiaWang Mine and JORC Resource Upgrade for Heiwan Mine, reflecting
 - JORC Code compliant Measured Resource of 43.2Mt; Indicated Resource of 38.94Mt and Inferred Resource of 32.17Mt (totalling 114.31MT Resources) on WuShan MaoJiaWang Mine; and
 - a K1 and K2 Resource upgrade of Measured Resource to 5.87MT and Indicated Resource upgrade to 0.62Mt totalling 6.49Mt for the Heiwan Mine.
- Al Maynard and Associates (**AM&A**) is conducting an independent review of the Company's new and existing resources for the purposes of complying with the JORC Code guidelines.
- Completion of acquisition of QiJiang ChangHong Mine for a consideration of RMB 98 million (approx A\$ 14.4 million).
- Presentation at Mines and Money Australia.
- Announces appointment of advisor to the proposed dual listing on the Stock Exchange of Hong Kong (**HKSE**).
- Commencement of On-market Share Buy Back activity, resulting in 5,716,899 shares bought back as at 30 November 2011.
- Annual General Meeting of Shareholders of Blackgold to be held on Friday, 16 December 2011.

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 Country, Chongqing, the Wushan MaoJia Wang Coal Mine in Wushan County, Chongqing and the QiJiang ChangHong Mine in the area bordering Xishui County of Guizhou and QiJiang County of Chongqing, in the Peoples Republic of China (PRC).

Despite lower production in Q4 2011 (in accordance with previously announced forecasts), Blackgold's two producing mines (Caotang and Heiwan) produced 943,700 tonnes of coal for the financial year ending 31 October 2011 (FY2011). This is 29% above the previous financial year's production of 732,300 tonnes (FY2010) and is in line with the Company's previously announced forecasts of approx. 1Mt.

The Company has focused its attention in Q4 2011 on further development of the mines in preparation for an anticipated higher output in FY2012. This is evidenced from the lateral development of mines shown in the annexure.

A summary of the available maiden JORC compliant data for Blackgold's mines are as follows:

	Coal Resources (Mt)					Coal Reserves (Mt)		
	Measured	Indicated	Inferred	Total		Proven	Probable	Total
Caotang	-	-	9.9	9.9		2.0	3.7	5.7
Heiwan	5.9	0.6	-	6.5		-	-	-
Wushan	43.2	38.9	32.2	114.3		-	-	-
Total	49.1	39.5	42.1	130.7		2.0	3.7	5.7

Note: since mining has occurred, the "Resource Base" is being slowly depleted pending the results of the upgrade exercise currently in motion. The deliverable CV of these resources is between 4,500-5,750kcal/kg .

AM&A is conducting an independent review of the Company's new and existing resources for the purposes of complying with the JORC Code guidelines. Blackgold will announce a JORC compliant resource for the QiJiang ChangHong Mine once it is available.

Blackgold also generates significant amounts of its revenue and profit from its coal trading activities.

Production Statistics

Period	Unit	tonnes	Sales A\$ M	Sales RMB M
2010	Caotang	629,590	16.2	99.3
	Heiwan	102,744	7.7	47.1
	Group	732,334	23.9	146.4

Period (2011)	Unit	tonnes	Sales A\$ M	Sales RMB M
1st Quarter	Caotang	309,921	10.3	67.5
	Heiwan	61,390	5.0	32.5
	Group	371,311	15.3	100.0
2nd Quarter	Caotang	131,725	3.7	25.2
	Heiwan	26,763	3.2	21.9
	Group	158,488	6.9	47.1
3rd Quarter	Caotang	218,099	8.7	61.3
	Heiwan	71,727	5.3	37.2
	Group	289,826	14.0	98.5
4th Quarter	Caotang	80,364	4.0	26.3
	Heiwan	43,723	4.0	26.4
	Group	124,087	8.0	52.7
Total for the 12 months	Caotang	740,109	26.7	180.3
	Heiwan	203,603	17.5	118.0
	Group	943,712	44.2	298.3

The above table of Production Statistics does not include any contribution from coal trading activities from which the company derives a substantial proportion of its sales revenue and profits.

Caotang Mine

In June 2010 the Caotang Mine had JORC Code Compliant Mineral Resources of 9.94 million tonnes including a Proved and Probable Reserve of 5.66 million tonnes.

