

QUARTERLY REPORT

June 2012

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

Matilda Gold Project

- 5,192m of RC drilling completed at the Matilda Mine
- Total gold resource raised to 790,000oz and growing
- Williamson exploration target estimated 0.5 to 2Moz¹ au (2 - 6g/t see Table 2)
- Regent resource increased in size and confidence
- Regent mining economics estimated
- Matilda resource updates due in coming weeks

Scaddan Coal Project

- Work on \$120m Esperance Port Access Corridor project started in May
- Drying process optimisation ongoing

Corporate

- \$1.13m in equity raised during the quarter
- \$7.65m in equity funding available from a New York Institution

MATILDA GOLD PROJECT

Blackham acquired 100% of the Matilda Gold Project in November 2011. The Matilda Gold Project consists of over 600km² in the Wiluna Greenstone Belt including the Williamson Mine, Matilda Mine, Regent 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. All the deposits are within 26km by existing haul roads of the Wiluna Gold Plant.

Table 1: Matilda Gold Resources and Exploration Target

	Matilda Gold Resources						Oz. Au
	Indicated		Inferred		Total		
Mining Centre	Mt	g/t Au	Mt	g/t Au	Mt	g/t Au	
Williamson Mine			6.0	1.9	6.0	1.9	364,000
Regent	0.74	2.5	3.1	2.1	3.8	2.2	270,000
Matilda Mine			2.1	1.2	2.1	1.2	79,000
Galaxy			0.88	2.7	0.88	2.7	77,000
TOTAL	0.74	2.5	12.0	1.9	12.8	1.9	790,000
	Williamson Mining Centre						
	Exploration Target¹						
			Mt	g/t Au			Moz. Au
Williamson Mine			4.6 – 12.6	2-5			0.5-2.0

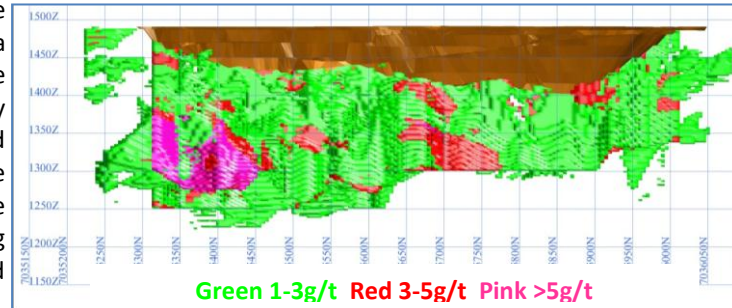
¹The exploration target includes potential quantity and grade and is conceptual in nature. There has been insufficient exploration to define these mineral resources and it is uncertain if further exploration will result in the determination of mineral resources.

A revised gold resource statement totalling **12.8Mt @ 1.9** for **790,000oz au** was released in early June 2012. The Company has completed over 5,000m in 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 in the coming weeks.

