

ASX Announcement
24 November 2017



BOARD OF DIRECTORS

Milan Jerkovic
Non-Executive Chairman
Bryan Dixon
Managing Director
Greg Miles
Non-Executive Director

ASX CODE

BLK

CORPORATE INFORMATION

359M Ordinary Shares
29M Unlisted Options
3.6M Performance Rights

ABN: 18 119 887 606

PRINCIPAL AND REGISTERED OFFICE

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New Funding Package

Blackham Resources Ltd ("Blackham" or "the Company") (ASX: BLK) has taken a major step towards completing the re-financing of the Matilda-Wiluna Operation with an agreed initial \$60 million Funding Package with Pacific Road Capital (Pacific Road). Blackham welcomes Pacific Road as a new cornerstone shareholder and substantial financial contributor to the 6.5Moz Matilda-Wiluna Gold Operation.

- **A\$60 million Pacific Road Funding Package includes:**
 - **A\$7.35 million Private Placement;**
 - **A\$2.65 million sub-underwriting of a planned A\$12.3 million Entitlement Offer to existing shareholders;**
 - **A\$50 million Loan Facilities; and**
 - **Potential for further debt funding of the Wiluna Plant Expansion to lift capacity to 3.3Mtpa (Expansion Funding).**
- **The funding agreement is at executed term sheet stage, with formal legal documentation well advanced and expected to execute within one week.**
- **This follows an extensive technical due diligence process by Pacific Road.**
- **Blackham will offer shareholders an opportunity to participate at the same share price as Pacific Road through a renounceable entitlement offer, of two (2) shares per seven (7) shares held, to potentially raise a further \$12.3 million (Entitlement Offer).**

The Pacific Road Funding Package and Entitlement Offer will be used to re-finance the current debt facility, strengthen and lengthen reserves, complete expansion studies and provide additional working capital to the Company. The new Loan Facilities have the first repayment date in June 2020 which means the Company's short term working capital position will be improved significantly.

The Company will also launch a renounceable rights issue to raise approximately \$12.3 million (before costs) at an issue price of 12 cents per New Share with Eligible Shareholders having an entitlement to subscribe for two (2) New Shares for every seven (7) Shares held. Pacific Road has offered to sub-underwrite up to \$2.65 million of the Entitlement Offer.

The Pacific Road Funding Package also includes a A\$7.35 million equity private placement (the "Private Placement"), plus the sub-underwriting for \$2.65 million, and loan facilities totalling A\$50 million. The Pacific Road investment committee approved term sheet remains subject to documentation and third party consents to the grant of security. Technical due diligence has been completed and the legal documentation is currently being finalised with drawdown expected over the next two weeks.

The Wiluna-Matilda Gold Operation (Operation) is located in Australia's largest gold belt which stretches from Norseman through Kalgoorlie to Wiluna. The Operation now includes resources of 65Mt @ 3.1g/t for 6.5Moz Au all within 20kms of Blackham's 100% owned 1.8Mtpa plant, gas power station, borefields and accommodation village. Blackham has consolidated almost the entire Wiluna Goldfield within a +1,100km² tenement package which has historically produced more than 4.3 million ounces.

The Company is focused on enhancing production and improving cash flow from current operations through accessing the higher grade ore from the open pit and underground mines. Over the last 12 months Blackham has significantly de-risked both the open pit and underground operations. The significant mine development in the Golden Age underground was completed in early July 2017 and the underground operation is now cash flow positive. Major investment has been made in mining development at both the Galaxy and M4 pit by gaining access to the best ore sources in both pits. The Galaxy mine development is at a point where high grade ore is now accessible. Mine development in the M4 pit is continuing and is expected to be largely completed in Dec' 2017. High grade ore from the main M4 lode will then be accessible over 1.5 kilometres of strike to fill the mill.

