QUARTERLY REPORT
September 2012

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

Matilda Gold Project

- **gold resource grows to 1.4Moz an increase of 76% during the quarter**
- **indicated resource increased to 2.7Mt @ 2.1g/t au**
- **Metallurgy at Matilda Mine confirmed as free milling**
- **4,500m of RC and 620m of diamond core drilling completed at the Matilda Mine since end of last quarter**
- **Drilling success during the quarter included**
  - **31m @ 2.32 g/t Au** from 120m M4 MARC0051
  - **16m @ 1.69 g/t Au f**rom 161m M4 MARC0051
  - **8m @ 3.25 g/t Au** from 85m M4 MARC0052
  - **8m @ 2.13 g/t Au** from 103m M4 MARC0052
  - **13m @ 2.92 g/t Au** from 156m M1 MARC0054
  - **18m @ 2.11 g/t Au** from 146m M1 MARC0055
  - **12m @ 2.12 g/t Au** from 166m M1 MARC0061
- **Drilling results suggest increase in both size and confidence of resource. Revised resource estimation underway**
- **Matilda Mine scoping study well advanced**
- **Positive Regent scoping study completed in July**
- **Williamson exploration target estimated 0.5 to 2Moz[1] au (2 - 6g/t see Table 2)**

Corporate

- **$1.2m in equity raised during the quarter**

Matilda Gold Project

During the quarter Blackham added significant confidence to its goal of re-commissioning the Matilda Gold Mine. It also demonstrated the exploration potential of its Matilda Project by publishing an exploration target over the Williamson area of up to 2Moz[1]. Blackham acquired 100% of the Matilda Gold Project in November 2011 and since then has progressed the project very quickly. The Matilda Gold Project holds over 500km^2 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 10km of the old Matilda plant footprint and infrastructure and 26km by existing haul roads to the Wiluna Gold Plant.

Matilda Gold Resources								
	Indicated		Inferred		Total		Contained	Free-milling
Mining Centre	Mt	g/t Au	Mt	g/t Au	Mt	g/t Au	Oz. Au	Oz. Au
Matilda Mine	1.94	1.94	10.3	1.7	12.2	1.7	683,000	683,000
Williamson Mine			6.0	1.9	6.0	1.9	364,000	364,000
Regent	0.74	2.50	3.1	2.1	3.8	2.2	270,000	78,000
Galaxy			0.9	2.7	0.9	2.7	77,000	31,000
TOTAL	2.68	2.10	20.3	1.9	23.0	1.9	1,394,000	1,156,000

Williamson Mining Centre Exploration Target[1]			
	Mt	g/t Au	Moz. Au
Williamson Mine	4.6 – 12.6	2-5	0.5-2.0

1 The 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 **23Mt @ 1.9 for 1,394,000oz au** was released in September 2012. The resource has now grown 350% since acquisition of the project in November 2011. In addition the confidence of the resource has also increased with 2.68Mt @ 2.10g/t au now within the indicated category. The Company has completed an additional 3,200m of infill and extension RC drilling since the last resource upgrade. Work has begun on the revised resource estimates over the Matilda Mine and the results to date suggest a further increase in size and confidence at the Matilda Mine In the near term.

Matilda Mine drilling results

During the quarter, Blackham completed a 4,500m infill and extension RC programme at the Matilda Mining Centre focussing on the M1, M3 and M4 Deposits.

Results from M4 infill and extension drilling confirm the resource beyond the current northern pit boundary (Figure 1). The drilling produced an outstanding result of **31m @ 2.32 g/t Au** from 120m in hole MARC0051. Another intercept further down hole returned 16m @ 1.69 g/t Au from 161m. Diluted by internal waste, the two intercepts combined are **57m @ 1.82 g/t Au** from 120m. Further thick zones of mineralisation were encountered in hole MARC0052 which returned **8m @ 3.25 g/t Au** from 85m and **8m @ 2.13 g/t Au** from 103m. These intercepts are from the base of the existing resource model. These results will assist in raising the resource confidence in this area from Inferred to Indicated as well as extend the mineralisation at depth.