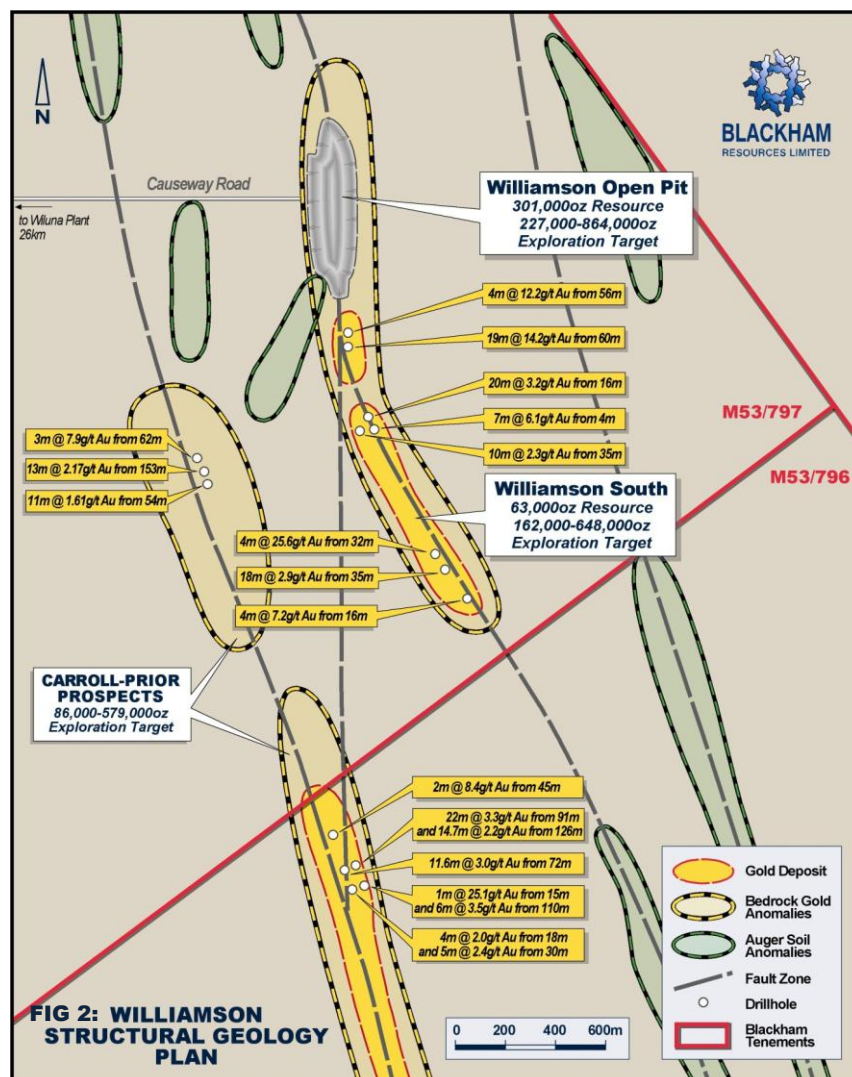
Williamson Mine

The Company is currently gaining approvals for a drilling programme below the Williamson Mine. The Williamson Mine is 18km along strike from the Wiluna Gold Mine that has produced 4Moz of gold. 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.

Fig 1: Williamson Pit long section of mineralisation



Further confirmation drilling is warranted at Williamson to improve the resource confidence to an indicated and measured resource prior to refreshing the feasibility study. The mine has a granted mining license, current notice of intent to mine and Blackham plans to refresh all other outstanding mining approvals in parallel to drilling and refreshing the feasibility study. Importantly, both metallurgical test and past production confirms Williamson ore as free-milling allowing ore to be recovered using conventional processing techniques. The Williamson Mine is only 26km by existing haul road from the Wiluna Gold Plant.

