



BLUEBIRD MERCHANT VENTURES LIMITED

**HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017
(UNAUDITED)**

BLUEBIRD MERCHANT VENTURES LTD

Half-year Financial Report for the Six Months Ended 31 December 2017 (Unaudited)

DIRECTORS' REPORT

The Directors present their report together with the unaudited financial statements of the Group for the half-year ended 31 December 2017.

The Group

Bluebird Merchant Ventures Limited (Company), the parent company, is registered and domiciled in the British Virgin Islands.

Subsidiaries of the Group are MRL Gold Inc, Bluebird Merchant Ventures Inc and White Tiger Mineral Resources Inc (WTMR). WTMR was sold by the Group in August 2017. Associate of the Group is Egerton Gold Philippines Inc. All subsidiaries and associate of the Group are registered and domiciled in the Philippines.

Results and Dividends

The results of the Group for the half-year ended 31 December 2017 show a loss before taxation of US\$ 748,272 (31 December 2016 showed a loss of US\$ 679,276).

Operational Activities

The Group has been active on the ground at Gubong during the second half of 2017. The Gubong mine closed in 1971 when the gold price was about US\$ 40/oz. Subsequent to the closure of the mine the various access points were buried. This was the first challenge for the operational team in seeking to locate the various access points. Through the use of ground penetrating radar, research of old maps and photographs as well as community engagement the team began to locate the various access points.

The Group was able to locate and uncover a number of access points to the mine including a concrete lined decline shaft. Further progress was quickly made whereby about 300 metres of horizontal development and 50 metres of shaft were opened up. The speed at which these areas were opened up is very encouraging considering the cost of new development is about US\$ 3,000 per metre of new development and US\$ 10,000 per metre of new shaft development. The fact that Gubong is a historical mine means that much of the development has already been done. There are over 120 kilometres of underground development at Gubong.

Grab samples were taken from accessed development and the Group is very encouraged by the gold assay results from these samples. This supports the view of management that the mine closed primarily due to being uneconomic when the gold price was US\$ 40/oz. Today, with a relatively much higher gold price, ore that was uneconomic then is now payable.

Further work will be undertaken as progress is made with the report on the feasibility to reopen the mine. Bluebird is seeking to initially delineate enough ore for the first three years of mining and will then fast track production.

BLUEBIRD MERCHANT VENTURES LTD

Half-year Financial Report for the Six Months Ended 31 December 2017 (Unaudited)

Events after the Reporting Period

The Company was approached by a significant shareholder to participate in the previously agreed pre-JV funding and it was agreed that the Company would accept up to GBP 250,000.

The shareholders voted not to re-appoint the Group's auditors and the Directors are currently in discussions with new auditors who will be appointed in advance of the Group's year-end.

Company Directors

	Position	Appointed	Audit Committee	Remuneration Committee
J. Morley-Kirk	Non-Exec. Chairman	March 2014	Chair	Member
C. Sinclair-Poulton	Non-Exec. Director	September 2015	Member	Chair
A. Bishop	Executive	March 2014	-	-
C. Barclay	Executive	March 2017	-	-
C. Patterson	Executive	September 2015	-	-

Share Capital

At 31 December 2017 the issued share capital of the Company stood at 207,019,698 – with 2,305,760 new shares having been issued during the half-year.

This Directors' Report was approved by the Board of Directors on 27 February 2018 and is signed on its behalf.

By Order of the Board

Aidan Bishop

Director

27 February 2018

BLUEBIRD MERCHANT VENTURES LTD

Half-year Financial Report for the Six Months Ended 31 December 2017 (Unaudited)

FINANCIAL STATEMENTS**Consolidated Income Statement**

For the half-year ended 31 December 2017

	Note	31-Dec-17 (US\$) (Unaudited)	31-Dec-16 (US\$) (Unaudited)
Revenue		-	51,603
Cost of Sales		-	(50,911)
Gross profit/(loss)		-	692
Farm-in costs		(373,822)	-
Administrative expenses		(347,680)	(373,327)
Share based payments		-	(14,615)
Net impairment of assets		-	(271,985)
Operating profit/(loss)		(721,502)	(659,235)
Exchange gain/(loss)		(118,900)	(20,041)
Sale of White Tiger Mineral Resources Inc		92,130	-
Profit/(loss) before taxation		(748,272)	(679,276)
Income tax expense		-	-
Profit/(loss) for the period from continuing operations		(748,272)	(679,276)
Profit/(loss) for the period		(748,272)	(679,276)
Attributable to:			
Equity shareholders to the parent company		(748,272)	(679,276)
Earnings per share:			
Basic profit/(loss) per share (cents per share)	9	(0.0036)	(0.0035)
Diluted profit/(loss) per share (cents per share)	9	(0.0034)	(0.0034)

The accompanying accounting policies and notes form an integral part of these financial statements.