On 30 August 2017, the Company was pleased to announce the successful results of the Wiluna Expansion Preliminary Feasibility Study ('Expansion PFS'). The PFS demonstrated robust economics and improved economies of scale supporting the expansion of the Matilda-Wiluna Operation to 3.3Mtpa.

Historically, over the last 20 years, the Operation has relied predominately on an underground feed with a very short reserve life. The Expansion PFS increased reserves to 1.2Moz (15Mt @ 2.5g/t) – an increase of 116% in one year. Blackham's comparative advantage to previous operators is the 15Mt @ 2.3g/t Au (85% at Reserve classification) in open pit feed, which is included in the Expansion PFS Mine Plan. Blackham has been successful in identifying, consolidating and defining orebodies close to the Wiluna Gold Plant.

The Board-approved Expansion DFS is well advanced and is aimed at monetising a larger portion of its 6.5Moz Matilda-Wiluna Gold Resources. The management team have allowed additional time to complete the Expansion DFS due to significant drilling success growing the size of the resources and to allow further work to optimise and de-risked the Expansion opportunity. The Board is focused on achieving steady production and cash generation from existing operations prior to committing to development of the expanded Operation.

About Pacific Road Capital

Pacific Road is a dedicated mining private equity specialist, managing two funds with over US\$800 million of total committed capital. Pacific Road is headquartered in Sydney, NSW.

A\$10 Million Equity

Pacific Road has agreed to purchase Blackham shares ("Shares") through a private placement for gross proceeds of A\$7.35 million priced at 12 cents per share. Following the completion of the Private Placement, Pacific Road, will own approximately 14.6% of the Company's Shares prior to the Entitlements Offer.

Pacific Road have offered to partially sub-underwrite the Entitlements Offer for \$2.65 million. Depending on the take up of the Entitlements Offer, Pacific Road will own between 11.7% and 18.8% of the Company's Shares post the Entitlements Offer.

A\$50 Million Loan Facility

The Company is in the process of finalising both the finance documentation and the third-party agreements to effect security. The Company expects to draw down on the \$40 million Senior

Loan over the next two weeks. A further Standby Facility of \$10 million is also available to be drawn until 30 June 2018 at the Company's election. A summary of loan terms is included in Appendix A.

Expansion Funding

In addition, Pacific Road have provided the Company with an Indicative Term Sheet for an additional Expansion Loan to be used to fund the expansion of the Wiluna processing facility and infrastructure to 3.3Mtpa. The Expansion Funding remains conditional on legal documentation and Pacific Road's satisfaction with the successful completion of the Expansion DFS and agreed covenants.

2 for 7 Renounceable Entitlements Offer

In addition to the investment by Pacific Road, Blackham is pleased to announce it is offering shareholders the opportunity to invest in shares on the same financial terms as Pacific Road. The Company is announcing an Entitlement Offer of fully paid ordinary shares in the capital of the Company (New Shares) on the basis of two (2) New Shares for every seven (7) existing shares held at the record date of 1 December 2017 (Record Date).

Shares under the Entitlement Offer will be offered at 12 cents per New Share being the Private Placement price. The maximum number of New Shares which will be issued under the Entitlement Offer is 102,590,951 for gross proceeds of approximately \$12,310,914 based upon the capital structure prior to the Private Placement with Pacific Road. New Shares issued under the Entitlement Offer will rank equally with existing shares on issue and the Company will apply for official quotation of the New Shares.

The Entitlement Offer will be partially sub-underwritten by Pacific Road (Sub-underwriter) for up to \$2.65 million (up to 22,083,333 New Shares).

The Entitlement Offer represents a 14% discount to the last closing price and a 23% discount to the 15-day volume weight average price of your Company's shares.

