

**BOARD OF DIRECTORS**

**Milan Jerkovic**  
(Non-Executive Chairman)  
**Bryan Dixon**  
(Managing Director)  
**Alan Thom**  
(Executive Director)  
**Greg Miles**  
(Non-Executive Director)  
**Peter Rozenauers**  
(Non-Executive Director)

**ASX CODE**  
BLK

**CORPORATE  
INFORMATION**  
286M Ordinary Shares  
33M Unlisted Options  
4.1M Performance Rights

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REGISTERED OFFICE**  
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West Perth WA 6005

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PO Box 1412  
West Perth WA 6872

**QUARTERLY REPORT**  
**December 2016**

The Board of Blackham Resources Limited ('Blackham' or 'the Company') is pleased to provide an update on its activities for the quarter ended 31 December 2016 and thereafter.

**HIGHLIGHTS INCLUDE:**

***Matilda/Wiluna Operations***

- First gold poured in October 2016
- Quarterly gold production totalled 8,773oz
- Commercial production has been achieved and operations are now cash flow positive
- 2017 FY production forecast 60,000-70,000oz
- New tertiary crusher successful installed during December
- New gas power station commissioned in December to provide energy savings to the operation

***Resources***

- Resources increase 25% since last quarterly
- Large gold resource updated to 63Mt @ 3.2g/t for 6.4Moz Au
  - Maiden Wiluna open pit resources of 12.5Mt @ 2.6g/t for 1.1Moz Au – 69% indicated
  - High grade Golden Age resource grows by 21%
- Maiden Wiluna open pit resources to underpin the expansion plan

***Expansion Study***

- Stage 2 expansion studies focused on increasing gold production beyond 200,000ozpa progressing well
- Expansion targeting mill throughput of 3.2Mtpa due to the success in the open pit resources

***Exploration***

- Successful 25,000m drill programme completed on the Wiluna open pits
- Further 30,000m drill program planned for this quarter

***Corporate***

- \$10.7M in cash at the end of the quarter
- Hedging 11,079oz @ A\$1,709/oz

## Matilda/Wiluna Gold Operation, Western Australia

The Matilda/Wiluna Gold Operation is located in Australia's largest gold belt which stretches from Norseman through Kalgoorlie to Wiluna. Blackham's 100% owned Wiluna Gold Plant has been refurbished to a name plate 1.7Mtpa and is located in the centre of the Matilda Gold Project. The expanded Matilda Gold Project now includes JORC 2012 Measured, Indicated and Inferred Resources of **63Mt @ 3.2g/t for 6.4Moz Au** (49% indicated - refer to ASX releases 13<sup>th</sup> December 2016 and 23<sup>rd</sup> January 2017) within a +1,000km<sup>2</sup> tenement package which has historically produced in excess of 4.3 million ounces.

### Operations

First gold pour was achieved in the 3rd week of October 2016 and practical completion for the plant refurbishment was achieved by both the SMP and E&I contractors in November. During the quarter, Blackham continued to ramp up Stage 1 production. Quarterly gold production totalled 8,773oz with 4,894oz produced in the month of December. Management have now declared commercial production from the Matilda/Wiluna Operation

#### Matilda Gold Production to Dec 2016

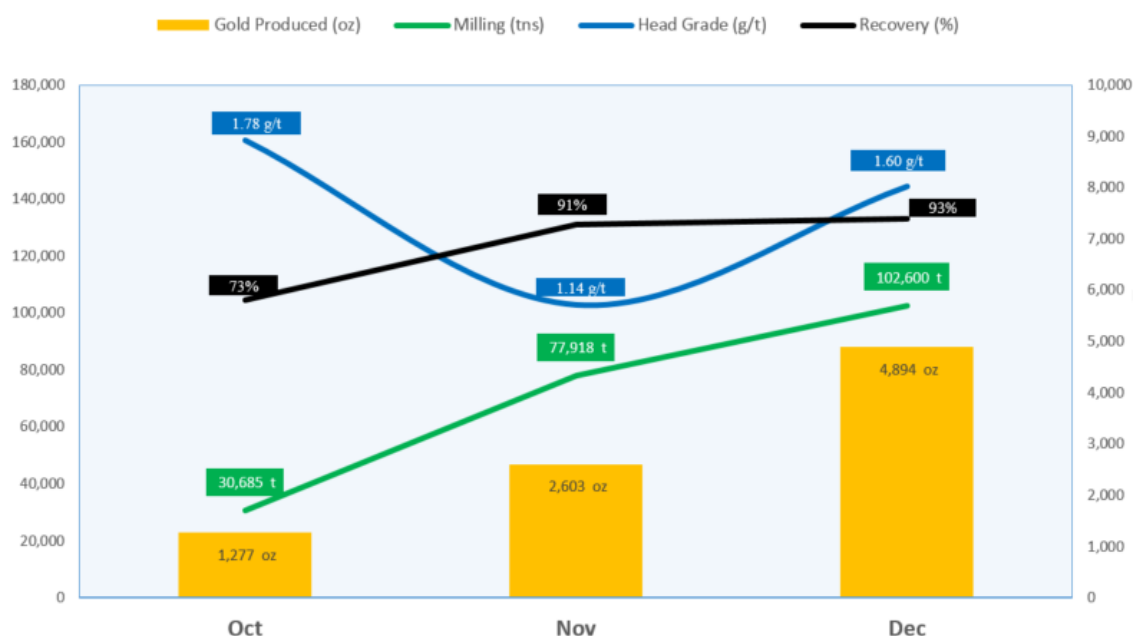


Table 1 – Gold Production ramping up

		Oct	Nov	Dec	Total
Total Milled	t	30,685	77,918	102,600	211,203
Mill Feed Grade Au	g/t	1.78	1.14	1.60	1.46
Overall Plant Recovery	%	72.6	91.0	92.5	88.5
Total Produced Au	Oz	1,277	2,602	4,894	8,773

