

20 March 2019

ASX Announcement

\$26M CAPITAL RAISING TO POSITION BLACKHAM FOR TRANSITION TO +100,000OZ PER ANNUM GOLD PRODUCER¹

Highlights

- Fully underwritten renounceable entitlements issue to raise \$25.8 million (before costs)
- Entitlements issue supported by key stakeholders; MACA Limited and The Lind Partners
- Strong support from Blackham's Executive Chairman Milan Jerkovic, committing to personally sub-underwrite \$1.0 million and to also subscribe for his ~\$160,000 entitlement
- The capital raising provides funding for:
 - implementing production expansion/cost reduction initiatives for the current free milling operations
 - the completion of Blackham's Expansion DFS during the September 2019 quarter, and
 - a material drill programme targeting high-grade underground reserve expansion
- Sulphide expansion is targeting an initial stage of 100-120kozpa production¹, as an interim step to achieving ~250kozpa production¹

Blackham Resources Limited (ASX: BLK) ('Blackham' or the 'Company') announces that it is offering eligible shareholders the opportunity to participate in a fully underwritten pro-rata renounceable entitlements issue of five (5) new fully paid ordinary shares in the Company (New Shares) for every four (4) shares held on the Record Date, which is anticipated to be 26 March 2019, at an issue price of 1.5 cents per New Share to raise approximately \$25.8 million (before costs) ('Entitlements Issue').

Blackham will issue one (1) free attaching option (Option) for every three (3) New Shares issued pursuant to the Entitlements Issue, with each Option being exercisable at 3.0 cents with an expiry date of 12 October 2020. It is the intention of Blackham to list the Options on the ASX, subject to satisfying the ASX conditions for the listing of the Options. The Entitlements Issue price of 1.5 cents per New Share, represents a discount (not including the value of the 1:3 Options) of 44% to the last close price of 2.7 cents and 26% to the Theoretical Ex-Rights Price of 2.0 cents.

The Company's financing providers, MACA Limited ('MACA') and The Lind Partners ('Lind'), have agreed to provide general sub-underwriting commitments in relation to the Entitlements Issue, totalling \$10 million, where subscription moneys payable by each of MACA and Lind will be satisfied by a corresponding reduction in the amounts owed by the Company to them. As part of its commitment, Lind has also agreed to a standstill on any equity conversion under its converting note agreement below a price of 1.8 cents until 30 June 2019.

Blackham's Executive Chairman, Mr Milan Jerkovic, has provided a sub-underwriting commitment in relation to the Entitlements Issue of \$1.0 million in addition to committing to take up his rights pursuant to the Entitlements Issue of around \$160,000. The remaining sub-underwriting commitments have been provided by a number of domestic and international institutional and professional investors.

BOARD OF DIRECTORS

Milan Jerkovic - Executive Chairman
Bryan Dixon - Managing Director
Greg Fitzgerald - Non-Executive Director
Tony James - Non Executive Director

ASX CODE

BLK

CORPORATE INFORMATION

1,377M Ordinary Shares
118M Unquoted Options

PRINCIPAL AND REGISTERED OFFICE

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1. Refer to ASX release dated 28 February 2019

Hartleys Limited ('Hartleys') and Morgans Corporate Limited ('Morgans') were appointed Joint Lead Managers for the Entitlements Issue, with Hartleys being the arranger of the underwriting. The Entitlements Issue is fully underwritten to \$25.8 million, with an additional \$5 million top up placement to sub-underwriters if there is strong demand from shareholders for the Entitlements Issue.

The fully underwritten Entitlements Issue will strongly position Blackham to unlock the significant potential that Blackham has identified with the sulphide expansion opportunity at its 100% owned Matilda-Wiluna Gold Operation ('Operation'). Blackham invites eligible shareholders to participate in the Entitlements Issue which will allow the Company to prioritise the completion of its Expansion DFS whilst also advancing related offtake and financing discussions with parties that are interested in the meaningful gold concentrate production that the Expansion DFS will achieve.