BLUEBIRD MERCHANT VENTURES LTD

Half-year Financial Report for the Six Months Ended 31 December 2017 (Unaudited)

Consolidated Statement of Financial Position

For the half-year ended 31 December 2017

	Note	31-Dec-17 (US\$) (Unaudited)	31-Dec-16 (US\$) (Unaudited)
Non-current assets			
Property, plant and equipment		-	107
		-	107
Current assets			
Trade and other receivables		164,489	190,204
Loan due to Bluebird Merchant Ventures Ltd	6	5,000,000	5,000,000
Cash and cash equivalents		54,779	25,659
		5,219,268	5,215,863
Current liabilities			
Trade and other payables	2	(1,187,768)	(449,282)
Other financial liabilities	2	(542,055)	-
		(1,729,823)	(449,282)
Non-current liabilities			
Trade and other payables	2	(133,618)	-
Financial and other liabilities		(92,932)	(590,034)
		(226,550)	(590,034)
Net Assets		3,262,895	4,176,654
Equity			
Issued share capital	8	3,138,245	3,075,665
Reserves		45,439	2,808,546
Retained earnings		79,211	(1,694,395)
Total equity attributable to the parent		3,262,895	4,189,816
Non-controlling interest		-	(13,162)
Total Equity		3,262,895	4,176,654

The accompanying accounting policies and notes form an integral part of these financial statements.

BLUEBIRD MERCHANT VENTURES LTD

Half-year Financial Report for the Six Months Ended 31 December 2017 (Unaudited)

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2017

	Share Capital (US\$) (Unaudited)	Retained Earnings (US\$) (Unaudited)	Reserves (US\$) (Unaudited)	Total (US\$) (Unaudited)	Non- Controlling Interest (US\$) (Unaudited)	Total Equity (US\$) (Unaudited)
At 30-Jun-16	2,948,717	(1,015,119)	45,439	1,979,037	(13,162)	1,965,875
Profit/(loss) for the period	-	(679,276)	-	(679,276)	-	(679,276)
Total comprehensive profit/(loss)	-	(679,276)	-	(679,276)	-	(679,276)
Share Capital	126,948	-	-	126,948	-	126,948
Reserves	-	-	2,763,107	2,763,107	-	2,763,107
Total transactions with owners	126,948	(679,276)	2,763,107	2,210,779	-	2,210,779
At 31-Dec-16	3,075,665	(1,694,395)	2,808,546	4,189,816	(13,162)	4,176,654
Profit/(loss) for the period	-	2,521,878	-	2,521,878	-	2,521,878
Total comprehensive profit/(loss)	-	2,521,878	-	2,521,878	-	2,521,878
Share Capital	4,936	-	-	4,936	-	4,936
Reserves	-	-	(2,763,107)	(2,763,107)	-	(2,763,107)
NCI	-	-	-	-	13,162	13,162
Total transactions with owners	4,936	2,521,878	(2,763,107)	(236,293)	13,162	(223,131)
At 30-Jun-17	3,080,601	827,483	45,439	3,953,523	-	3,953,523
Profit/(loss) for the period	-	(748,272)	-	(748,272)	-	(748,272)
Total comprehensive profit/(loss)	-	(748,272)	-	(748,272)	-	(748,272)
Share Capital – issued	57,644	-	-	57,644	-	57,644
Total transactions with owners	57,644	(748,272)	-	(690,628)	-	(690,628)
At 31-Dec-17	3,138,245	79,211	45,439	3,262,895	-	3,262,895

The accompanying accounting policies and notes form an integral part of these financial statements.