Crushing and grinding throughput rates increased through the quarter which coincided with an increase in the mill feed grade from November through to December.

The gold plant has been commissioned on a mixture of historical stockpiles and lower grade Matilda open pit ore. The mill head grade progressively increased over the quarter as the open pits deepened but only a small quantity of Golden Age was processed during the quarter. Most of the Golden Age development ore mined to the end of December (grading 4.9g/t) was stockpiled for processing and as such the mill feed grade profile is expected to increase over the March quarter.

The plant optimisation and de-bottle necking program is ongoing with a view to continuing the ramp up past name plate to maximise gold production. Both plant throughput and head grade are showing improvement through the month of January. Blackham's FY17 production forecast is 60,000 to 70,000oz.



Photo 1: Early December weekly gold pour – dore = 1,989oz gold

## Matilda Open Pits

During the December quarter 2.4 million BCM's of material was mined at a mining cost of \$5.48/BCM which is below the \$5.80/BCM used in the feasibility study. The lower mining cost was due to reduced drill and blast requirement resulting in a higher proportion of free dig.

Open pit mining is currently focused on the Matilda M10 and M3 pits which are both through the depletion zone and into higher grade ore. A cut back on the 2km long M4 pit has also begun and is expected to be into ore over the next 3 weeks. Most of the ore mined during the December quarter was lower grade ore from the expected depletion zones at the top of the pits.

Open Pit Mining for		Sept Qtr	Dec Qtr	YTD
HG Ore	T	10,462	306,253	316,715
HG Au	g/t	0.86	1.27	1.25
LG Ore	T	36,422	209,545	245,967
LG Au	g/t	0.57	0.69	0.67
Total Ore	T	46,885	515,808	562,693
Ore	BCM	22,326	245,622	267,948
Waste	BCM	1,685,896	2,139,258	3,825,154
Total Material	BCM	1,708,222	2,384,880	4,093,103
Stripping Ratio	BCM:BCM	76	9	14



Photo 2: M10 Mined down to 1047.5RL



Photo 3: M3 PB1 free digging to the 1060RL



## Golden Age Underground

Underground mining continues to be focused on access and ore development to open up new stoping areas of the high grade Golden Age quartz reef. There are currently 3 jumbos on site focused on development activities with development ore currently being mined from 3 headings. Golden Age development ore produced to date is averaging 4.9g/t which is significantly higher than the budgeted grade for the development ore. Numerous occurrences of visible gold have also been sighted in multiple development drives (see photo 4 & 6).

Underground Mining		Sept Qtr	Dec Qtr	YTD
Ore Mined	t	1,923	16,215	18,138
Au Grade Mined	g/t	4.3	4.9	4.8
Mined Metal	oz	267	2,567	2,834
Total Lateral development	m	398	1,198	1,597



Photo 4: Visible gold in the Golden Age 980 ore drive

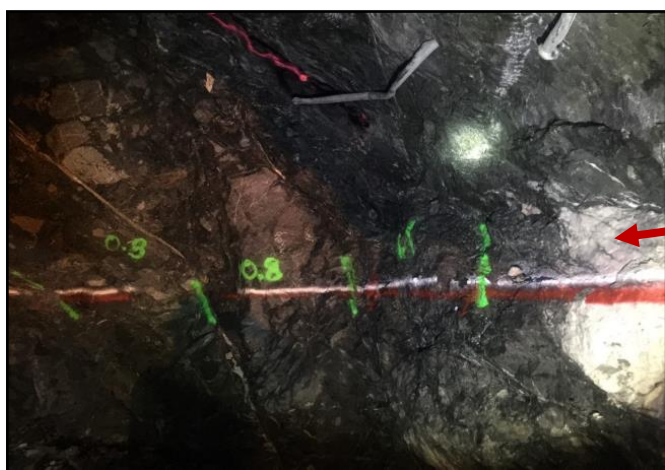


Photo 5: 1010 Ore Drive East (note HG pod in Right Wall)



Photo 6: Visible Gold in 1010 East

## Ore Stockpiles

Mining of ore is being streamed into high grade, low grade and long term feed to optimise cash flow from the mill. Open pit, underground and existing stockpiles total 448,000t @ 1.0g/t for 14,660oz. Current high grade stockpiles represent 6 weeks of mill feed.