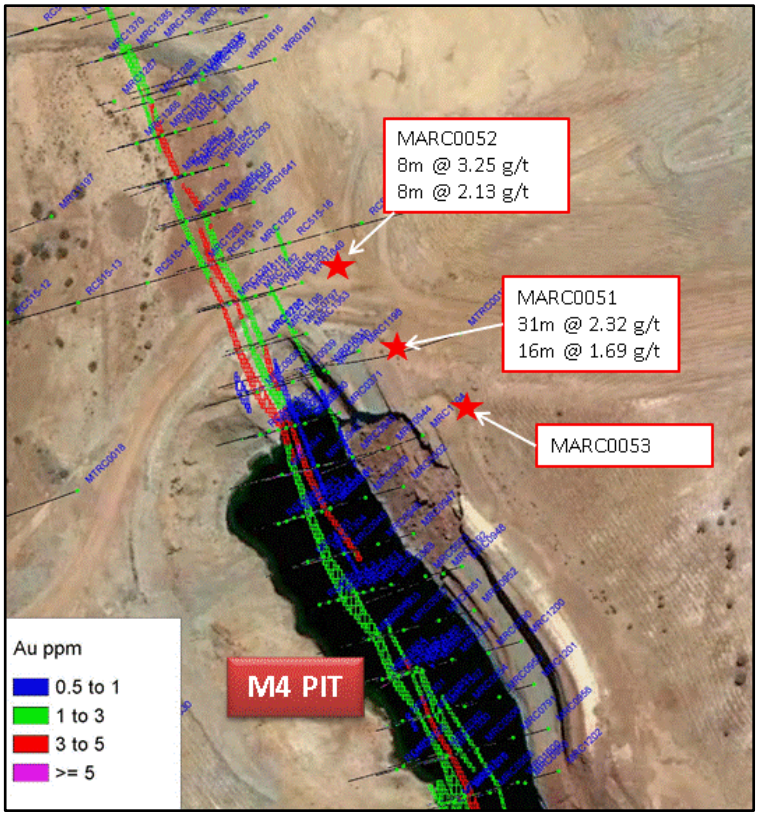


Fig 1. M4 Pit showing ore blocks, historic drill holes and new RC holes

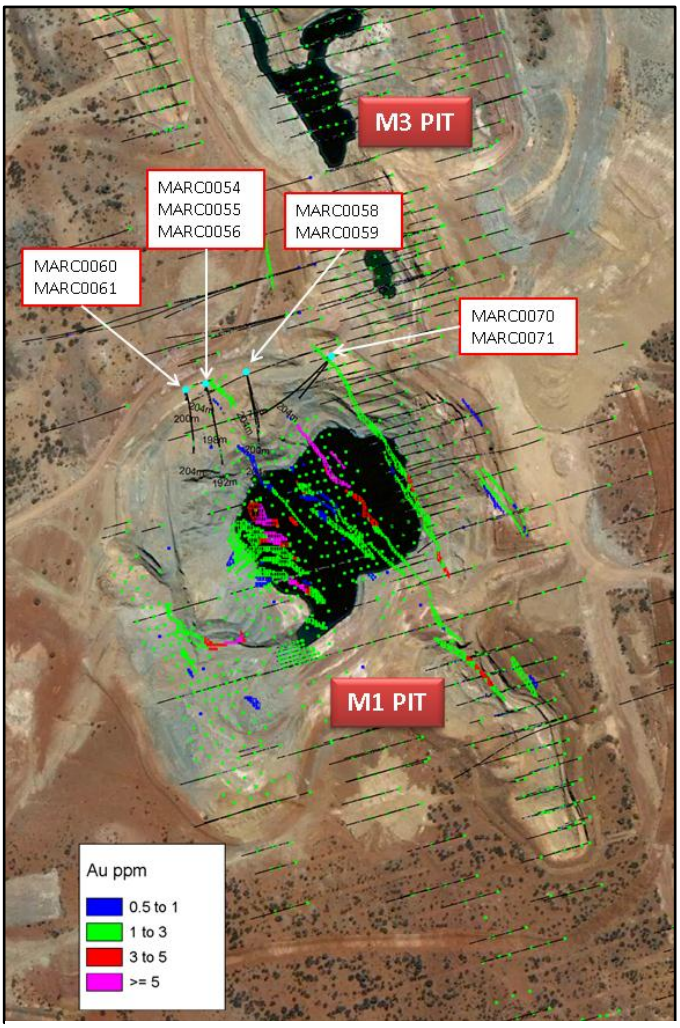


Fig 2. M1 Pit showing ore blocks, historic drill holes & new RC holes

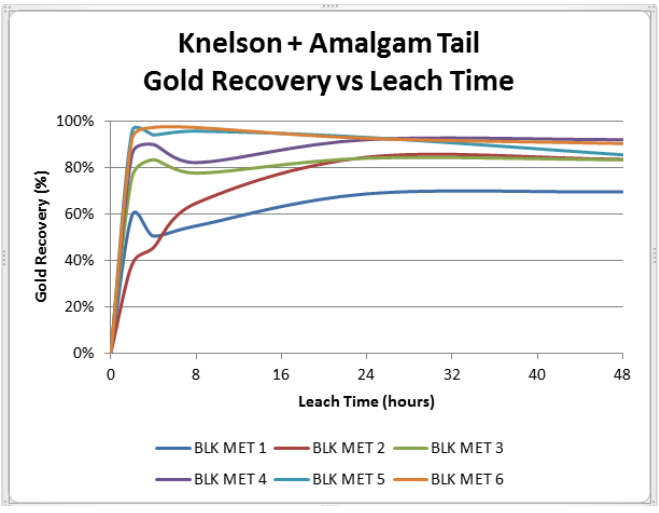
This initial programme at **M1** was limited to the western limb of the Central Lode (Figure 2). Results from this drilling have defined thick, continuous zones of mineralisation with significant intercepts of **13m @ 2.92 g/t** from 156m including **2m @ 5.90 g/t** from 166m (MARC0054), **18m @ 2.11 g/t** from 146m (MARC0055) and 16m @ 1.31 g/t from 146m (MARC0056) which demonstrate excellent continuity of the lode. The results are broadly consistent with historical intercepts on this lode such as **14m @ 4.17 g/t** and **11m @ 3.91 g/t**. The results will assist raising the level of confidence from Inferred to Indicated as well as add to the global resource. These encouraging results will assist with targeting the deeper lodes that remain open at depth. High grade, down-plunge mineralisation at M1 includes:

- **13m @ 6.59 g/t** from 211m (WR02328) – Central Lode
- **12m @ 5.71 g/t** from 190m (MDDH031) – Central Lode
- **13m @ 6.76** g/t from 236m (MTRC0014) – Western Lode

Further results are still to come from the M1, M3 and M4 deposits in the coming weeks. Interpretation of results is on-going and a follow-up drilling programme is being designed to test the high-grade shoots at M1 & M4.

Matilda metallurgy results

Scoping level gravity and leach test work indicates average recoveries of 87% consistent with the 2.6Mt of ore processed through the historical Matilda carbon in leach plant. The first results of its scoping level metallurgy test work programme at the Matilda Mine as overseen by its consultants Independent Metallurgical Operations Pty Ltd. The combined gravity and leaching test work on six composite samples from a range of ore types resulted in an 87% average recovery. The average oxide recovery was 92% and sulphide/transitional average was 82% Previously the Matilda carbon in leach (CIL) plant processed 2.6Mt of ore at an average grade of 2.35 g/t au at 84% average recovery for gold production of 162,000oz of gold over a 6 year period. Ore processed consisted mainly of oxide material but in the order of 500,000 tonnes of fresh and transitional ore was processed through the historical CIL plant.