BLUEBIRD MERCHANT VENTURES LTD

Half-year Financial Report for the Six Months Ended 31 December 2017 (Unaudited)

Consolidated Cash Flow Statement

For the half-year ended 31 December 2017

	Note	31-Dec-17 (US\$) (Unaudited)	31-Dec-16 (US\$) (Unaudited)
Cash flows from operating activities			
Cash paid to suppliers and employees		(459,126)	(414,942)
Cash generated from operations		(459,126)	(414,942)
Interest received (paid)		(1,500)	-
Income tax paid		-	-
Net cash from operating activities		(460,626)	(414,942)
Cash flows from investing activities			
Receipts from sale of WTMR		25,471	
Net cash used investing activities		25,471	-
Cash flows from financing activities			
Net proceeds from equity issued		57,644	66,647
Proceeds from short-term debt		337,403	115,035
Net cash used financing activities		395,047	181,682
Net increase/(decrease) in cash		(40,108)	(233,260)
Cash and cash equivalents at the start of the period		94,887	258,919
Cash and cash equivalents at the start of the period		54,779	25,659

The accompanying accounting policies and notes form an integral part of these financial statements.

BLUEBIRD MERCHANT VENTURES LTD

Half-year Financial Report for the Six Months Ended 31 December 2017 (Unaudited)

NOTES TO THE FINANCIAL INFORMATION

For the half-year ended 31 December 2017

1. Basis of Preparation and Adoption of International Financial Reporting Standards (IFRS)

The Group financial statements consolidate those of the Group and of its investments. The Group financial statements have been prepared in accordance with IFRS and International Financial Reporting Interpretations Committee interpretations as adopted by the European Union at 31 December 2017.

2. Going Concern

The Group has the following loans and liabilities, which total US\$ 1,956,373:

Party	Current Liability (US\$) (Unaudited)	Non-Current Liability (US\$) (Unaudited)
Trade Payables	239,426	-
Trade Payables – to be Paid as Equity	948,342	-
Deferred Income Tax Liability	-	133,618
Loan Notes: Related Parties	300,000	92,932
Non-Related Parties	242,055	-
Total	1,729,823	226,550

The US\$ 948,342 to be Paid as Equity relates to Directors' Fees and payments to non-Directors (refer note 11 for further detail). This has been approved by the Board and the Directors and others have agreed for the issuance to be deferred to a later date yet to be specified.

The Company formalised the offer of funding from First Names Trustees during the period to enable the Group to meet its liabilities and obligations until the Joint Venture with Southern Gold is formed. The Company subsequently agreed to accept GBP 250,000 of this funding from a significant shareholder.

The Directors are aware that further funding will be required upon the formation of the Joint Venture with Southern Gold Limited, which will only be formed upon the Group producing a positive report of feasibility to reopen the Gubong mine. The Directors will determine at the appropriate time how to source the required funding for the contributing joint venture and remain confident that the required capital will be sourced in the form of either equity and/or debt.

The Directors continue to adopt the Going Concern basis in preparing the Group's financial statements.

BLUEBIRD MERCHANT VENTURES LTD

Half-year Financial Report for the Six Months Ended 31 December 2017 (Unaudited)

NOTES TO THE FINANCIAL INFORMATION

3. Accounting Policies

3.1 Consolidation and Goodwill

The Group financial statements consolidate the results of the Group and its subsidiary undertakings using the acquisition accounting method. On acquisition of a subsidiary, all of the subsidiary's identifiable assets and liabilities which exist at the date of acquisition are recorded at their fair values reflecting their condition on that date. The results of subsidiary undertakings acquired are included from the date of acquisition. In the event of the sale of a subsidiary, the subsidiary results are consolidated up to the date of completion of the sale.

The costs of acquisition are recognised in the income statement. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the income statement as a gain.

Transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated, unless the unrealised loss provides evidence of an impairment of the asset transferred.

3.2 Segmental reporting

An operating segment is a component of the Group engaged in exploration or production activity that is regularly reviewed by the Chief Operating Decision Maker (considered to be the Board of Directors) for the purposes of allocating resources and assessing financial performance. The Group's operating segments are determined as the British Virgin Islands (BVI), the Philippines and South Korea.

3.3 Foreign currency translation

The functional currency of the entities within the Group is the US Dollar (US\$), as the currency which most affects each Group's revenue, costs and financing. The Group's presentation currency is also the US Dollar.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at reporting period end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement.