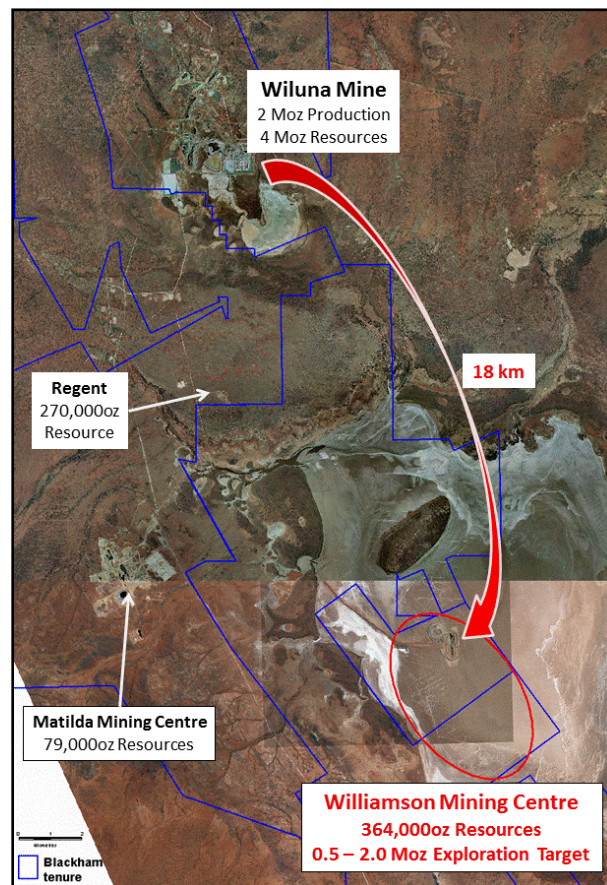


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During June, Blackham reported an **exploration target¹ over the Williamson Region totalling 0.5 to 2Moz gold (2-6g/t)**. The purpose of defining the exploration target was to demonstrate the potential size and scale of gold endowment in the Williamson region. Over 1,000 drill holes have been drilled in this area to date, successfully identifying the Williamson Mine and associated mineralised structures, yet only 15% have penetrated beneath the weathering profile. By comparison, nearly 6Moz of gold have been discovered at the nearby Wiluna Mine with 4Moz occurring beneath 100m depth and mineralisation remains open 1 km beneath the surface. The Wiluna Mine is only 18 km along strike from Williamson (Figure 3). Therefore the majority of the Williamson region is considered to be under-explored.

The exploration target has been determined using a range of parameters including:

- The strike and extent of existing resources
- Strike of known mineralised structures
- Exploration results to date
- The nature of mineralisation at the Wiluna Mine which is seen as an analogue of mineralisation styles at Williamson.



Williamson Deeps

Only a small number of holes have been drilled below the Williamson resource area. One of those holes returned an outstanding intersection of **3.5m@35.5g/t Au** from 372m (RWD018). This hole is believed to have intercepted one of the high-grade shoots identified in the resource model that remain open at depth and plunging moderately to the north. The Williamson Deeps has an **exploration target¹ of 227,000 to 864,000oz au** (1.76 to 4.48Mt grading 4 - 6 g/t au). Approvals to drill Williamson Deeps are currently being sort.

Williamson South

The Williamson South structure stretches for over 1.3km south of the Williamson Pit with mineralisation encountered over its entire strike (Figure 2). An **inferred gold resource of 63,000oz** has been estimated at Williamson South. Within the resource are two prospective zones that deserve further exploration for their potential to host significant ore bodies at depth beneath the existing resource. 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. An **exploration target¹ of 162,000 to 648,000oz au** (1.26 to 3.36Mt grading 4-6 g/t) has been estimated for Williamson South. 251 Air core holes and 1 diamond hole have been used in calculating the Williamson South inferred resource and exploration target.

Carroll Prior

Carroll Prior is a large gold mineralised shear zone with the bedrock anomaly extending over 4km in length. Carroll Prior has a gold **exploration target¹ of 86,000 to 579,000oz** (1.34 to 3.6Mt grading 2- 5 g/t au). Drilling intersected broad zones of gold mineralisation associated with a wedge of felsic volcanics bounded by dolerite. Deeper exploration on this structure has been limited, however intercepts such as **22m@3.3g/t Au** from 91m and **11.6m@3.1 g/t Au** from 72m provide encouragement that resources will be defined with additional drilling (Figure 2). The broader range of potential endowment at these prospects reflects the limited extent of drilling and the potential for shallow oxide and/or deeper primary mineralisation. 152 air core and 13 diamond holes have gone into estimating the Carroll Prior exploration target.

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Matilda Mine

Since February Blackham has completed 5,192m of RC drilling at the Matilda Mine. Significant results in the shallow oxide mineralisation reported this quarter include:

3m @ 11.4 g/t Au from 73m	(MARC0040)	M10
including 1m @ 29.5 g/t Au from 73m	(MARC0040)	M10
2m @ 5.24 g/t Au from 80m	(MARC0029)	M10
3m @ 8.44 g/t Au from 86m	(MARC0029)	M10
including 1m @ 20.4 g/t Au from 87m	(MARC0029)	M10
2m @ 5.79 g/t Au from 66m	(MARC0032)	M10
3m @ 3.18 g/t Au from 91m	(MARC0031)	M10
4m @ 3.82 g/t Au from 22m	(MARC0033)	M6

