

22 January 2018

ASX Announcement

Fully Underwritten \$36 Million Entitlements Issue to Underpin a Transformational 2018

Highlights

- Fully underwritten 5 for 2 renounceable Entitlements Issue to raise approximately \$36 million (before costs)
- Sub-underwriter bookbuild completed by Lead Manager, Hartleys Limited, was heavily oversubscribed, with strong demand from high quality domestic and international institutional and professional investors
- The significant level of demand for sub-underwriting resulted in an agreed reduction in the quantum of sub-underwriting by MACA, Orion and PYBAR from \$13 million to \$4 million (in aggregate)
- New shares to be issued at \$0.04 per share, together with one free attaching listed \$0.08 option (expiring 31 January 2019) for every two new shares issued
- Upon completion of the Entitlements Issue Blackham will have a strengthened balance sheet that will underpin a transformational 2018, during which it intends to:
 - achieve strong cashflow generation from operations;
 - repay the \$23 million project financing facility with Orion (\$20.5 million after the Entitlements Issue, to be fully repaid by the end of 2018);
 - continue exploration drilling targeting an ongoing five-plus year free-milling mine life; and
 - end the calendar year in a net cash position
- Fully underwritten entitlements Issue allows Blackham shares to recommence trading on the ASX

Blackham Resources Ltd (ASX: BLK) (“**Blackham**” or “**the Company**”) is pleased to announce that it has today launched a fully underwritten 5 for 2 renounceable entitlements issue to raise approximately \$36 million (before costs) (“**Entitlements Issue**”), which represents the final step in its previously announced recapitalisation strategy.

BOARD OF DIRECTORS

Milan Jerkovic
Executive Chairman

Bryan Dixon
Managing Director

Greg Miles
Non-Executive Director

ASX CODE

BLK

CORPORATE INFORMATION

359M Ordinary Shares
9.3M Unlisted Options

ABN: 18 119 887 606

PRINCIPAL AND REGISTERED OFFICE

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Following the Entitlements Issue, Blackham will have a strengthened balance sheet to underpin a transformational 2018, during which it intends to:

- o achieve strong cashflow generation from operations;
- o repay its \$23 million project financing facility with Orion (\$20.5 million after Entitlements Issue, to be fully repaid by the end of 2018);
- o continue exploration drilling targeting an ongoing five-plus year free-milling mine life; and
- o end the calendar year in a net cash position.

Significantly, the Company will maintain a sound cash position once the Entitlements Issue is complete and all relevant payments have been made, with cash expected to remain above \$15 million during 2018.

Hartleys Limited (“**Hartleys**”) is Lead Manager and arranger of the underwriting and received strong demand from its domestic and international institutional and professional investor network to participate in sub-underwriting the Entitlements Issue.

Blackham’s Executive Chairman, Milan Jerkovic, said:

“It is very pleasing to see the level of interest in the Entitlements Issue that was received during the sub-underwriting process as well as the high quality of investors that have entered into sub-underwriting agreements. With the Entitlements Issue fully underwritten, we can now move forward with the final stage of our recapitalisation strategy.

Blackham will be well funded with a strong balance sheet to enable us to focus initially on a simple free milling mine plan at the Matilda-Wiluna Gold Operation and enjoy a period of stable gold production having recently accessed high grade ore zones. The Company is at an exciting stage, with 2018 expected to be a transformational year of strong operational performance that is likely to generate significant cash flow and value for Blackham and its shareholders.”

Details of the Entitlements Issue

The fully underwritten renounceable pro-rata Entitlements Issue is for up to 897,670,820 new shares on the basis of five new shares for every two existing shares held by eligible shareholders at the record date (5:00pm (WST) on Monday, 29 January 2018), at an issue price of \$0.04 per new share, together with one free attaching listed \$0.08 option (expiring 31 January 2019) for every two new shares issued, to raise approximately \$36 million (before costs). Eligible shareholders are also invited to apply for new shares and new options in excess of their entitlement.

Eligible shareholders are those with a registered address in Australia and New Zealand on the record date.

Entitlements Issue is Fully Underwritten

The Entitlements Issue is fully underwritten. As previously announced on 15 January 2018, each of MACA Limited (“**MACA**”), Orion Fund JV Limited (“**Orion**”) and PYBAR Mining Services Pty Limited (“**PYBAR**”) provided sub-underwriting pre-commitments of up to \$8 million, \$2.5 million and \$2.5 million respectively. Due to the significant level of sub-underwriting interest from a number of high quality domestic and international institutional and professional investors, there has been an agreed reduction in the amount of sub-underwriting undertaken by MACA, Orion and PYBAR, with their sub-underwriting commitments now being for up to \$2 million, \$1 million and \$1 million respectively, for a total of \$4 million.

Each of MACA, Orion and PYBAR had the opportunity to further reduce their sub-underwriting commitments, but each elected to maintain their participation in the entitlements issue at these levels, further demonstrating their ongoing support for Blackham and its Matilda-Wiluna Gold Operation.