In 1992, the final year of operation, 596,000 tonnes of ore was processed with and average recovery of 92%. Testing was conducted on the six ore composites on a whole of ore leaching basis as well as a combined gravity / CIL basis. In all cases the gravity / CIL process delivered higher recoveries, lower reagent consumptions and faster extraction kinetics. Test work is ongoing to further optimise the process flow sheet.

Photo1: Inspection of core for next phase of metallurgy test work.

Blackham's initial metallurgical test work and historical production and metallurgical data provides confidence that it is technically feasible for a conventional gravity / CIL plant to be put back at the Matilda Mine to allow it to process all types of Matilda and Williamson ore plus the oxide and transitional ore from the Regent deposit. The free milling resources are estimated at 19.7Mt @ 1.8g/t for 1,156,000oz au or about 83% of the total resource. The refractory resource at Regent is located within 10km of the Wiluna Gold Plant refractory circuit. The Company has drilled 1,000m of diamond core to collect samples for further metallurgical studies.

Matilda Mine Scoping Study

The Company has commenced mining studies and the approvals process to recommission the Matilda Mine. Drilling priority will be given to improving the confidence of resources and ultimately converting resources into reserves. Blackham's management and consultants are currently focused on completing a scoping study of the various options for development of the Matilda Gold Project.

Williamson Mine

In July, Blackham announced that geological investigations over the Williamson area had identified an exploration target of **0.5Moz to 2.0Moz Au*** (Table 2). The exploration target has been defined beneath the existing Williamson and Williamson South Resources and over the Carroll and Prior Prospects, approximately 1–2 km south of the Williamson Mine. The exploration target represents potential gold endowment **in addition to the Williamson inferred resource of 6.0Mt @ 1.9g/t for 364,000oz au.**

Table 2: Williamson Mining Centre Exploration Target*

Deposit	Low Mt	High Mt	Low g/t Au	High g/t Au	Low Oz Au	High Oz. Au
Williamson Deeps	1.76	4.48	4	6	230,000	860,000
Williamson South	1.26	3.36	4	6	160,000	650,000
Carroll Prior	1.34	3.60	2	5	90,000	580,000
Williamson Mining Centre	**4.37**	**11.4**	**3.3**	**5.7**	**480,000**	**2,090,000**