BLUEBIRD MERCHANT VENTURES LTD

Half-year Financial Report for the Six Months Ended 31 December 2017 (Unaudited)

NOTES TO THE FINANCIAL INFORMATION

3.4 Investment in Associates

Associate companies are companies in which the Group has significant influence generally through holding, directly or indirectly, 20% or more of the voting power of the Associate. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recorded at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the Associate. In addition, the Group's share of the profit or loss of the Associate is included in the Group's profit or loss.

3.5 Taxes

Current income tax liabilities comprise those obligations to fiscal authorities in the countries in which the Group carries out operations and where it generates its profits. They are calculated according to the tax rates and tax laws applicable to the financial period and the country to which they relate. All changes to current tax assets and liabilities are recognised as a component of the tax charge in the income statement.

Deferred tax liabilities are provided for in full; deferred tax assets are recognised when there is sufficient probability of utilisation. Deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

4. Segmental Reporting

Income Statement	BVI	Philippines	South Korea	Total
For the half-year ended 31 December 2016	(US\$)	(US\$)	(US\$)	(US\$)
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	-	51,603	-	51,603
Administrative Costs	(357,983)	(50,000)	-	(407,983)
Other Income/(Expenses)	-	(322,896)	-	(322,896)
Profit/(loss) from Continuing Operations	(357,983)	(321,293)	-	(679,276)
Loss from Discontinued Operations	-	-	-	-
Loss for the Year	(357,983)	(321,293)	-	(679,276)
Income Tax Expense	-	-	-	-
Total Comprehensive Loss for the Year	(357,983)	(321,293)	-	(679,276)

BLUEBIRD MERCHANT VENTURES LTD

Half-year Financial Report for the Six Months Ended 31 December 2017 (Unaudited)

NOTES TO THE FINANCIAL INFORMATION

4. Segmental Reporting (continued)

Statement of Financial Position For the half-year ended 31 December 2016	BVI (US\$) (Unaudited)	Philippines (US\$) (Unaudited)	South Korea (US\$) (Unaudited)	Total (US\$) (Unaudited)
Non-Current Assets	-	107	-	107
Trade and Other Receivables	-	5,190,204	-	5,190,204
Cash and Cash Equivalents	23,095	2,564	-	25,659
Total Assets	23,095	5,192,875	-	5,215,970
Current Liabilities	(123,635)	(325,647)	-	(449,282)
Non-Current Liabilities	(292,932)	(297,102)	-	(590,034)
Net Assets	(393,472)	4,570,126	-	4,176,654

Income Statement For the half-year ended 31 December 2017	BVI (US\$) (Unaudited)	Philippines (US\$) (Unaudited)	South Korea (US\$) (Unaudited)	Total (US\$) (Unaudited)
Revenue	-	-	-	-
Administrative Costs	(350,572)	(116,008)	(373,822)	(840,402)
Share of Loss from Associate	-	-	-	-
Other Income/(Expenses)	-	92,130	-	92,130
Extraordinary Gain on Acquisition	-	-	-	-
Profit/(loss) from Continuing Operations	(350,572)	(23,878)	(373,822)	(748,272)
Loss from Discontinued Operations	-	-	-	-
Loss for the Year	(350,572)	(23,878)	(373,822)	(748,272)
Income Tax Expense	-	-	-	-
Total Comprehensive Loss for the Year	(350,572)	(23,878)	(373,822)	(748,272)

BLUEBIRD MERCHANT VENTURES LTD
Half-year Financial Report for the Six Months Ended 31 December 2017 (Unaudited)

NOTES TO THE FINANCIAL INFORMATION

4. Segmental Reporting (continued)

Statement of Financial Position For the half-year ended 31 December 2016	BVI (US\$) (Unaudited)	Philippines (US\$) (Unaudited)	South Korea (US\$) (Unaudited)	Total (US\$) (Unaudited)
Non-Current Assets	-	-	-	-
Trade and Other Receivables	83,340	5,081,149	-	5,164,489
Cash and Cash Equivalents	49,319	5,460	-	54,779
Total Assets	132,659	5,086,609	-	5,219,268
Current Liabilities	(1,474,277)	(172,231)	(83,315)	(1,729,823)
Non-Current Liabilities	(92,932)	(133,618)	-	(226,550)
Net Assets	(1,435,550)	4,780,760	(83,315)	3,362,895

5. Loss for the Period before Tax

	31-Dec-17 (US\$) (Unaudited)	31-Dec-16 (US\$) (Unaudited)
Loss for the Year has been arrived at after charging:		
Depreciation	-	-
Audit Services	13,500	10,000

6. Batangas Gold Project Investment

The Directors have undertaken an impairment review of the value of the Batangas Gold Project and do not believe that any adjustment from the US\$ 5,000,000 valuation reported at 30 June 2017 is required.