The Company notes strong demand for marketable gold concentrates at present. Blackham is in discussions with various smelters and traders for both gold concentrate offtake and financing for the Stage 1 Expansion of its Operation. The Company will continue these discussions and keep investors informed.

In addition, Blackham has engaged in initial discussions with a number of credible strategic investors regarding both financing and/or business combinations. The Company will continue to progress these discussions. Blackham has not received any written proposals from these strategic investors as yet and whilst discussions will continue, formal proposals may or may not be forthcoming.

Use of Proceeds

Funds raised pursuant to the Entitlements Issue will be used for:

- operational improvements to the existing Operation aimed at increasing production and achieving higher margins;
- the completion of the Expansion DFS, including DFS drilling and the negotiation of offtake and funding agreements;
- resource and reserve drilling aimed at strengthening the Operation's margins;
- reduction of amounts owed to MACA and Lind; and
- ongoing working capital for the Company.

To the extent that the number of shortfall shares ultimately allocated to each of MACA and Lind is less than each of their sub-underwriting commitments, the difference between the quantum of the underwriting commitment and shares allocated to each of MACA and Lind will be paid out of Entitlements Issue proceeds, such that the amount owed by Blackham to each of MACA and Lind will still reduce by \$7.5 million and \$2.5 million respectively upon completion of the Entitlements Issue.

Operational improvements to increase production and decrease costs at Blackham's current free milling operations have been identified over the last six months with implementation of several initiatives having already commenced during the current quarter. These initiatives cover three main areas currently being implemented:

- **Reduce mining costs:** geotechnical sign-off has been received to enable steepening of wall angles at the Wiluna open pits, which will decrease strip ratios and open pit mining costs. Further, updated open pit mining plans are being developed which will prioritise high margin areas whilst Blackham transitions to concentrate production
- **Improve Mined Grades:** mining recently commenced at Golden Age Lower, a new mining area at Blackham's highest-grade orebody. Development started in February 2019, with stoping to commence in the June 2019 quarter. Also, a blast movement study and new measurement tools are expected to reduce ore loss and improve open pit mined grades from the March 2019 quarter
- **Improved Plant Throughput:** crushing circuit improvements aimed at increased performance and runtime. Refurbishment of the existing rod mill has commenced, which is expected to increase mill throughput by up to 22%.

Drilling will continue to focus on Golden Age, Blackham's highest-grade free milling orebody, with a view to further extending the underground mine plan. Drilling is ongoing in the upper (GAN), middle and lower portions of Golden Age, to establish the sustainability of multiple mining areas within the orebody. Blackham is also planning to re-commence drilling in the West Lode area where it has discovered significant high-grade lodes that sit outside the underground mine plan.

The Expansion Definitive Feasibility Study (Expansion DFS) for the Operation includes the following:

- **Stage 1 Expansion:** a proposed simple low capital addition of a flotation circuit to increase production to 100-120kozpa¹. Stage 1 will also allow gold production from Blackham's large sulphide Reserves and provide flexibility to process both free milling or sulphide ores.
- **Stage 2 Expansion:** proposed new comminution, flotation cells and leach circuits and a refurbished BIOX® Plant to increase ore processing throughput to 2.2-3.3Mtpa and gold production aimed at ~250kozpa¹ with significantly lower operating costs (see ASX Announcement dated 28 February 2019).

Oversubscriptions

Eligible shareholders that take up their full entitlement under the Entitlements Issue may also apply for additional New Shares in excess of their pro-rata entitlement, subject to any scale-backs as determined by the Company and Joint Lead Managers.

Eligible Shareholders and Sale of Entitlements

Entitlements (Rights) may only be exercised by eligible shareholders being persons with a registered address on the Company's share register in Australia, New Zealand and Panama. Ineligible shareholders are all those shareholders with registered addresses outside these jurisdictions. Entitlements may be sold on ASX from Monday, 25 March 2019 to Monday, 1 April 2019. It is the responsibility of purchasers of Rights to inform themselves of the eligibility criteria for the exercise of Rights. If holders of Rights after the end of the trading period do not meet the eligibility criteria, they will not be able to exercise the Rights.