Stockpiles	Tonnes	g/t	Oz	Weeks
High grade	201,000	1.4	9,200	6
Low grade	247,000	0.7	5,460	7
<b>Total stockpiles</b>	<b>448,000</b>	<b>1.0</b>	<b>14,660</b>	<b>13</b>

## Process Plant

### Crushing circuit

Crushing circuit availability of 65% was achieved during the quarter and this impacted mill throughput. The low circuit availability was caused by mechanical issues and operability of the secondary and tertiary cone crushers. The secondary crusher had components replaced in November and a new tertiary crusher was commissioned in December. Crushing throughput during January should significantly exceed that achieved during December. The crushing circuit is capable of achieving throughput in excess of 2Mtpa.

### Grinding & Gravity Circuit

During December the grinding circuit has operated on the Matilda ores and Williamson stockpiled ore at an average throughput rate of 156t/h and peaked at 250t/h (2.1Mtpa) with availability of 94%. During December mill runtime was only 89% mainly due to low fine ore stockpiles and crushing circuit availability. Due to the viscous nature of the Matilda ores larger leach feed piping and pump capacity was installed during December to de-bottleneck mill throughput. January mill throughput to date has significantly exceeded that of December with the highest daily throughput of 4,400 tonnes achieved. Management are working towards achieving a consistent throughput beyond the 1.7Mtpa nameplate capacity.

The new gravity circuit is operating as expected and gravity recoveries averaged 16% for the quarter. The average mill grade for December was 1.6 g/t. This head grade is expected to increase with the milling of Golden Age increasing and the processing of the higher grade structures from Matilda M10 and M3 pits.

### Leach and Elution Circuits

Total plant recovery achieved during November and December was 92% with an estimated tail grade of 0.11 g/t Au. Year to date recoveries were lower due to the processing of historical Wiluna refractory fine ore due to crusher circuit downtime during October. Leach, reagent and feed blend optimisation is ongoing with the aim of improving overall recoveries further.

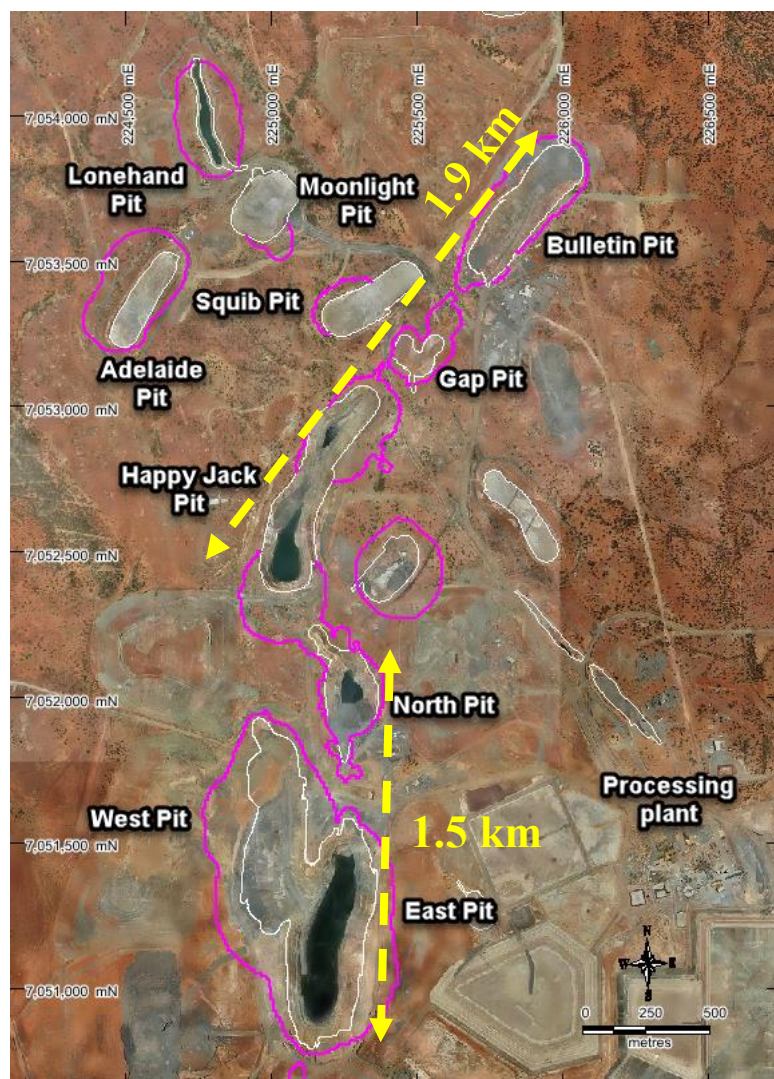
## Resources

Following successful drilling campaigns total resources grew by 25% to **64Mt @ 3.2g/t for 6.4Moz** (49% Indicated) with increases to both the Open Pit and Underground resources (Table 2). Refer to ASX release dated 23<sup>rd</sup> January 2017 for further details. Growth in the open pit resources will underpin the base load feed and growth in the underground resources will provide important grade profile for Wiluna processing plant.