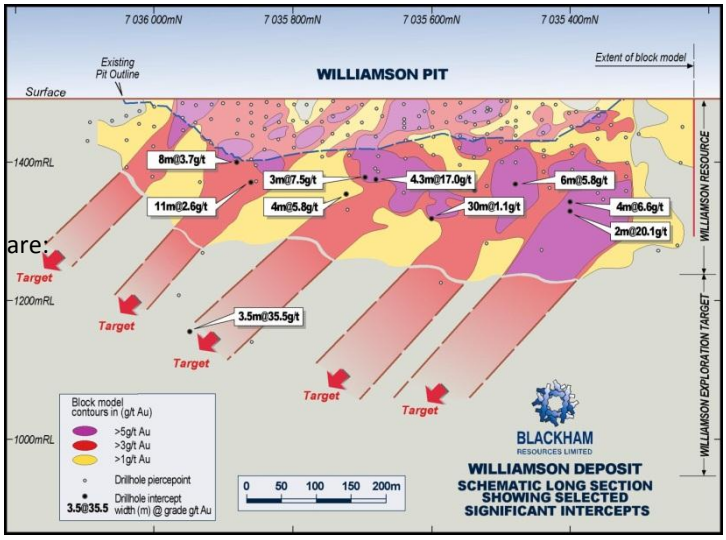
Exploration Target is additional to the Resource. Rounding errors may occur - grades to 2 significant digits in this table.

*The Company's 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.

The purpose of defining the exploration target is 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 has been discovered at the Wiluna Mine 18km along strike to the north, with 4Moz occurring beneath 100m depth and mineralisation remains open 1 km beneath the surface. Therefore the majority of the Williamson region is considered to be under-explored. Geological interpretations of all prospects are continuing with a view to defining drill targets to test the extensions of mineralisation.

Williamson Pit / Deeps

Fig 3: Williamson Pit long section of mineralisation



The Williamson exploration target is an extension of the Williamson Deposit which Agincourt Resources Limited previously mined 42,000oz between 2005 and 2006. Blackham has confirmed inferred resources of 301,000oz remaining below the open pit.

Exploration Target Parameters for Williamson Deeps are:

	Low	High
Strike (m)	700	800
Depth (m)	300	400
Width (m)	3	5
SG	2.8	2.8
Tonnes	1,764,000	4,480,000
Grade (g/t)	4	6
Total (oz)	**227,000**	**864,000**

