



QUARTERLY REPORT March 2012

The Blackham Board is very pleased to report the following highlights during the quarter:

Matilda Gold Project

- Initial gold resource announced
- 4,000m of RC drilling completed at the Matilda Mine
- Exceptional drilling results from maiden drilling campaign at the M10
- Drill results from 9 holes still outstanding
- Regent resource increased by 293%
- Regent mining lease application lodged
- Regent economics being re-evaluated

Scaddan Coal Project

- Discussions with infrastructure groups regarding the export of coal ongoing
- Work on \$120m Esperance Port Access Corridor project to start in May
- Flora study completed

Corporate

- \$2m in equity placements agreed since the last quarter
- \$8.125m funding deal agreed with New York Institution

MATILDA GOLD PROJECT

Blackham acquired 100% of the Matilda Gold Project in November 2011. The Matilda Gold Project consists of 600sqkm in the Wiluna Greenstone Belt including the Williamson and Matilda Mines and Regents and Galaxy deposits and numerous other prospects. The tenure includes 40km of strike along the Wiluna Mine Sequence which has produced 4 million ounces of gold. It also includes 10km of strike along the Coles Find Mine Sequence that hosts the Matilda Gold Mine.

On January 2012, the Company release its maiden gold resource over the Matilda project. A revised gold resource statement totalling **12.5Mt @ 1.9 for 757,000oz au** was released in early April 2012.

Since February Blackham has completed 4,000m (40 holes) of RC drilling at the Matilda Mine. High-grade results in the shallow oxide mineralisation from the **M10 Prospect**, include:

8m @ 9.98 g/t from 107m	(MARC 0008)
including 1m @71g/t au	
7m @ 14.0 g/t from 74m	(MARC 0009)
7m @ 3.48 g/t from 14m	(MARC0001)
16m @ 4.50 g/t Au from 34m	(MARC0001)
4m @ 15 g/t from 58m	(MARC 0007)
6m @ 5.11 g/t from 41m	(MARC 0005)
2m @ 8.73 g/t from 29m	(MARC 0006)
3m @ 11.4 g/t Au from 73m	(MARC0040)
3m @ 8.44 g/t Au from 86m	(MARC0029)

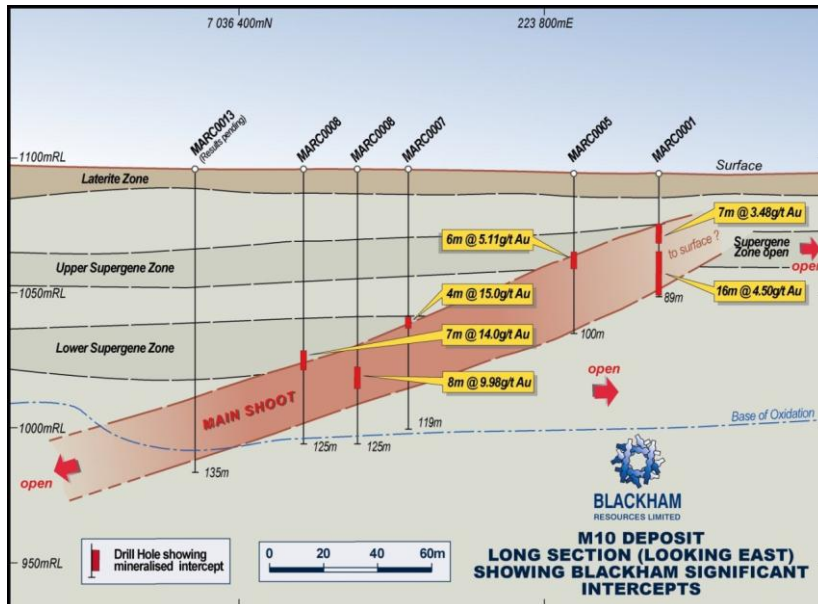


Figure 1. Schematic long section of M10 Deposit and recent drilling

Drilling also targeted shallow extensions of mineralisation adjacent to several open pits in the heart of the Matilda Mining Centre. This has identified at least three further priority areas for further work. All of these holes sit outside the current gold resources quoted for the Matilda Mine Centre. Drilling in the vicinity of the Matilda M2, M4 and M5 pits has returned numerous significant intercepts, including:

- 13m @ 2.79 g/t Au** from 58m (MARC0014);
- 2m @ 10.8 g/t Au** from 37m (MARC0016);
- 22m @ 1.70 g/t Au** from 42m (MARC0017); &
- 11m @ 2.49 g/t Au** from 37m (MARC0018).