**Table 2 Wiluna and Matilda Operations January 2017  
Measured, Indicated and Inferred Resources (JORC 2012)**

Matilda Gold Project Resource Summary															
Mining Centre	OPEN PIT RESOURCES														
	Measured			Indicated			Inferred			Total 100%			Free Milling		
	Mt	g/t Au	Koz Au	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 Mine OP	0.2	2.1	13	7.6	1.8	435	4.3	1.4	200	12.1	1.7	<b>648</b>	12.0	1.7	<b>640</b>
Galaxy				0.4	3.1	42	0.4	2.2	25	0.8	2.6	<b>68</b>	0.8	2.7	<b>68</b>
Williamson Mine				3.3	1.6	170	3.8	1.6	190	7.1	1.6	<b>360</b>	7.1	1.6	<b>360</b>
Wiluna OP <sup>1</sup>				8.4	2.7	730	4.1	2.5	330	12.5	2.6	<b>1,060</b>	1.2	1.4	<b>54</b>
Regent				0.7	2.7	61	3.1	2.1	210	3.8	2.2	<b>271</b>	1.3	1.9	<b>78</b>
Stockpiles				0.4	1.0	13				0.4	1.0	13			
OP Total	0.2	2.1	13	21	2.2	1,451	16	1.9	955	37	2.1	2,420	22	1.7	1,200
Mining Centre	UNDERGROUND RESOURCES														
	Measured			Indicated			Inferred			Total 100%			Free Milling		
	Mt	g/t Au	Koz Au	Mt	g/t Au	Koz Au	Mt	g/t Au	Koz Au	Mt	g/t Au	Koz Au	Mt	g/t Au	Koz Au
Golden Age				0.5	5.3	81	0.9	3.7	110	1.4	4.2	<b>191</b>	1.4	4.3	<b>190</b>
Wiluna				9.4	5.2	1570	15.0	4.4	2165	24	4.8	<b>3,735</b>			
Matilda Mine UG				0.1	2.5	10	0.6	3.6	70	0.7	3.6	<b>80</b>			
UG Total				10	5.2	1,661	17	4.4	2,345	26	4.8	4,006	1	4.2	190
Grand Total	0.2	2.1	13	31	3.1	3,112	32	3.2	3,300	63	3.2	6,426	24	1.8	1,390



1) Wiluna Open Pit Resources include the East, West, Happy Jack, Creek Shear, Golden Age North, Gap, Bulletin, Essex, Adelaide and Moonlight orebodies reported from inside an A\$1,800/oz optimised shell.

2) Free Milling resource is a subset of the overall Mineral Resource

3) Mineral Resources are reported inclusive of Ore Reserves and include all exploration and resource definition drilling information, where practicable, up to 1<sup>st</sup> December 2016.

4) 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.

5) Cut off grades used in the estimations vary between deposits and are given in the individual Mineral Resource tables and Table 1

## Open Pit Resources

Maiden open pit resource estimates were completed for the East, West, Happy Jack, Gap, Squib, Bulletin, Adelaide, Moonlight and Lone Hand deposits at Wiluna totalling **12.5Mt @ 2.6g/t** for **1.1Moz** (69% indicated) (Figure 1).

Total open pit resources for the combined Wiluna and Matilda operations are now **37Mt @ 2.1g/t** for **2.4Moz** (60% Indicated).

**Figure 1 Location of open pits showing A\$1,800/oz pit optimisation pit crests**

## Underground Resources

Underground resources have grown to **26Mt @ 4.8g/t** for **4.0Moz** with extensions to the Golden Age, Bulletin and Essex orebodies. Highlights include:

- The free milling Golden Age Resource has grown by 21% to 191Koz
- UG Bulletin Resource now defined over 600m strike
- Essex Resource increases by 177% to 97koz

## Expansion Study

During the quarter, the Company continued its mill expansion and mining studies aimed at increasing production above 200,000ozpa. The expansion study has targeted this as a production goal in the next two years to be achieved mainly through the treatment of the Wiluna sulphides which have current open pit and underground Measured, Indicated and Inferred Resources of 37Mt @ 4.0 g/t (refer to ASX release dated 23<sup>rd</sup> January 2017). Unlocking the value of these sulphides is a crucial part of this strategy which involves increasing mining output and increasing the capacity of the mill by running the sulphide circuit in conjunction with the current operating free milling circuit.

A draft report has been received from Orway Mineral Consultants (OMC) on a recommended processing flowsheet for an additional 1.5Mtpa in new crushing, grinding and floatation circuit to feed the existing BIOX plant. The commissioning of this additional capacity in addition to the recently refurbished 1.7Mtpa oxide circuit would see total capacity of ~3.2Mtpa across the oxide and sulphide circuits, all located at the Wiluna processing hub. The expanded Wiluna plant would bring significant economies of scale to the combined project with all the resources sitting within a 20km radius of the processing plant.

Current mine planning is focused on the planned 1.5Mtpa sulphide circuit being fed equally from both the open pits and the underground. The Wiluna underground mine plan would have 2 of the existing 5 declines in operation at any point in time.

The significant growth in Mineral Resources confirms the need to expand the Wiluna gold plant production beyond 200kozpa.

## **Exploration and Reserve Conversion**

Exploration during the quarter continued to focus on the open pit potential at Wiluna as support for the Expansion Study. A total of 16,468m of RC and 3,120m of diamond drilling was completed during the December quarter (Figure 2).