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.**

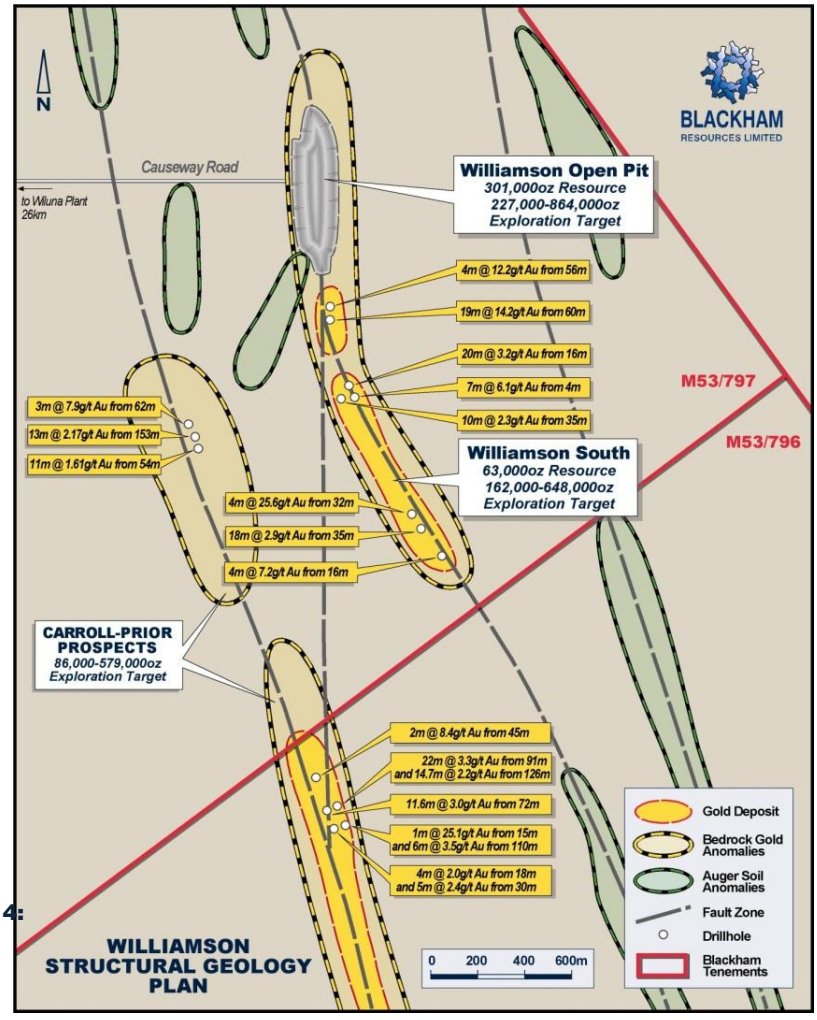


FIG 4:

Only a small number of holes have been drilled outside the current resource area. One of those holes, RWD00018, returned an outstanding intersection of **3.5m @ 35.5g/t Au from 372m**. 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 (Fig3). Further drilling is warranted at Williamson to for both extension drilling and to the resource confidence to an indicated and measured resource prior to refreshing the feasibility study. The Company now has approvals for a drilling programme below the Williamson Mine.

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 testing and past production confirms Williamson ore as free-milling allowing ore to be recovered using conventional processing techniques. The Williamson Mine is only 7km by existing haul road to the Matilda Mine plant footprint and 26km by existing haul road from the Wiluna Gold Plant.

Regent

The Regent deposit has a resource of **3.8Mt at 2.2g/t** for **270,000oz** of gold (see table 1). 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. 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. In April, Blackham applied for a mining lease application over its 100% owned Regent gold deposit.

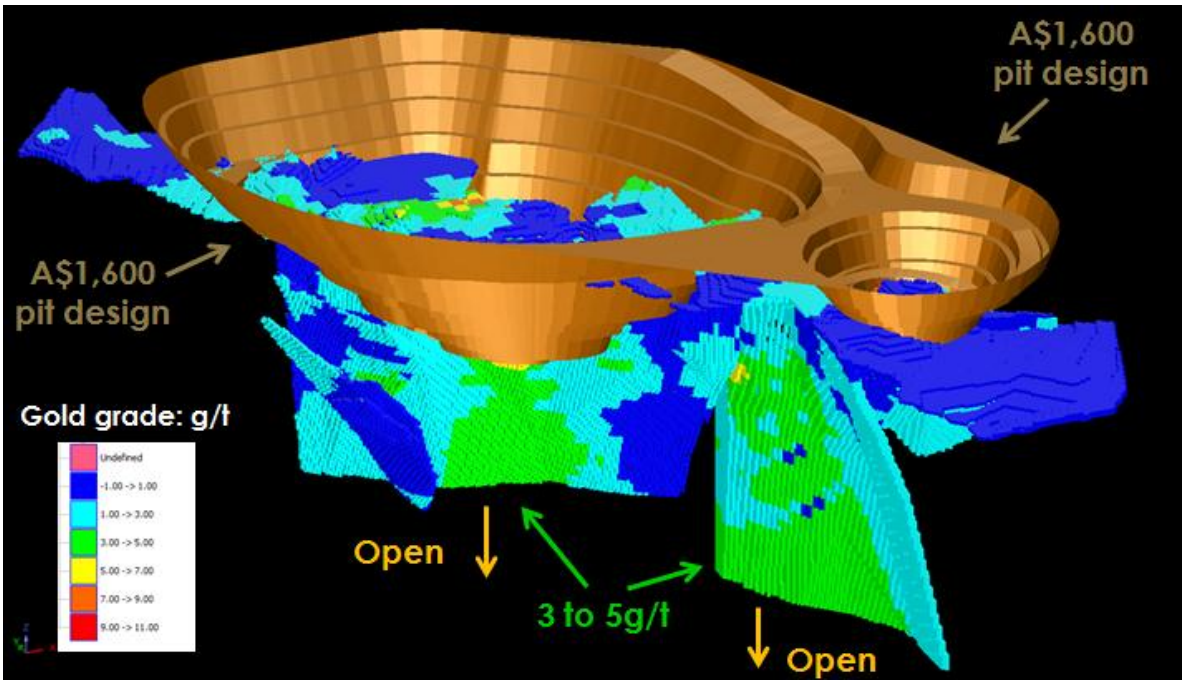


Figure 5 – Regent Open pit design – July 2012

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.