There are no measured or indicated resources for the Caotang Mine, Inferred resources with coal quality for the Caotang Mine is presented in the table below:

	JORC-Code compliant Coal Inferred Resources						
	Tonnes Mt	Moisture %	Ash %	Volatile %	FC %	Sulphur %	CV ar
Inferred K2	3.38	0.7	35.0	7.0	57.4	0.8	4,700
Inferred K1	6.56	0.7	37.0	7.2	55.0	0.6	4,500
Total Inferred	9.94	0.7	36.3	7.1	55.8	0.7	4,600

Note: since mining has occurred, the "Resource Base" is being slowly depleted pending the results of the upgrade exercise currently in motion. The above table is presented in the Company's prospectus, on page 78.

Total output from the Caotang Mine was approximately 80,400 tonnes for Q4 2011, a decrease of 63% on Q3 2011 output. Total output from the Caotang Mine for FY2011 is approximately 740,100 tonnes.

The lateral development rate has been increased in all working sections of the mine, as set out in the annexure to this report.

Due to the addition of three new underground haulage locomotives in Q2 2011 (two at Caotang and one at Heiwan) with a haulage capacity of 20 tonnes of coal each, productivity has increased, with a reduced cost per tonne of delivering coal from the mine to the external loading bay from RMB 10 - 15 per tonne to RMB 5 per tonne (approx. A\$0.77 per tonne). Blackgold is investigating the acquisition of a further 20 locomotives once it has properly evaluated the performance of the three new locomotives.

The Company's coal contains an estimated 10–15% clay in partings, as such, Blackgold is investigating the effect on coal quality if it was to wash the coal prior to loading, to reduce the amount of clay which would in turn reduce the ash and sulphur content of the product.

Please refer to the Company's previous announcements, quarterly activity statements and prospectus for further details regarding production and reserves at the Caotang mine.

Heiwan Mine

As announced on 11 October 2011, the Heiwan Mine K1 and K2 Resources were upgraded to Measured Resource of 5.87MT and Indicated Resource of 0.62Mt, totalling 6.49Mt.

Upgraded K1 and K2 Measured and Indicated Resources with coal quality for the Heiwan Mine is presented in the table below:

	JORC-compliance Upgraded Resources						
	Tonnes Mt	Moisture %	Ash %	Volatile %	FC %	Sulphur %	CV ar
Indicated K2	0.21	0.99	26.24	7.18	65.59	0.45	5,710.11
Indicated K1	0.41	0.77	25.68	6.59	66.46	0.98	5,667.38
Total Indicated	0.62	0.85	25.87	6.79	66.16	0.80	5,682.06
Measured K2	2.20	0.86	26.20	7.25	65.70	0.44	5,728.03
Measured K1	3.67	0.72	25.43	6.72	66.63	0.96	5,705.79
Total Measured	5.87	0.77	25.72	6.92	66.28	0.77	5,714.13

Note: since mining has occurred, the "Resource Base" is being slowly depleted pending the results of the upgrade exercise currently in motion.

Total output from the Heiwan Mine was approximately 42,700 tonnes for Q4 2011, a decrease of 39% on Q3 2011. Total output from the Heiwan Mine for FY2011 is approximately 203,600 tonnes.

Like the Caotang Mine, the lateral development rate at the Heiwan Mine was increased in all working areas, as set out in the annexure to this report.

Please refer to the Company's previous announcements, quarterly activity statements and prospectus for further details regarding production and reserves at the Heiwan mine.

WuShan MaoJiaWang Mine

During Q4 2011, AM&A completed the exploration and evaluation work required to convert existing PRC geological data into JORC compliant resources at the WuShan MaoJiaWang Mine. This work resulted in the company announcing its maiden combined JORC Resource for this mine in October 2011 of 114.31Mt.

In order to achieve a higher production target for FY2012, Blackgold is preparing a higher production capacity plan for the WuShan MaoJiaWang Mine for approval by the authorities. Planning for actual production can only take place when this is approved. This has caused the actual production to be delayed to FY2012.

JORC Measured, Indicated and Inferred Resources with coal quality for the Wushan MaoJiaWang Mine is presented in the table below.