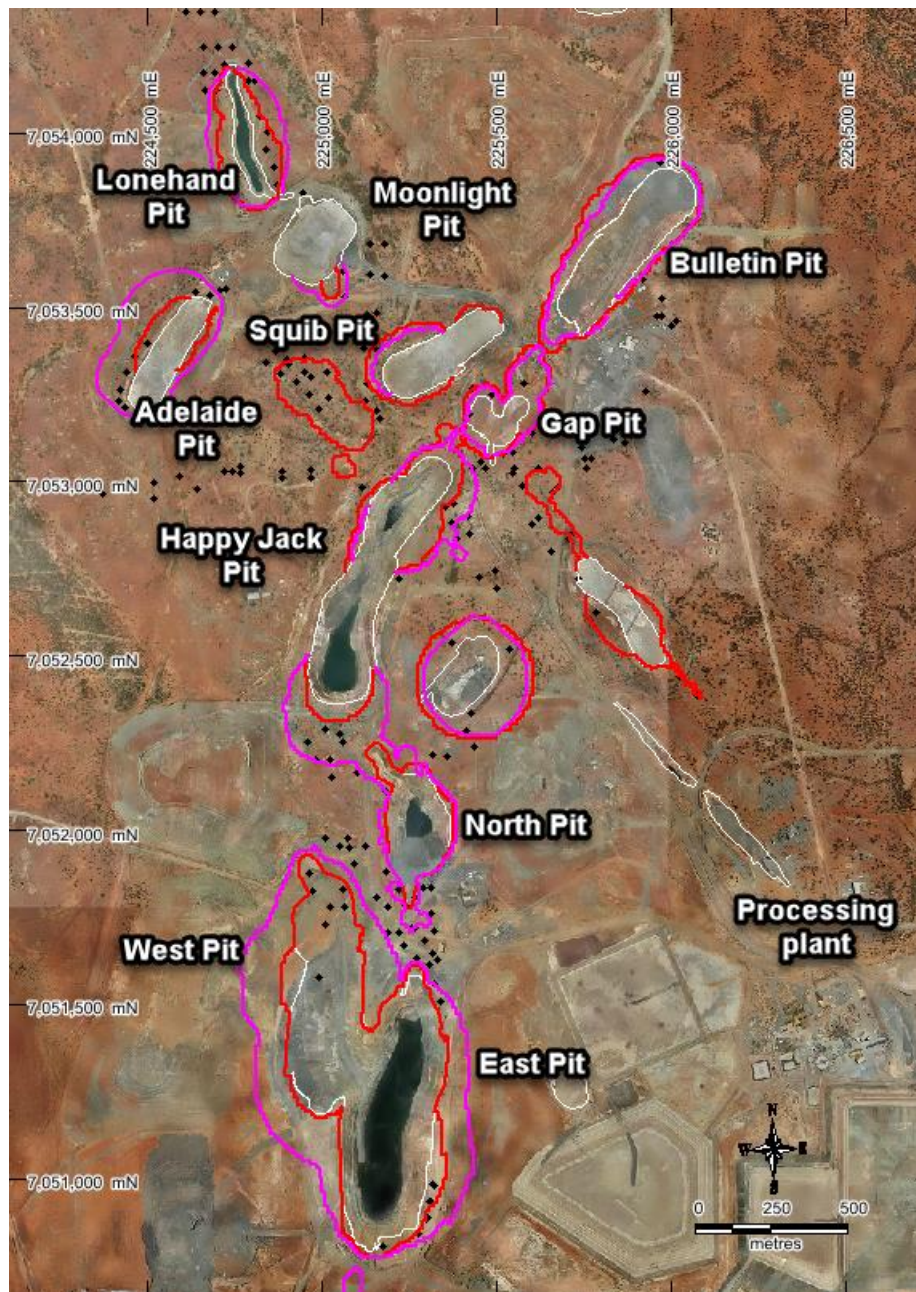


Figure 2. RC and Diamond drilling collar locations. Current pit crests shown as white outline with the July A\$1,800 pit optimisation based on historical drilling shown as red outline. The December A\$1,800 optimised shell is shown in pink to demonstrate the impact of the recent drilling and re-modelled resource.

## Wiluna Mine

Significant results were returned at a number of deposits. Refer to ASX releases dated 9<sup>th</sup> November 2016 and December 7<sup>th</sup> 2016 for further details on these drilling results. Highlights from these drill programs include:

### East and West Lodes

- WURC0127: 24m @ 7.73 g/t from 95m & 21m @ 1.19g/t from 129m (EOH) 186 g\*m  
25 g\*m
- WURD0005: 23m @ 3.74 g/t from 119m 86 g\*m
- WURC0103: 6m @ 8.75g/t g/t from 88m 52 g\*m
- WURC0047: 6m @ 7.65 g/t from 175m & 46 g\*m



<b>5m @ 2.01g/t from 195m</b>	<b>10 g*m</b>
○ <b>WURC0119: 10m @ 3.51g/t from 65m &amp;</b>	<b>35 g*m</b>
<b>13m @ 2.87g/t</b>	<b>37 g*m</b>

#### Gap – Bulletin Lode

○ <b>WURC0104: 10m @ 2.03g/t from 79m &amp;</b>	<b>20 g*m</b>
<b>19m @ 2.74 g/t from 158m</b>	<b>52 g*m</b>
○ <b>WURC0108: 9m @ 4.08g/t from 106m &amp;</b>	<b>37g*m</b>
<b>10m @ 2.37 g/t from 131m</b>	<b>24 g*m</b>
○ <b>WURC0106: 19m @ 2.66 g/t from 6m</b>	<b>51 g*m</b>