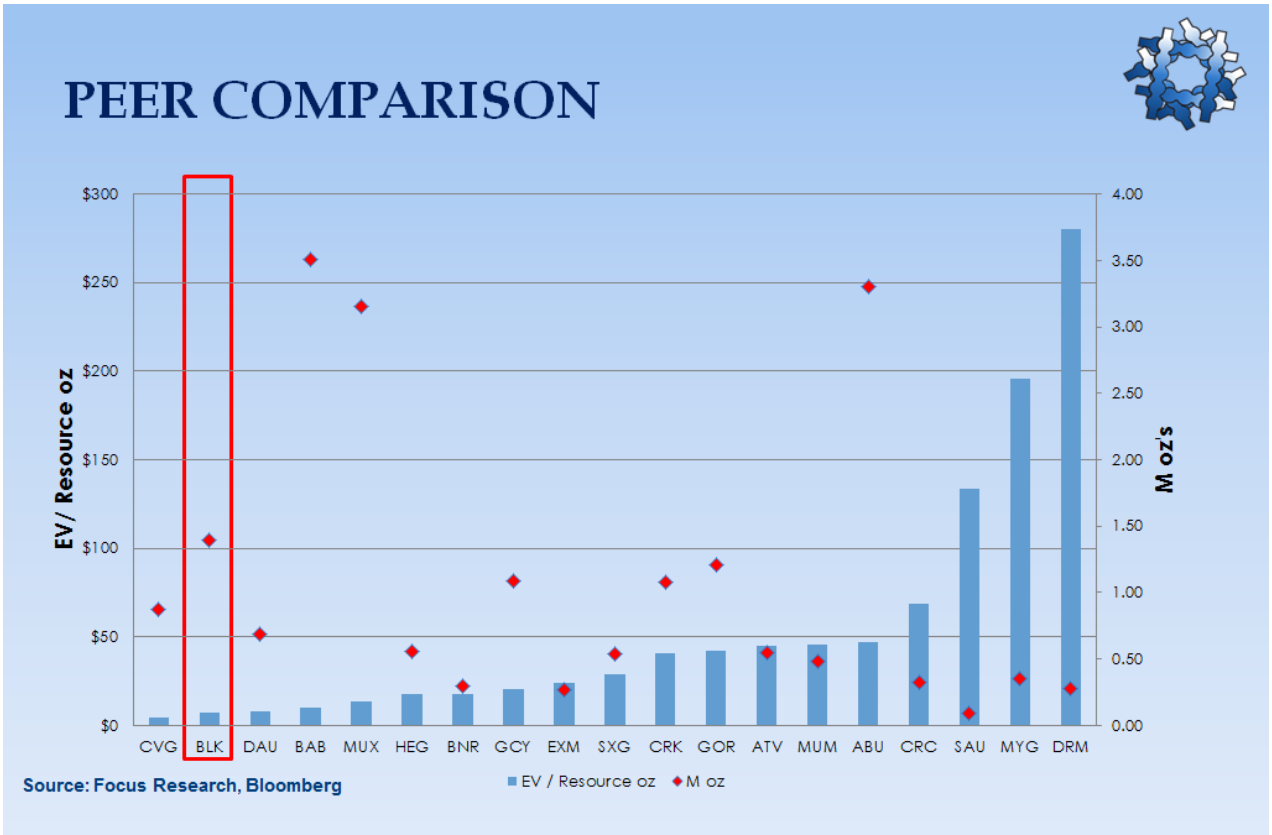
Scoping Pit Design confirmed

- 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 3-5glt resource below the pit with significant **underground potential**

Corporate

Blackham raised $1.2 million (before costs) during the quarter by issuing 6.27 million ordinary shares at an average price of $0.191 per share. At the end of the September the Company had $1.35 million in cash, liquid investments and receivables.

Blackham's market capitalisation is $11.5 million at 19 cents per share. The enterprise value of Blackham's gold projects equates to $7/oz gold.



Blackham's management are of the view that as it adds to the technical certainty and mining economics via scoping studies and a preliminary feasibility study the Company is likely to be re-rated in line with its peers.