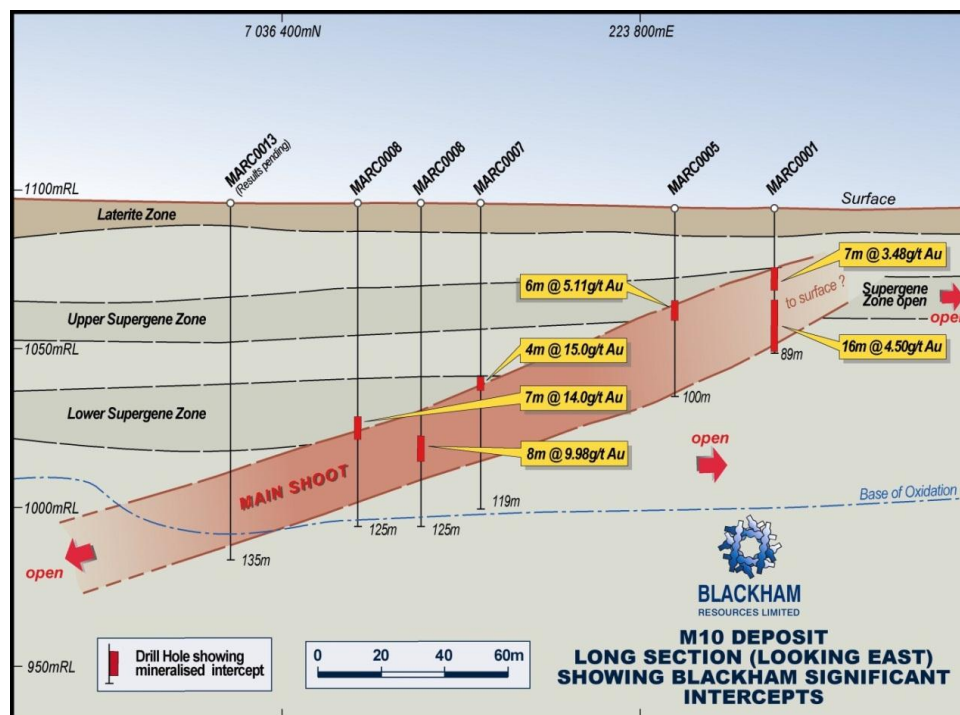


Figure 4. Schematic long section of M10 Deposit

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 these pits were mined to less than 50m 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 are located over a **strike length of 3.5kms**. The M2, M4 & M5 pits were being mined when operations were 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**.

Drilling targeted shallow extensions of mineralisation adjacent to several open pits in the heart of the Matilda Mining Centre. Drilling in the vicinity of the M1, M2, M3, M4, M5, M6 and M10 pits has returned significant intercepts. These **resources are currently being modelled** with a view to reporting them in the coming weeks.

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Regent

In April, Blackham applied for a mining lease application over its 100% owned Regent 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 Minerals. Recently Blackham contracted independent geological consultant Runge Limited to estimate the mineral resource for Regent. The Regent deposit has a resource of **3.8Mt at 2.2g/t for 270,000oz** of gold (see table 1). 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 has potential for profitable exploitation by open cut and/or underground mining.

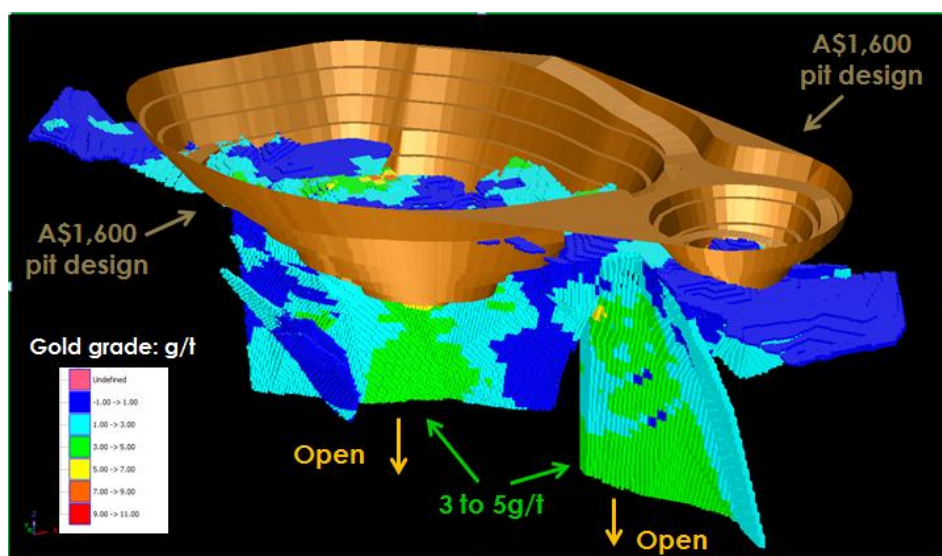


Figure 5 – Regent Open pit design – June 2012

Blackham re-assessed the economics of an open pit at Regent during the quarter. Management believe there is also potential for exploiting the down plunge extension of the resource by underground mining methods.