The Company's appointed nominee, Hartleys, will sell the Rights of Ineligible Shareholders, with the net proceeds if any, distributed to the Ineligible Shareholders.

Further details in relation to the Entitlements Issue can be found in the prospectus released by the Company today.

Timetable

The proposed indicative timetable for the Entitlements Issue is shown below:

Event	Date ¹
Announcement of the intended terms of the Entitlement Offer	Wednesday, 20 March 2019
Prospectus lodged with ASIC and ASX Entitlement Offer announcement lodged with ASX Lodgement of Appendix 3B Notice sent to Optionholders	Post market close on Wednesday, 20 March 2019
Notice sent to Shareholders	Friday, 22 March 2019
"Ex" date (being the date that Shares start trading without the Entitlements to participate in the Entitlement Offer)	Monday, 25 March 2019
Rights trading starts on a deferred settlement basis	Monday, 25 March 2019
Record Date to determine Entitlements	7:00pm (Sydney time) on Tuesday, 26 March 2019

1. Refer to ASX release dated 28 February 2019

Opening Date of Entitlement Offer, Top-Up Placement, Lead Manager Offer and Hartleys Offer	Thursday, 28 March 2019
Despatch of the Prospectus and Entitlement and Acceptance Form to Eligible Shareholders	
Rights trading ends	Monday, 1 April 2019
New Shares quoted on a deferred settlement basis	Tuesday, 2 April 2019
Last day to extend the Closing Date of the Entitlement Offer	Wednesday, 3 April 2019
Closing Date for acceptances under the Entitlement Offer, Lead Manager Offer ³ and Hartleys Offer ³	5:00pm (Sydney time) on Monday, 8 April 2019
ASX announcement update on Applications received	Tuesday, 9 April 2019
ASX notified of under subscriptions under the Entitlement Offer	Thursday, 11 April 2019
Settlement Date for sub-underwriting	Monday, 15 April 2019
Issue Date of Offer Securities under the Entitlement Offer Deferred settlement trading of New Shares ends	
Trading of New Shares and New Options expected to commence	Tuesday, 16 April 2019
Transaction confirmation statements despatched	Wednesday, 17 April 2019
Closing date of Top-Up Placement	5:00pm (Sydney time) on 29 April 2019
Issue date for the Top-Up Placement, Lead Manager Offer and Hartleys Offer	Prior to 12 July 2019
Last day by which the securities (if any) under the Shortfall Offer may be issued	Friday, 7 July 2019 (being 3 months after the Closing Date)

Notes:

1. The above dates are indicative only and subject to change. The Company reserves the right, subject to the Corporations Act and the Listing Rules, to extend these dates without prior notice including extending the last date for receipt of the Entitlement and Acceptance Form, or to delay or withdraw the Entitlement Offer, the Top-Up Placement, the Lead Manager Offer and Hartleys Offer at any time without prior notice.

Copies of the prospectus and entitlement forms will be mailed to all eligible shareholders in accordance with the timetable set out above. For enquiries in regard to individual shareholdings please contact Link Market Services on 1300 330 255.

This announcement, together with the release of the Entitlements Issue prospectus will lift the suspension in trading of Blackham shares.

For further information on Blackham please contact:

Milan Jerkovic Executive Chairman +61 8 9322 6418	Bryan Dixon Managing Director +61 8 9322 6418	Jim Malone Investor Relations +61 419 537 714	John Gardner Media Enquiries +61 8 6160 4901
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Important Notice

This document is important and should be read with the Prospectus on the Company's website in its entirety. If, after reading this Prospectus, you have any questions about the Offer Securities being offered under this Prospectus or any other matter relating to the Offers, then you should consult your professional adviser.

Investment in the Offer Securities offered by this Prospectus should be considered speculative.