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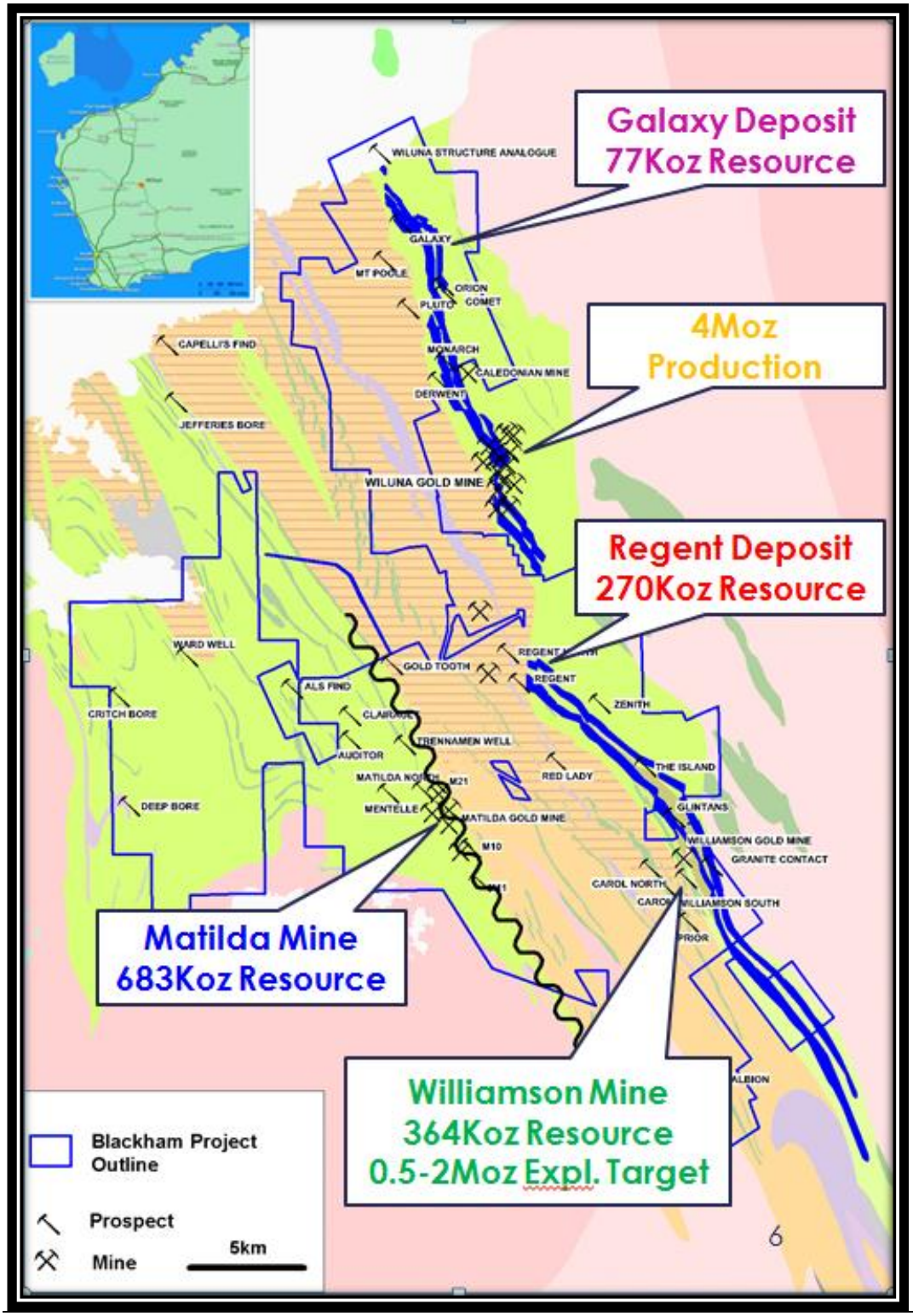
Competent Persons Statement

The information contained in the report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled or reviewed by Mr Greg Miles, who is a full-time employee of the Company. Mr Miles 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 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 this information in the form and context in which it appears.

The information contained in the report that relates to the Regent and Matilda Mine Mineral Resources is based on information compiled or reviewed by Mr Aaron Green, of Runge Ltd. Mr Green 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 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.


Galaxy Deposit
77Koz Resource
4Moz
Production
Regent Deposit
270Koz Resource
Matilda Mine
683Koz Resource
Williamson Mine
364Koz Resource
0.5-2Moz Expl. Target
WILUNA STRUCTURE ANALOGUE
GALAXY
MT POOLE
ORION
COMET
PLUTO
CAPELLI'S FIND
MONARCH
CALEDONIAN MINE
DERWENT
JEFFERIES BORE
WILUNA GOLD MINE
WARD WELL
GOLD TOOTH
REGENT
ALS FIND
ZENITH
CRITCH BORE
CLAIRDON
TRENNAMEN WELL
AUDITOR
THE ISLAND
RED LADY
DEEP BORE
MENTELLE
GLINTANS
MATILDA GOLD MINE
WILLIAMSON GOLD MINE
GRANITE CONTACT
CAROL NORTH
WILLIAMSON SOUTH
PRIOR
ALBION
Blackham Project Outline
Prospect
Mine
5km