To the extent that the number of shortfall shares ultimately allocated to each of MACA, Orion and PYBAR is less than each of their original sub-underwriting pre-commitments, the reduction will be paid out of Entitlements Issue proceeds, such that the amount owed by Blackham to each of MACA, Orion and Pybar will still reduce by \$8.0 million, \$2.5 million and \$2.5 million respectively upon completion of the Entitlements Issue.

As previously announced, Blackham Executive Chairman, Mr Milan Jerkovic has committed to personally sub-underwrite up to \$500,000 of the Entitlements Issue.

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
Prospectus lodged with ASIC and ASX Entitlements Issue announcement lodged with ASX Lodgement of Appendix 3B	Post market close on Monday, 22 January 2018
"Ex" date (being the date that shares start trading without the entitlements to participate in the Entitlements Issue)	Thursday, 25 January 2018
Rights trading starts on a deferred settlement basis	Thursday, 25 January 2018
Record Date to determine Entitlements	5:00pm (WST) on Monday, 29 January 2018
Opening date of Entitlements Issue	Tuesday, 30 January 2018
Despatch of the prospectus and entitlement and acceptance Form to eligible shareholders	
Rights trading ends	Monday, 5 February 2018
Shares quoted on a deferred settlement basis	Tuesday, 6 February 2018
Closing date for acceptances under the Entitlements Issue	5:00pm (WST) on Monday, 12 February 2018
ASX Announcement update on applications received	Tuesday, 13 February 2018
ASX notified of under subscriptions under the Entitlements Issue	Thursday, 15 February 2018
Settlement Date for sub-underwriting	Monday, 19 February 2018
Issue Date of New Shares and deferred settlement trading of New Shares ends	

Trading of New Shares expected to commence	Tuesday, 20 February 2018
Holding statements despatched	Tuesday, 20 February 2018
Last day by which the Securities (if any) under the Shortfall Offer may be issued	Friday, 11 May 2018 (being 3 months after the Closing Date)

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 at any time without prior notice.

Corporate Matters

In connection with a Share Purchase Agreement announced on 31 August 2017 between the Company and The Australian Special Opportunity Fund, LP ("**Agreement**"), the Company has terminated the Agreement in full and final settlement for the 3,250,000 Collateral Shares that were previously issued under the Agreement.

Forward Plan Summary

Following the completion of the Entitlements Issue, Blackham will be well funded as it enters a significantly lower risk period of production, which will initially focus on free milling gold production with an expected stripping ratio of less than half of recent levels (7:1 vs 16.5:1) for the current free milling mine plan, providing a significant step change in project economics. This, in conjunction with continued access to high grade ore zones that are supported by extensive grade control drilling, will provide ongoing mill supply and continued growth in high grade stockpiles and is expected to deliver a period of strong operational cash flows.

Due to available carried forward tax losses, Blackham does not expect to pay income tax during the current free milling mine plan. This cash flow will ensure there is a significant level of exploration drilling going forward, focussed on identifying additional free milling mineralisation as well as increasing the 1.2Moz of gold reserves (currently 15Mt @ 2.5g/t) by converting more of the Company's very large resource base (65Mt @ 3.1g/t for 6.5Moz) to reserves.

Enquiries

The prospectus and associated ASX releases will be made available shortly on the Company's website at www.blackhamresources.com.au

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 730 659.

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:

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Matilda-Wiluna Gold Operation October 2017 Measured, Indicated & Inferred Resources (JORC 2012)

Mining Centre	OPEN PIT RESOURCES									Total 100%		
	Measured			Indicated			Inferred			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	0.9	1.5	44	6.1	1.7	340	4.1	1.4	185	11.1	1.6	569
Galaxy	0.7	1.4	32	0.1	3.7	5	0.2	2.8	16	1.0	1.6	53
Williamson Mine				3.3	1.6	170	3.8	1.6	190	7.1	1.6	360
Wiluna OP¹				13.6	2.6	1150	3.3	3.3	355	16.9	2.8	1,505
Regent				0.7	2.7	61	3.1	2.1	210	3.8	2.2	271
Stockpiles				0.4	0.9	11				0.4	0.9	11
OPTotal	1.6	1.5	76	24	2.2	1,737	15	2.1	956	40	2.1	2,769
Mining Centre	UNDERGROUND RESOURCES									Total 100%		
	Measured			Indicated			Inferred			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	0.1	4.2	8	0.2	7.1	46	0.6	3.8	75	0.9	4.5	129
Wiluna				8.2	5.5	1441	14.6	4.4	2086	23	4.8	3,527
Matilda Mine UG				0.1	2.5	10	0.6	3.6	70	0.7	3.6	80
UG Total	0.1	4.2	8	9	5.5	1,497	16	4.4	2,231	24	4.8	3,736
Grand Total	1.7	1.5	84	33	3.1	3,234	30	3.3	3,187	65	3.1	6,505

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 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 12 October 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.