#### Golden Age North Lode

○ <b>WURC0126: 11m @ 5.87 g/t from 50m</b>	<b>65 g*m</b>
○ <b>WURC0114: 7m @ 4.90 g/t from 109m</b>	<b>34 g*m</b>

Subsequent to the end of the quarter final drill results were received from the Lone Hand, Adelaide reported to the ASX on the 4th January 2017. Highlights include:

○ <b>WURC0135: 15m @ 7.28 g/t from 86m</b>	<b>109 g*m</b>
○ <b>WURC0129: 5m @ 5.59g/t from 60m</b>	<b>28 g*m</b>
○ <b>WURC0186: 5m @ 6.66g/t from 97m</b>	<b>33 g*m</b>

Blackham is advancing its mining studies over the Wiluna open pit areas with a view to updating its mine plan and publishing its maiden Wiluna open pit reserves. The East West pit resource and initial mining studies suggest the scale of the East West pit has potential for a 1,500m long, 600m wide pit that could extend 230m deep (Figure 1 and Figure 3). Initial mining studies also demonstrate the potential for a 1.9km long pit in the Happy Jack – Bulletin area (Figure 1 and Figure 4).

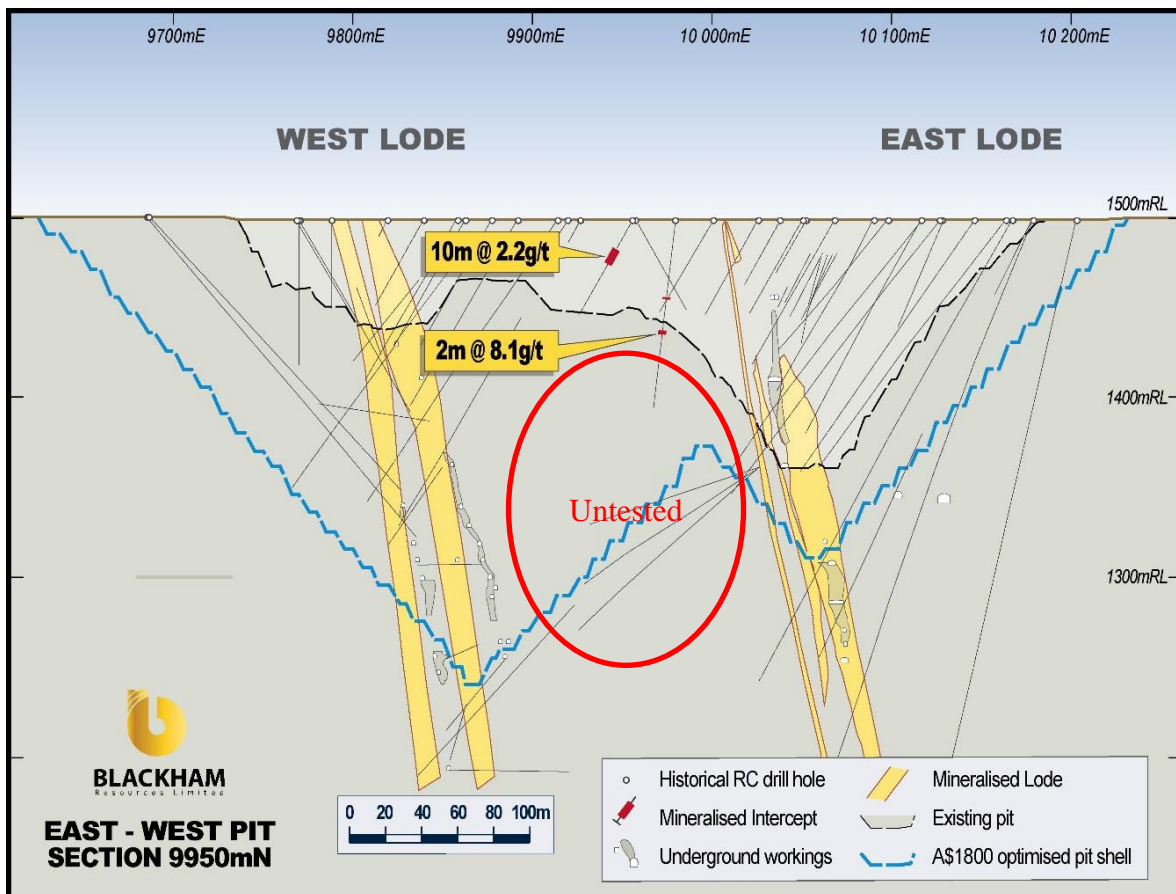


Figure 3 Cross section through East-West pit

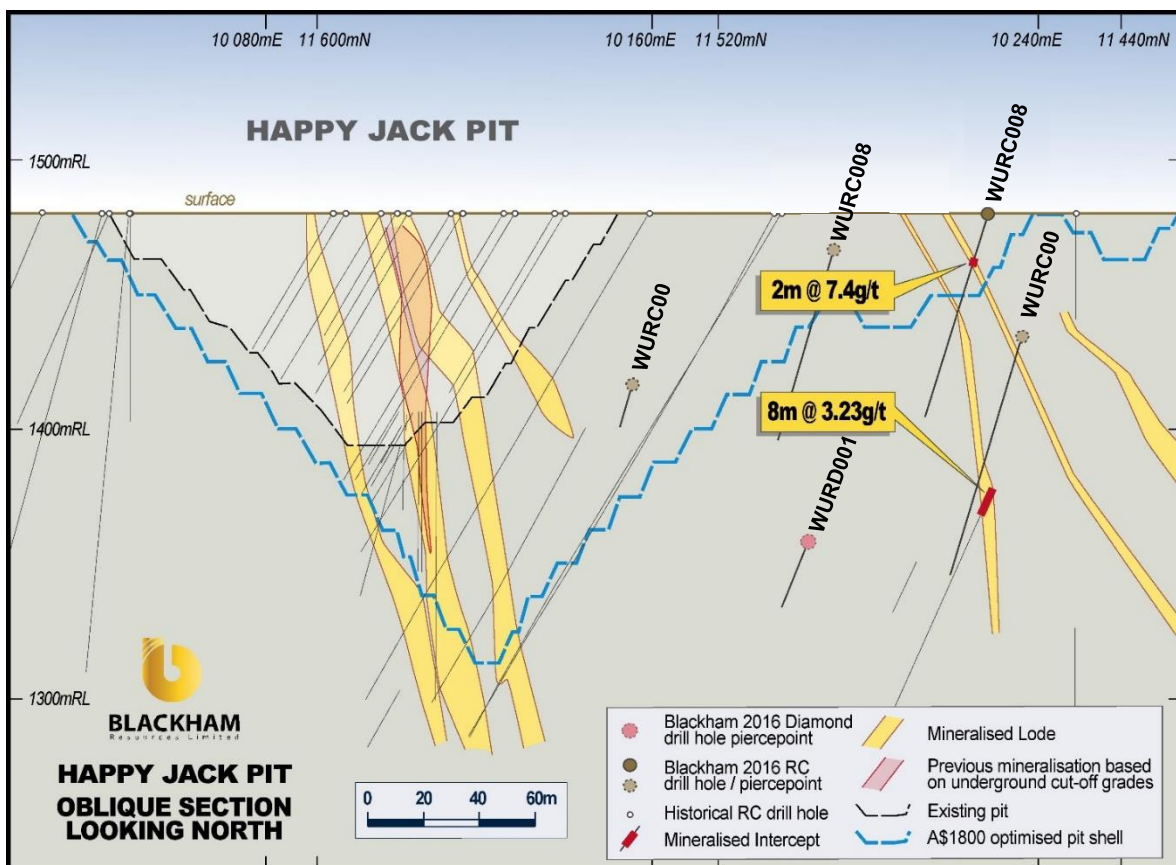


Figure 4 Cross section through Happy Jack pit

## Corporate

### Hedging Transaction

On the 2 December 2016, the Company announced that it had realised \$6.3 million in cash receipts following the purchase of physical gold ounces at the spot prices below \$1,585/oz to close out a total of 41,250oz of forward gold sales contracts at an average price of \$1,762.41.

At 31 December 2016, the Company has 11,079oz of forwards at A\$1,709/oz allocated to the next quarter of production.

At the end of the quarter, the Company had A\$10.7 million in cash. The Company has A\$38.1 million in debt (including accrued interest).

Blackham currently has a market cap of approximately A\$197 million. The Company's enterprise value is only \$35/resource ounce.

Blackham's FY17 production forecast is 60,000 to 70,000ozpa with C1 Cash cost A\$840/oz and All in sustaining costs of A\$1,140/oz.

For further information on Blackham please contact:

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### Competent Persons Statement

*The information contained in the report that relates to Exploration Targets and Exploration Results at the Matilda Gold Project is based on information compiled or reviewed by Mr Bruce Kendall, who is a full-time employee of the Company. Mr Kendall 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 Kendall 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 Gold Project 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 December 2016 and 23 January 2017 continue to apply and have not materially changed.*