7. Taxation

The Group contains entities with tax losses and deductible temporary differences for which no deferred tax asset is recognised. A deferred tax asset has not been recognised within some of the Group entities where the entities in which those losses and allowances have been generated either do not have forecast taxable in the near future, or the losses have restrictions whereby their utilisation is considered to be unlikely.

BLUEBIRD MERCHANT VENTURES LTD

Half-year Financial Report for the Six Months Ended 31 December 2017 (Unaudited)

NOTES TO THE FINANCIAL INFORMATION**8. Share Capital**

	At 31-Dec-17		At 31-Dec-16	
	Number (Unaudited)	US\$ (Unaudited)	Number (Unaudited)	US\$ (Unaudited)
Opening Balance	196,003,411	3,075,665	195,605,589	2,948,717
Issued During the Period (Net)	11,016,287	62,580	397,822	126,948
Closing Balance	207,019,698	3,138,245	196,003,411	3,075,665

The shares have no par value.

9. Earnings Per Share

	31-Dec-17 (US\$) (Unaudited)	31-Dec-16 (US\$) (Unaudited)
Basic loss per share	(0.0036)	(0.0035)
Diluted loss per share	(0.0034)	(0.0034)
Loss used to calculate basic and diluted profit/(loss) per share	(748,272)	(679,276)
Number of shares used in calculating basic loss per share	207,019,698	196,003,411
Number of shares used in calculating basic loss per share	216,950,733	201,916,118

10. Events After the Reporting Period

The Company was approached by a significant shareholder to participate in the previously agreed pre-JV funding and it was agreed that the Company would accept up to GBP 250,000. Upon receipt, this will result in an issuance of new shares in the Company.

The shareholders voted not to re-appoint the Group's auditors and the Directors are currently in discussions with new auditors who will be appointed in advance of the Group's year-end.

11. Related Party Transactions

	31-Dec-17 (US\$) (Unaudited)	31-Dec-16 (US\$) (Unaudited)
Amounts Loaned to Related Parties		
Loans to Associates – WTMR	-	16,681

US\$ 16,681 lent to a related party to acquire shares in White Tiger Mineral Resources Inc has been repaid as part of the August 2017 sale of that company.

BLUEBIRD MERCHANT VENTURES LTD

Half-year Financial Report for the Six Months Ended 31 December 2017 (Unaudited)

NOTES TO THE FINANCIAL INFORMATION**11. Related Party Transactions (continued)**

	31-Dec-17	31-Dec-16
	(US\$)	(US\$)
Amounts Due to Related Parties	(Unaudited)	(Unaudited)
Messrs Bishop & Tarr (Loan Notes: Non-Current Liability)	92,932	92,932
Messrs Bishop, Barclay & Patterson (Loan Notes)	200,000	-
Parties Associated with Messrs Barclay & Patterson (Loan Notes)	100,000	-
Due to Related Parties – Loan Notes	392,932	92,932
Aidan Bishop	275,000	125,000
Charles Barclay	196,264	125,000
Colin Patterson	194,578	72,166
Jonathan Morley-Kirk	37,315	5,109
Clive Sinclair-Poulton	20,329	3,890
Daniel Fox-Davies	3,679	3,679
Due to Directors	727,165	334,844
Total Due to Related Parties	1,120,097	427,776

Messrs Bishop, Patterson, Barclay, Morley-Kirk and Sinclair-Poulton are Directors of the Group. Mr Fox-Davies was a Director of the Group until December 2016.

The amount due to related parties of US\$ 1,120,097 relates to loan notes received prior to admission (US\$92,932), loan notes received in April 2017 (US\$ 300,000), unpaid Directors' Fees in the period to 31 December 2016 (US\$ 334,844) and unpaid Directors' Fees for the period from 01 January 2017 to 31 December 2017 (US\$ 392,391).

The amount due to Directors (US\$ 727,165), the loan notes due to Messrs Bishop & Tarr at admission (US\$ 92,932) and the amounts due to non-related parties (US\$ 128,245) have been agreed by the Directors to be converted to shares at a later date yet to be specified.