The M2, M4 & M5 pits were being mined when operations were suddenly suspended in the early 1992's. Consequently, shallow oxide mineralisation can be found to extend beneath and along strike of the current pits. It appears that previous mining has only scratched the surface of what is a very large mineralized system. These shallow oxide targets are in addition to the targets beneath the M1 Pit with high-grade mineralisation open down plunge.

The Matilda Mining Centre is located approximately 19km south of the township of Wiluna and produced 168,000oz from 7 shallow pits prior to its closure in 1992. Most of these pits were mined to less than 50m using a 1.5g/t cut-off grade and have significant mineralisation outside the pit limits. It is a large mineralised system with gold hosted in saddle reef and shear structures often with near surface supergene enrichment. The existing pits have a strike length of 3.5kms.

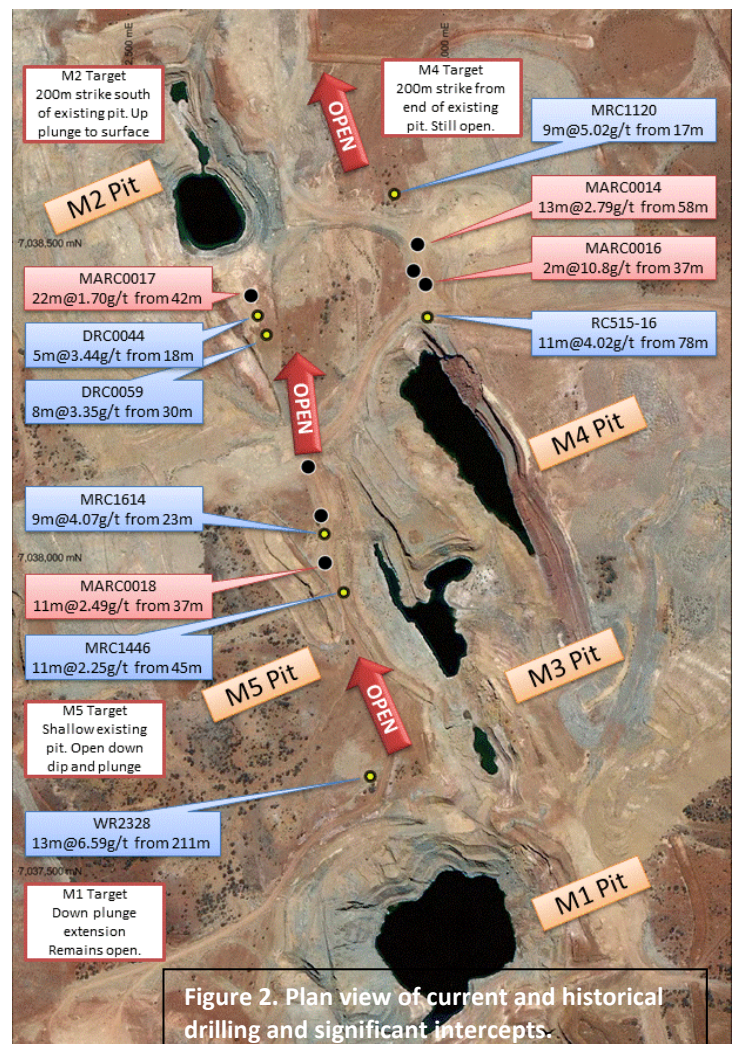


Figure 2. Plan view of current and historical drilling and significant intercepts.

Matilda Gold Resources

On January 2012, the Company released its maiden gold resource over the Matilda project. A revised gold resource statement totalling **12.5Mt @ 1.9 for 757,000oz au** was released in early April 2012. The Company has drilled 4,000m RC drilling into the Matilda Mine Centre and is validating historical drill data with a view to publishing a resource over the whole Matilda Mine Centre.