### 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.*



**Blackham Resources Limited**  
**Schedule of Mineral Tenements and Rights at 31 December 2016**

<b>Project</b>	<b>Tenement</b>	<b>Interest held by Blackham</b>
Scaddan	E63/0521	70%
Scaddan	E63/1145 to E63/1146	70%
Scaddan	E63/1202 to E63/1203	70%
Scaddan	E63/1734	100%
Scaddan	E63/1780	100%
Scaddan	E74/0561	100%
Scaddan	M63/0192 to M63/0194	70%
Zanthus	E69/2506	20% of basement rights, 100% above basement
Matilda	E53/1290	100%
Matilda	E53/1297	100%
Matilda	E53/1644	100%
Matilda	E53/1791	100%
Matilda	E53/1852	100%
Matilda	L53/0021 to L53/0022	100%
Matilda	L53/0051	100%
Matilda	L53/0062	100%
Matilda	L53/0140	100%
Matilda	M53/0034	100%
Matilda	M53/0041	100%
Matilda	M53/0052 to M53/0054	100%
Matilda	M53/0188	100%
Matilda	M53/0955	100%
Matilda	P53/1559	100%
Matilda	E53/1287	100% of gold and base metal rights
Wiluna	E53/1853	100%
Wiluna	E53/1862 to E53/1863	100%
Wiluna	M53/0797 to M53/0798	100%
Wiluna	P53/1637	100%
Wiluna	E53/1288	100% of gold and base metal rights
Wiluna	M53/0045	100% of gold and base metal rights
Wiluna	M53/0049	100% of gold and base metal rights
Wiluna	M53/0113	100% of gold and base metal rights
Wiluna	M53/0121 to M53/0123	100% of gold and base metal rights
Wiluna	M53/0147	100% of gold and base metal rights
Wiluna	M53/0224	100% of gold and base metal rights
Wiluna	M53/0253	100% of gold and base metal rights
Wiluna	M53/0796	100% of gold and base metal rights
Wiluna	M53/0910	100% of gold and base metal rights
Wiluna	P53/1355 to P53/1357	100% of gold and base metal rights
Wiluna	P53/1372	100% of gold and base metal rights
Wiluna	P53/1396 to P53/1397	100% of gold and base metal rights
Wiluna	G53/0021 to G53/0022	100% of gold and base metal rights
Wiluna	E53/1645	100%
Wiluna	L53/0020	100%
Wiluna	L53/0023 to L53/0024	100%
Wiluna	L53/0030	100%
Wiluna	L53/0032 to L53/0045	100%
Wiluna	L53/0048	100%
Wiluna	L53/0050	100%
Wiluna	L53/0053	100%
Wiluna	L53/0077	100%

Project	Tenement	Interest held by Blackham
Wiluna	L53/0094	100%
Wiluna	L53/0097 to L53/0098	100%
Wiluna	L53/0103	100%
Wiluna	L53/0144	100%
Wiluna	L53/0202	100%
Wiluna	M53/0006	100%
Wiluna	M53/0024 to M53/0027	100%
Wiluna	M53/0030	97.9%
Wiluna	M53/0032	100%
Wiluna	M53/0040	100%
Wiluna	M53/0043 to M53/0044	100%
Wiluna	M53/0050	100%
Wiluna	M53/0064	100%
Wiluna	M53/0069	100%
Wiluna	M53/0071	100%
Wiluna	M53/0092	100%
Wiluna	M53/0095 to M53/0096	100%
Wiluna	M53/0129 to M53/0131	100%
Wiluna	M53/0139	100%
Wiluna	M53/0173	100%
Wiluna	M53/0200	100%
Wiluna	M53/0205	100%
Wiluna	M53/0415	100%
Wiluna	M53/0468	100%
Galaxy	M53/1097	100%
Wiluna	P53/1560	100%
Wiluna	P53/1637	100%
Wiluna	R53/0001	100%

No movements in the December'16 quarter

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

#### Name of entity

Blackham Resources Limited

#### ABN

18 119 887 606

#### Quarter ended ("current quarter")

31 December 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	16,887	16,887
1.2 Payments for		
(a) exploration & evaluation	(3,421)	(7,245)
(b) development	(26,562)	(50,035)
(c) production	-	-
(d) staff costs	(473)	(856)
(e) administration and corporate costs	(342)	(985)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	69	180
1.5 Interest and other costs of finance paid	(3)	(16)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	2	2
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(13,843)</b>	<b>(42,068)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(2,790)	(3,576)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	(5,496)	(6,212)
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-



<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(8,286)</b>	<b>(9,788)</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	25,000
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	337	742
3.4	Transaction costs related to issues of shares, convertible notes or options	(11)	(1,547)
3.5	Proceeds from borrowings	-	8,000
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	(515)	(1,453)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(39)	(75)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(228)</b>	<b>30,667</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	33,110	31,942
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(13,843)	(42,068)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(8,286)	(9,788)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(228)	30,667
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>10,753</b>	<b>10,753</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter</b> <b>\$A'000</b>	<b>Previous quarter</b> <b>\$A'000</b>
5.1	Bank balances	(9,751)	12,606
5.2	Call deposits	20,504	20,504
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>10,753</b>	<b>33,110</b>

**6. Payments to directors of the entity and their associates**

6.1 Aggregate amount of payments to these parties included in item 1.2

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter**  
**\$A'000**

226

-

**7. Payments to related entities of the entity and their associates**

7.1 Aggregate amount of payments to these parties included in item 1.2

7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter**  
**\$A'000**

23

-

Interest and financing charges as per the terms of the Orion Project Facility.

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	36,000	36,000
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

A secured finance facility is held with Orion Mine Finance. It is comprised of:

- \$13m Non-Amortising Loan with an interest rate of 12% p.a.; and
- \$23m Project Finance Facility with an interest rate of 10% p.a.

9. <b>Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	2,900
9.2 Development	16,300
9.3 Production (commenced in Oct 2016)	17,100
9.4 Staff costs	470
9.5 Administration and corporate costs	460
9.6 Other (provide details if material)	1,150
<b>9.7 Total estimated cash outflows</b>	<b>38,380</b>

10. <b>Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				



### **Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:

Date: 23 January 2017

(Company Secretary)

Print name: Mike Robbins

### **Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.