	JORC-Code compliant Coal Resources						
	Tonnes Mt	Moisture %	Ash %	Volatile %	FC %	Sulphur %	CV ar
Inferred K2	10.78	0.51	28.74	6.96	63.78	0.47	5,476.88
Inferred K1	21.40	0.53	28	6.76	63.1	0.7	5,542.69
Total Inferred	32.17	0.52	28.25	6.83	63.33	0.62	5,520.65
Indicated K2	13.53	0.51	28.63	6.93	63.93	0.47	5,483.11
Indicated K1	25.41	0.57	27.94	6.81	61.11	0.64	5,530.36
Total Indicated	38.94	0.55	28.18	6.85	62.09	0.58	5,513.95
Measured K2	22.24	0.62	28.76	6.96	63.65	0.47	5,450.43
Measured K1	20.96	0.59	28.39	6.81	61.61	0.65	5,501.26
Total Measured	43.20	0.61	28.58	6.89	62.66	0.56	5,475.09

Note: The "Resource Base" is being slowly depleted pending the results of the upgrade exercise currently in motion.

The WuShan MaoJiaWang Mine covers an area of 29.96 km² and is a well developed, pre-production thermal coal mine. The mine is located within 40km of Blackgold's existing operations (Caotang & Heiwan Mines) and 18km from the Yangtze River which is Blackgold's major transportation route to market.

The WuShan MaoJiaWang Mine comprises of two permits, the MaoJiaWan No. 1 Section (2.865km²) (**MJW1**) and the MaoJaiWan No. 2 Section (23.12km²) (**MJW2**).

The mine contains four existing production adits (horizontal entrances to underground mines) with ventilation and access shafts and ancillary infrastructure including power, piped water, access roads and buildings. The WuShan MaoJiaWang Mine is located about 18km from its river port loading facilities and has historically supplied small quantities of thermal coal. Blackgold anticipates that commercial coal production to commence in early FY2012.

There has been no lateral development at the WuShan MaoJiaWang Mine for Q4 2011.

QiJiang ChangHong Mine

During the quarter, Blackgold completed the acquisition of the QiJiang ChangHong Mine for a consideration of RMB 98 million (approx A\$14.4 million).

The QiJiang ChangHong Mine has been the subject of extensive local exploration and development in the past and is located within 50km of the Company's existing office in Chongqing. The mine is located in the area bordering Xishui County of Guizhou and QiJiang County of Chongqing. The mine contains two existing adits (horizontal entrances to underground mines) together with ventilation and access shafts and ancillary infrastructure including power, piped water, access roads and buildings.

The Company has completed the restructuring of the production tunnels and installed the necessary GPS tracking system and gas detector equipment prior to production. The GPS system will track the movement of miners inside the mine and the gas detector will alarm the miners should gas circulating in the mine reach unhealthy levels. The miners are capable of being easily located and will withdraw from the mine if alerted by the gas detector.

The QiJiang ChangHong Mine is ready for production in FY2012.

There has been no lateral development at the QiJiang ChangHong Mine for Q4 2011.

Continuing Coal Resources and Reserves Evaluation

Further to the maiden resources and resources data presented above, Blackgold has also commissioned AM&A to undertake further geological exploration and evaluation work required in order to convert existing PRC geological data into JORC defined resources at the newly acquired QiJiang ChangHong Mine and to upgrade the remaining current JORC defined resources and reserves at the Heiwan and Caotang Mines.

Coal Trading Activities

Blackgold operates in a market where demand from existing customers significantly outweighs existing production from its own mines. Accordingly, Blackgold purchases coal for the purposes of re-sale from other smaller producers to satisfy its existing customer base. Often the coal quality from these sources is inferior in terms of calorific content to Blackgold's product and is therefore blended with Blackgold's coal for delivery to the end user.

During Q4 2011, Blackgold acquired and resold approximately 48,300 tonnes of coal, a decrease of 18% on Q3 2011.

The profit margin on Blackgold's coal trading activities varies from A\$2 per tonne to A\$5 per tonne with an average profit margin of approximately A\$4 per tonne.

Blackgold intends to expand its coal purchasing activities by purchasing additional coal from other producers outside the PRC. Given the Company's unique position as an Australian listed public company with treasury operations based in Hong Kong and its PRC domiciled business activities and customers, Blackgold is ideally positioned to implement cross-border transactions and multi-currency settlements.

Occupational Health and Safety

Blackgold is pleased to report that there were no incidents or accidents during Q4 2011.

Blackgold has maintained an excellent safety record over the past 12 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.

Corporate

Presentation at Mines and Money Australia

In October 2011, the Company participated and made a presentation to the Mines and Money conference held in Sydney, Australia. A copy of this presentation has been announced to the ASX.