Mining Centre	Tonnes	Inferred	
		Au (g/t)	Oz. Au
Williamson Mine	6,001,000	1.9	364,000
Regent	3,505,000	2.1	237,000
Matilda Mine	2,067,000	1.2	79,000
Galaxy	884,000	2.7	77,000
TOTAL	12,457,000	1.9	757,000

Rounding errors may occur - grades to 2 significant digits in this table.

Regent

In April, Blackham applied for a mining lease application over its 100% owned Regents gold deposit. The Regent deposit is hosted within the Wiluna Mine Sequence 9kms south of the Wiluna Gold Plant in a similar setting to that which hosts the 4Moz Wiluna Mine operated by Apex. Recently Blackham contracted independent geological consultant Runge Limited to estimate of the mineral resource for the Regent gold deposit near Wiluna, Western Australia. The Regent deposit has an inferred resource of **3.5Mt at 2.1g/t for 237,000oz** of gold.

Blackham has reviewed previous pit optimisation and reserve reports for the Regent deposit prepared by the previous owners (see Figure 3) and is currently updating mining studies for this deposit at current gold prices and cost parameters. The Regent gold resource represents a well-defined zone of gold mineralisation. The main lode is very regular in geometry and is open both down dip and along strike. The deposit appears to have potential for profitable exploitation by open cut and/or underground mining.

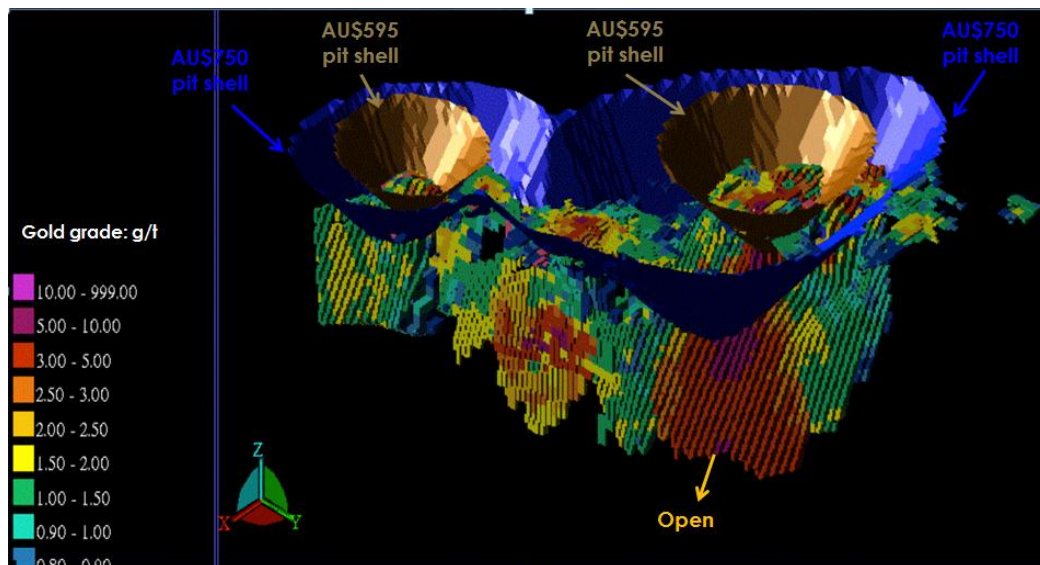
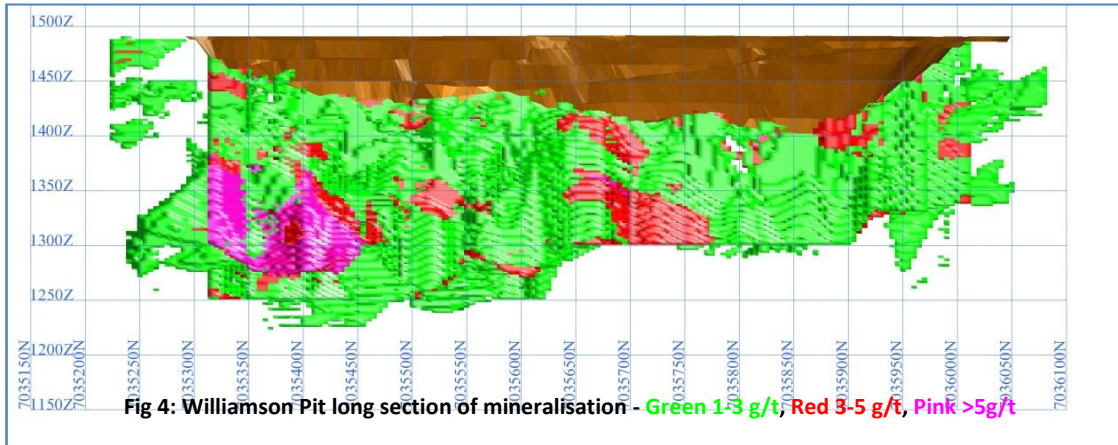