Scoping Pit Design confirmed

- Mineable Tonnes 1.39Mt @ 1.91g/t for **85,000oz** contained au
- 68% of in pit resources are indicated resources
- Stripping ratio **15.6 to 1**
- 70% of in pit resources are **oxide and transitional ore**
- Cash cost \$1,240/oz
- **Low capital cost** - existing haul road to Wiluna Gold Plant 9km
- The main pit finishes in 5g/t gold. Significant 3-5g/t resource below the pit with significant **underground potential**

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 supplied by 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

In November 2012, Blackham 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. 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 upgrade to the Esperance Port Access Corridor began during the quarter.

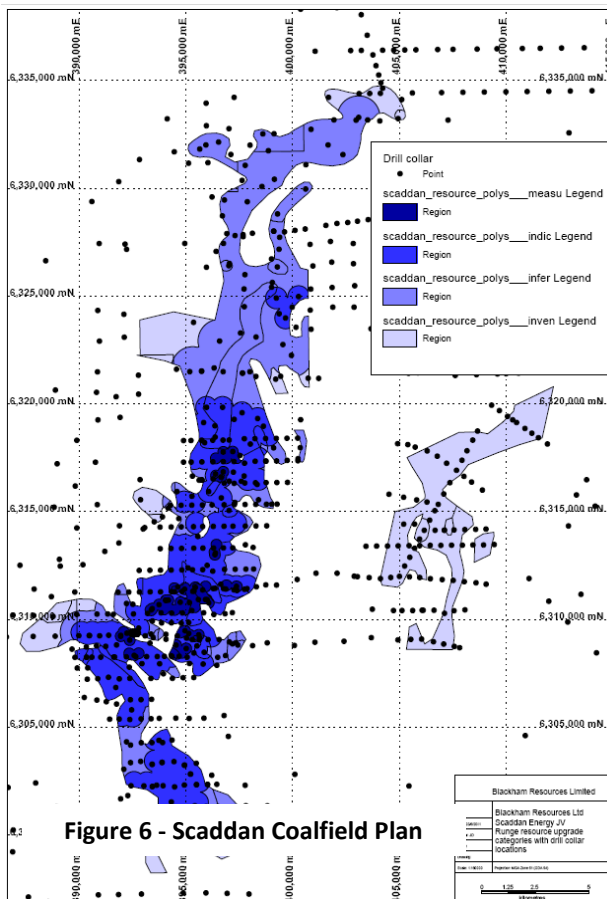
Blackham is in discussions with the Esperance Port and other infrastructure providers with a view to being export ready when the new capacity is available. The project greatly benefits from its close location to existing and accessible infrastructure including road, rail, port, power and township. This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

Coal Resources

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 lignite.

Table 2 - 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



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 April, Blackham announced it has secured up to \$9.15 million in funds to progress the exploration and development at its 100%-owned Matilda Gold Project. The funding arrangement is underpinned by an \$8.125 million from The Australian Special Opportunity Fund ("ASOF - a New York-based institutional investor, managed by The Lind Partners (together, "Lind"). Lind will further invest \$75,000 to \$225,000, in monthly share subscriptions, over the next three years unless terminated at Blackham's election.

Blackham raised \$1.13 million (before costs) during the quarter by issuing 5.5 million ordinary shares at an average price of \$0.205 per share. Shares were issued to The Australian Special Opportunity Fund and other private investors. Blackham also received \$175,000 Convertible Security. 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 \$8.6 million at 16 cents per share. The enterprise value of Blackham's gold projects equates to \$10/oz gold.

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Competent Persons Statement

The information contained in the report that relates to Exploration Results, Exploration Targets, 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.

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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.