Share buy back

In October 2011, Blackgold commenced its on-market share buy-back activity. As of 30 November 2011, Blackgold has purchased 5,716,899 shares. Consideration paid for these shares range from A\$0.185 to A\$0.225 per share. Further details on the share buyback activities can be found in announcements made to the ASX.

Dual listing in Hong Kong

In November 2011, Blackgold announced the appointment of Daiwa Capital Markets Hong Kong Limited as its advisor for a proposed dual listing on the Hong Kong Stock Exchange. To date, Blackgold has not submitted any application for listing with the HKSE and no assurance is given that the proposed dual listing will materialise.

Annual General Meeting of Shareholders

The Company's first Annual General Meeting of Shareholders will be held at the Subiaco Arts Centre, 180 Hamersley Road, Subiaco, Western Australia on Friday, 16 December 2011 commencing at 9.30am (AWST).

China Coal Outlook

At present, Blackgold sells all its thermal coal internally within mainland China. The demand for Blackgold's product is extremely strong and unlikely to change in the foreseeable future. Blackgold sells the majority of its coal to major power generation customers in Shanghai who have existing demand for more than three times the amount of coal that Blackgold will produce this calendar year.

Coal makes up an estimated 70% of China's total primary energy consumption and China is both the largest consumer and producer of coal in the world. China's coal industry has traditionally been fragmented among large state-owned coal mines, local state-owned coal mines and many thousands of small scale town and village operated mines. These smaller mines are regarded as inefficient, with minimal capital, outdated equipment and poor safety records. During the past several years China has closed down between 20,000 and 50,000 small coal mines in an effort to consolidate the industry, increase efficiency and promote acceptable safety standards.

In the Fengjie County region in Chongqing where Blackgold operates, approximately 4,000 coal mines existed 10 years ago. The government and local authorities have since reduced this number to less than 100 mines. Blackgold is the largest coal mining company in the local 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.

Future Developments

Blackgold continues to work with independent geologists to progress the exploration and evaluation activities required to increase its existing resource base.

Blackgold enjoys excellent 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. It is currently evaluating a number of potential new acquisitions.

Contact:

For more information please contact:

Teck Meng Lim
Financial Controller
Blackgold International Holdings Limited
Email: ltm@blackgoldglobal.net
+86 1388 3532 451

Karen Oswald/ Warrick Hazeldine
Purple Communications
Email: KOswald@purplecom.com.au
WHazeldine@purplecom.com.au
Tel: +61 8 6314 6300

Competent Person's Statement

The information in this report which relates to Exploration Results, Coal Resources or Coal Reserves is based on information compiled by Mr Brian Varndell, who is a corporate Fellow 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.

Disclaimer

Certain statements included in this announcement, including information regarding Blackgold's plans with respect to its proposed dual listing on HKSE 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.

ANNEXURE

Lateral Development

Caotang		Pit No 1	Pit No 2	Pit No 3
Quarter	Adit inside Pit	Metres		
1st Quarter	Primary lateral driving (Development off seam)	772	780	773
	Primary lateral driving (Development on seam)	639	513	546
	Raise between levels (off seam)	709	758	743
	Decline (off seam)	168	218	215
2nd Quarter	Primary lateral driving (Development off seam)	526	514	533
	Primary lateral driving (Development on seam)	502	481	534
	Raise between levels off seam	-	430	452
	on seam	434	-	-
	Decline (off seam)	289	277	293
3rd Quarter	Primary lateral driving (Development off seam)	346	488	-
	Primary lateral driving (Development on seam)	120	80	-
	Raise between levels off seam	256	327	-
	on seam	-	-	-
	Decline (off seam)	1,315	938	-
4th Quarter	Primary lateral driving (Development off seam)	-	340	1,635
	Primary lateral driving (Development on seam)	3,157	1,736	1,250
	Raise between levels			
	off seam	272	160	550
	on seam	-	300	-
	Decline (off seam)	-	-	2,000

Heiwan	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr
Adit inside Pit	Metres			
Primary lateral driving (Development off seam)	272	747	-	-
Primary lateral driving (Development on seam)	938	264	495	909
Raise between levels (off seam)	1,483	149	1,040	424
Decline (off seam)	397	163	-	29

Note: Lateral development of mines is planned according to the proposed production requirement, certain pits are not further developed in Q3 and Q4 are indicated as such ("-").

Location of Blackgold's Mines