Figure 3 – Open pit optimisation work from 2006.

Previous owners of the Regent deposit looked at the economics of mining the deposit by open pit methods. Figure 3 above illustrates some of the previous planned pit shells prepared in June 2006 and the increase pit shell size as the gold price moved from A\$595/oz to A\$750/oz. Blackham plans to re-assess the economics of an open pit under current gold price and cost parameters. Management also believe there is also potential for exploiting the down plunge extension of the resource by underground mining methods. There is considerable scope for increasing the Regents resource at depth. Excellent grades and widths are open at depth including [24m@6.2g/t](#) from 96m, [24m@5.9g/t](#) from 119m and [8m@6.1g/t](#) from 141m.

Williamson Mine

The Williamson Mine is on the Wiluna Mine Sequence located 26kms south of the Wiluna Gold Plant by existing haul roads. The Williamson Gold Mine operated during 2005-2006 by Agincourt Resources Limited where they mined 664,000 tonnes @ 1.98g/t for 42,000oz gold. The Williamson Pit strikes over 700m and with an average depth of 80m. Mineralisation continues both along strike and beneath the pit with a remaining inferred gold resource of 4.92Mt @ 1.9g/t for 301,000oz.

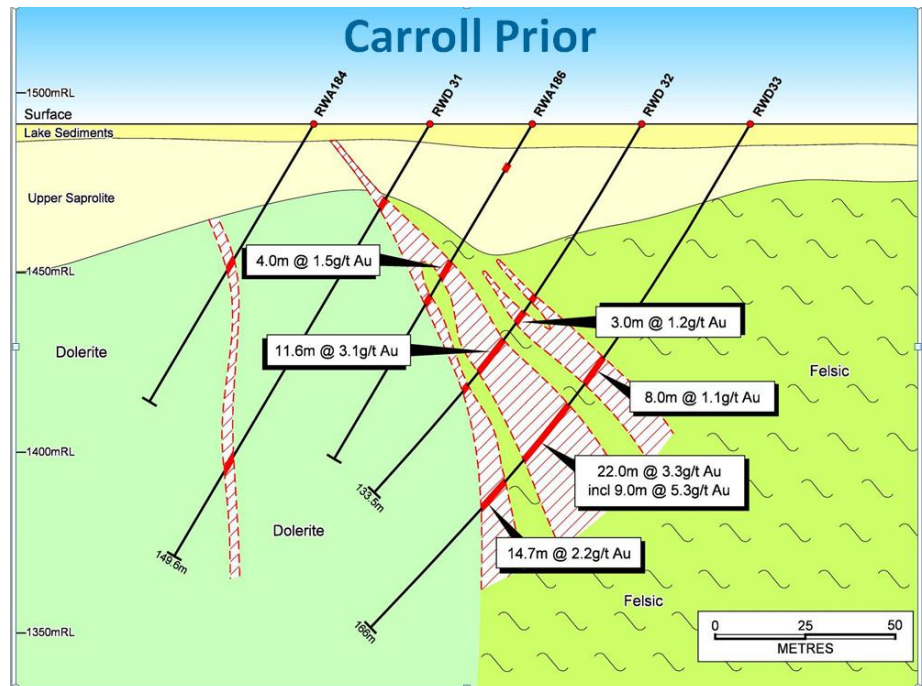


Further drilling is warranted at Williamson to improve the resource status into Indicated and Measured categories before commencing feasibility studies with modern economic parameters. High grade zones at depth provide encouragement for underground mining. Importantly, both metallurgical test and past production confirms Williamson ore as free-milling allowing ore to be recovered using conventional extraction techniques. All of the Williamson Mine area is covered by existing mining leases.