Appendix A: Matilda Mine Significant Intersections
>1.0 g/t and max 2m int dilution

HoleID	Prospect	Grid	East	North	Hole Depth	Local Azm	Dip	From	To	Interval	Intercept	Grade g/t Au
MARC0037	M10	MGA94_51	223,809	7,036,224	60	74	-60	**26**	**31**	**5**	**m @**	**2.44**
MARC0039	M10	MGA94_51	223,795	7,036,219	80	74	-60	43	44	1	m @	2.98
								76	77	1	m @	1.11
MARC0041	M10	MGA94_51	223,774	7,036,291	76	74	-60	4	5	1	m @	1.19
								28	30	2	m @	1.51
								60	61	1	m @	6.42
								63	64	1	m @	2.57
MARC0042	M10	MGA94_51	223,725	7,036,278	120	74	-60	62	64	2	m @	1.23
								73	74	1	m @	1.81
								78	79	1	m @	1.29
MARC0043	M10	MGA94_51	223,745	7,036,335	136	74	-60	16	19	3	m @	1.13
								81	**82**	**1**	**m @**	**8.91**
MARC0044	M10	MGA94_51	223,824	7,036,462	140	254	-60	35	36	1	m @	2.08
								58	63	5	m @	2.19
								81	**84**	**3**	**m @**	**4.23**
								108	110	2	m @	3.99
								118	119	1	m @	1.40
MARC0045	M10	MGA94_51	223,753	7,036,468	124	254	-60	112	113	1	m @	1.11
MARC0046	M10	MGA94_51	223,778	7,036,475	210	254	-60	41	42	1	m @	1.32
								81	**82**	**1**	**m @**	**6.43**
								93	94	1	m @	2.88
								171	172	1	m @	4.70
MARC0047	M10	MGA94_51	223,801	7,036,482	170	254	-60	3	5	2	m @	1.19
								43	44	1	m @	1.37
								68	69	1	m @	1.20
								76	77	1	m @	1.28
								80	81	1	m @	2.49
								91	92	1	m @	2.51
								105	106	1	m @	3.83
								138	139	1	m @	1.67
								156	157	1	m @	1.24
								159	160	1	m @	1.17
MARC0048	M6	MGA94_51	223,397	7,036,468	130	74	-60	67	68	1	m @	2.03
								99	**105**	**6**	**m @**	**2.33**
								115	116	1	m @	1.70
MARC0049	ROM	MGA94_51	223,751	7,037,761	11	0	-90	0	8	8	m @	0.13
MARC0050	ROM	MGA94_51	223,808	7,037,741	10	0	-90	0	7	7	m @	0.02

HoleID	Prospect	East	North	Hole Depth	RL	Local Azm	Dip	From	To	Interval	Intercept	Grade g/t Au
MARC0051	M4	223071	7038359	183	1090	254	-60	94	95	1	m @	1.25
								120	**151**	**31**	**m @**	**2.32**
								154	155	1	m @	4.00
								161	**177**	**16**	**m @**	**1.51**
MARC0052	M4	223039	7038397	138	1091	254	-60	36	37	1	m @	6.97
								40	41	1	m @	1.04
								70	71	1	m @	1.05
								78	79	1	m @	1.49
								85	**93**	**8**	**m @**	**3.25**
								103	**111**	**8**	**m @**	**2.13**
MARC0053	M4	223106	7038312	162	1094	254	-60	80	82	2	m @	1.49
								132	133	1	m @	1.38
								154	155	1	m @	1.39
MARC0054	M1	222901	7037548	204	1093	0	-90	88	89	1	m @	1.21
								156	**169**	**13**	**m @**	**2.92**
								189	190	1	m @	1.25
MARC0055	M1	222901	7037548	198	1093	164	-75	45	49	4	m @	1.42
								146	**164**	**18**	**m @**	**2.11**
								194	195	1	m @	7.78
MARC0056	M1	222901	7037548	192	1093	164	-55	46	48	2	m @	2.89
								146	**162**	**16**	**m @**	**1.31**
MARC0057	M1	222948	7037561	79	1093	164	-65	*Hole abandoned*				
MARC0058	M1	222948	7037561	200	1093	164	-65	189	194	5	m @	1.77
MARC0059	M1	222949	7037562	204	1093	164	-55	124	126	2	m @	1.62
								190	191	1	m @	1.97
MARC0060	M1	222877	7037541	200	1093	0	-90	169	172	3	m @	1.43
								179	180	1	m @	1.27
MARC0061	M1	222877	7037541	204	1105	164	-68	**166**	**178**	**12**	**m @**	**2.12**

>1.0 g/t and max 2m int dilution
Grid ref MGA94_51