This document is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This document is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to in this document have not

been and will not be registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

Forward Looking Statements

This announcement includes certain statements that may be deemed 'forward-looking statements'. All statements that refer to any future production, resources or reserves, exploration results and events or production that Blackham Resources Ltd ('Blackham' or 'the Company') expects to occur are forward-looking statements. Although the Company believes that the expectations in those forward-looking statements are based upon reasonable assumptions, such statements are not a guarantee of future performance and actual results or developments may differ materially from the outcomes. This may be due to several factors, including market prices, exploration and exploitation success, and the continued availability of capital and financing, plus general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance, and actual results or performance may differ materially from those projected in the forward-looking statements. The Company does not assume any obligation to update or revise its forward-looking statements, whether as a result of new information, future events or otherwise.

Matilda-Wiluna Gold Operation

Measured, Indicated & Inferred Resources (JORC 2012) at 30 June 2018

OPEN PIT RESOURCES												
Mining Centre	Measured			Indicated			Inferred			Total 100%		
	Mt	g/t Au	Koz Au	Mt	g/t Au	Koz Au	Mt	g/t Au	Koz Au	Mt	g/t Au	Koz Au
Matilda	0.1	1.14	4	7.0	1.44	323	3.6	1.30	151	10.7	1.39	477
Wiluna	-	-	-	15.4	2.38	1,181	3.1	3.21	324	18.6	2.52	1,505
Williamson	-	-	-	4.1	1.68	219	1.6	1.58	79	5.6	1.65	298
Regent	-	-	-	0.7	2.71	61	3.1	2.11	210	3.8	2.22	271
Tailings	-	-	-	34.0	0.62	680	-	-	-	34.0	0.62	680
Stockpiles				0.5	0.84	15				0.5	0.84	15
OP Total	0.1	1.14	4	61.7	1.25	2,479	11.4	2.08	763	73.2	1.38	3,246
UNDERGROUND RESOURCES												
Mining Centre	Measured			Indicated			Inferred			Total 100%		
	Mt	g/t Au	Koz Au	Mt	g/t Au	Koz Au	Mt	g/t Au	Koz Au	Mt	g/t Au	Koz Au
Matilda	-	-	-	0.1	2.51	10	0.5	3.66	61	0.6	3.44	71
Wiluna	-	-	-	8.0	5.37	1,376	13.5	4.33	1,885	21.5	4.72	3,262
Williamson	-	-	-	-	-	-	0.3	2.61	23	0.3	2.61	23
Golden Age	0.02	6.80	4	0.1	7.66	24	0.5	3.77	63	0.6	4.46	91
Galaxy				0.1	3.70	6	0.2	2.80	16	0.2	2.98	22
UG Total	0.0	6.80	4	8.3	5.31	1,416	15.0	4.24	2,049	23.3	4.63	3,469
Grand Total	0.1	2.12	8	70.0	1.73	3,895	26.4	3.31	2,812	96.5	2.16	6,715

Mineral Resource estimates are not precise calculations, being dependent on the interpretation of limited information on the location shape and continuity of the occurrence and on the available sampling results. The figures in the above table are rounded to two significant figures to reflect the relative uncertainty of the estimate.

Competent Persons Statement

The information contained in the report that relates to Exploration Targets and Exploration Results at the Matilda-Wiluna Gold Operation ("Operation") is based on information compiled or reviewed by Mr Cain Fogarty, who is a full-time employee of the Company. Mr Cain Fogarty is a Member of the Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Fogarty has given consent to the inclusion in the report of the matters based on this information in the form and context in which it appears.

The information contained in the report that relates to all other Mineral Resources is based on information compiled or reviewed by Mr Marcus Osiejak, who is a full-time employee of the Company. Mr Osiejak is a Member of the Australian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Osiejak has given consent to the inclusion in the report of the matters based on this information in the form and context in which it appears.

With regard to the Matilda-Wiluna Gold Operation Mineral Resources, the Company is not aware of any new information or data that materially affects the information included in this report and that all material assumptions and parameters underpinning Mineral Resource Estimates as reported in the market announcements dated 13 September 2018 continue to apply and have not materially changed.

With regard to the Matilda-Wiluna Gold Operation Production Targets, the Company is not aware of any new information or data that materially affects the information included in this report and that all material assumptions and parameters underpinning Production Targets as reported in the market announcements dated 28th February 2019 continue to apply and have not materially changed.