Air core drilling at Williamson South has delineated a further 1.5km zone of gold mineralisation containing inferred resource of 1.1Mt @ 1.9g/t for 63,000oz along strike from the Williamson Pit. Best intercepts include [19m@14.2g/t](#) from 60m, [10m@24.9g/t](#) from 61m, [20m@3.3g/t](#) from 19m and [7m@7.2g/t](#) from 35m. Williamson South has only been drilled to a vertical depth of 60 to 80m and there is significant potential for the extensions down plunge similar to the Williamson Pit area.

Carroll Prior

Carroll Prior is a large gold mineralised shear zone with the bedrock anomaly extending over 4km in length. Drilling intersected broad zones of gold mineralisation associated with wedge of felsic volcanics bounded by dolerite. With further drilling Carroll Prior has the potential to host a large deposit suitable for open pit mining. Blackham is currently updating its database to capture all of the historical drilling prior to assessing the exploration target/resource estimate.



Coal Projects

The Scaddan and Zanthus Coal Projects, located near Esperance, Western Australia contain coal deposits on 1.4 billion tonnes at shallow depth and very low mining costs. The Scaddan project has the potential for both coal export and for a Coal to Liquids (CTL) facility. A CTL facility based upon both the above coal projects could produce 870 million barrels oil equivalent, consisting mainly of a clean diesel. The Scaddan Energy Project is surrounded by complimentary infrastructure approximately 60 kilometres north of the town and major port of Esperance and 10 kilometres east of the Esperance to Kalgoorlie highway, gas pipeline and railway line.

Coal Export Scoping Study

On 23 November 2011, Blackham announce it has finalised a scoping study for the export of coal from its 70% owned Scaddan Coal Project in Western Australia. Engenium, an independent Project Management and Engineering consulting firm, was commissioned by Blackham to complete the scoping study for the export of Scaddan coal through the Esperance Port. The Scaddan Coal Project is located 60km north of the Esperance Port.

Table 2: Scoping Study Financial Analysis

	Capex \$M	Sales Mt	NPV \$M	IRR %	BCR x
8 MTPA Rail	408	236	770	23%	1.9

The Esperance Port is currently planning a 20Mtpa expansion. The State government earlier this year announced \$120 million of State funding to upgrade the Esperance Port Access Corridor. Construction work on the improvements to the Esperance Port Access Corridor are expected to begin in May.

Blackham is in discussions with the Esperance Port and other infrastructure providers with a view to being export ready when the new capacity is available. The project greatly benefits from its close location to existing and accessible infrastructure including road, rail, port, power and township. This access allows for the relatively rapid development and ramp up to full production.

Coal Resources

In June 2011, Blackham announced an upgrade to its Scaddan coal resource. Blackham now manages a combined coal resource of 1.4 billion tonnes estimated in accordance with the JORC Code. Blackham's portion of the resource is 1.1 billion tonnes of coal.

Table 3 - Summary of Lignite Resources

Project	JORC ¹ Resource Category	Total Tonnes (millions)	Blackham Attributable Tonnes (millions)
Scaddan	Measured	80	50
	Indicated	490	340
	Inferred	470	340
Zanthus	Inferred	350	350
Total		1,390	1,080

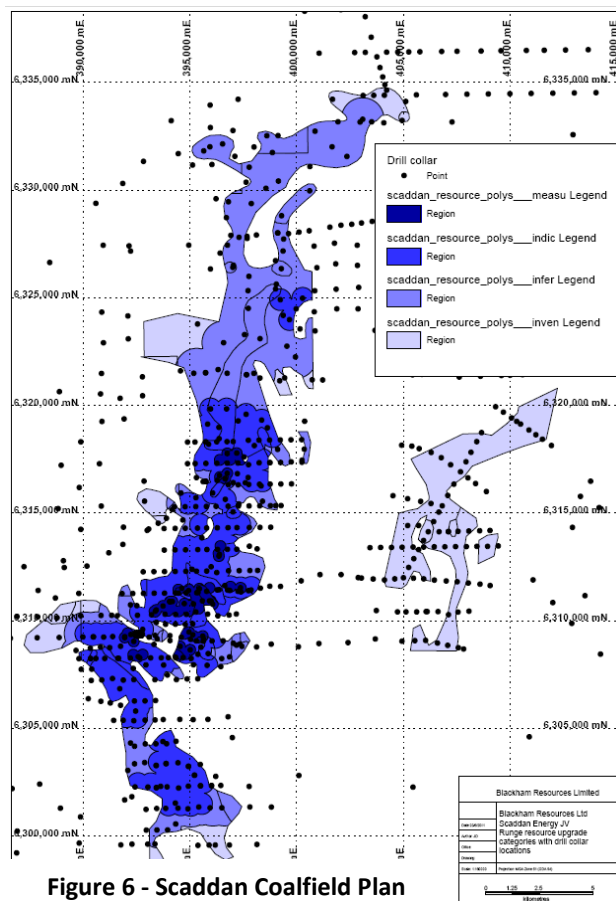


Figure 6 - Scaddan Coalfield Plan

The Scaddan West coal seam now extends over 35 kilometres in length and is up to five kilometres wide in places. Thickness in the Scaddan West area varies from up to 19 metres, thinning rapidly at the edges of the body and around topographic highs. The main seam LGA averages 7.5 metres in thickness and contains 87% of the total coal resource.

The Scaddan resource estimate in Table 3 is reported on a 56% moisture basis, has an average CV of 7.9 MJ/kg (Gross wet) and an approximate relative density of 1.2. Exploration drilling, to define the Scaddan lignite deposit is based upon the historical drill holes and recent drilling programmes over the last three years. It includes a total of 1,547 boreholes, 311 of which are cored, and 1,236 drilled as open holes. For more information on the coal resources please refer to ASX announcement of 21st June 2011.

Corporate

In March, Blackham completed a placement to raise \$0.95 million in funds at \$0.20.

In April, Blackham announced it has secured up to \$9.15 million in funds to progress the exploration program at its 100%-owned Matilda Gold Project which currently yields 757,000 ounces of JORC-compliant inferred gold resource. The funding arrangement is underpinned by an \$8.125 million (“the Agreement”) from The Australian Special Opportunity Fund, a New York-based institutional investor, managed by The Lind Partners (together, “Lind”).

As part of the funding package, Blackham has agreed to separately issue 4,881,000 ordinary shares (“the Placement”) at \$0.21 per share to other private investors to raise an additional \$1,025,000 (before costs).

Under the Agreement with Lind, Blackham will receive \$250,000 on execution in the form of a \$175,000 Convertible Security and \$75,000 as a prepayment for ordinary shares in Blackham. Lind will further invest \$75,000 to \$225,000, in monthly share subscriptions, over the next three years. The Convertible Security will not be converted for a period of 180 days from the date of the Agreement. For further key terms of the Agreement, please see announcement of 26 April 2012.

Blackham’s market capitalisation is currently \$11.6 million based upon a share price of 20 cents per share. The enterprise value of Blackham’s coal projects equates to < \$15/oz gold ounce or < 1 cents per coal resource tonne.

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Competent Persons Statement

The information contained in the report that relates to Exploration Results, Mineral Resources or Ore Reserves (except for the Regent Mineral Resource) is based on information compiled or reviewed by Mr Greg Miles, who is an employee of the Company. Mr Miles is a Member of the Australasian 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 Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Miles has given consent to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information contained in the report that relates to the Regent Mineral Resource is based on information compiled or reviewed by Mr Aaron Green, of Runge Limited. Mr Green is a Member of the Australasian 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 Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Green has given consent to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The JORC Code – "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves", the Joint Ore Reserves Committee of the AusIMM, AIG and MCA, December 2004.