Entitlement Offer Timetable

Event	Date
Prospectus lodged with ASIC	Monday, 27 November 2017.
Prospectus released to ASX	Monday, 27 November 2017.
Notification of option holders, who cannot participate in the Entitlement Offer without first exercising their options, about the Entitlement Offer	Monday, 27 November 2017.
Letter to security holders containing the information required by Appendix 3B	Tuesday, 28 November 2017.
"Ex" date (being the date that Shares start trading without the Entitlements to participate in the Entitlement Offer)	Thursday, 30 November 2017.
Rights trading starts on a deferred settlement basis	Thursday, 30 November 2017.
Record Date to determine Entitlements	5:00pm (WST) on Friday, 1 December 2017.
Opening Date of Entitlement Offer	Tuesday, 5 December 2017.
Despatch of the Prospectus and Entitlement and Acceptance Form to Eligible Shareholders	Tuesday, 5 December 2017
Rights trading ends	Thursday, 7 December 2017.
Shares quoted on a deferred settlement basis	Friday, 8 December 2017.
Last day to extend the Closing Date for the Entitlement Offer	Monday, 11 December 2017.

Closing Date for acceptances under the Entitlement Offer	5:00pm (WST) on Thursday, 14 December 2017.
ASX notified of under subscriptions under the Entitlement Offer	Tuesday, 19 December 2017.
Issue Date of New Shares and deferred settlement trading of New Shares ends	Thursday, 21 December 2017.
Trading of New Shares expected to commence	Friday, 22 December 2017.
Holding statements despatched	Friday, 22 December 2017.

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. If withdrawn, all Application Monies for New Shares which have not been issued will be refunded (without interest) as soon as practicable.

Sources of Funds	\$'M	Use of Funds	\$'M
Senior Loan Facility	40.0	Refinance existing debt	37.3
Private Placement	7.4	Reserve & Exploration Drilling	6.0
Entitlement Offer	12.3*	Studies	2.0
		Transaction costs	3.4
		Working capital	11.0*
	59.7		59.7

* Should only the Sub-Underwritten Amount be raised, \$9.66 million will be reduced from the working capital amount. The use of the funds raised from the Entitlement Offer may vary. A further \$10 million is also available under the Standby Loan subject to approval by shareholders of the Tranche A, B and C Options to Pacific Capital.

The current Board and Pacific Road have committed to both strengthening composition of the Board and implementing a Technical Committee to further de-risk and optimise both the current operations and strong growth opportunity of the 6.5Moz Operation. Pacific Road will consult with Blackham over the appointing of up to two further directors to the Board.

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Appendix A- Pacific Road Funding Package Summary of Terms

\$10 Million Equity

Pacific Road has agreed to purchase Blackham shares ("Shares") through a private placement for gross proceeds of A\$7.35 million priced at 12 cents per share. The Private Placement shares will be issued under the Company's existing capacity pursuant to ASX Listing Rule 7.1 (42,890,870 shares) and 7.1A (18,359,130 shares). Following the completion of the Private Placement, Pacific Road, will own approximately 14.6% of the Company's Shares prior to the Entitlements Offer.

Additionally, Pacific Road have offered to sub-underwrite the Entitlements Offer for \$2.65 million subject to usual sub-underwriting terms and conditions. Depending on the take up of the Entitlements Offer, Pacific Road will own between 11.7% and 18.8% of the Company's Shares prior to the Entitlements Offer.

A\$50 Million Loan Facility

The Company is in the process of finalising the conditions precedents which include completion of legal due diligence and third party agreements to effect security all of which is well advanced. The Company expects to drawdown on the \$40 million Senior Loan within the next 2 weeks. A further Standby Facility of \$10 million is also available at the Company's election.

Senior Loan Terms:

- Principal amount of A\$40 million.
- The maturity date 31 December 2021.
- First repayment of \$5 million by 30 June 2020, then \$5 million on each quarterly date with \$10 million repaid 31 December 2021.
- Interest is 9.0% per annum payable quarterly.
- Pacific Road has a first priority fixed and floating security interest in all of the material assets of the Company including the Matilda-Wiluna Gold Operation. Such security will be released following full repayment of the Loans plus all accrued interest.
- Pacific Road on drawdown will receive 15,000,000 non-listed options to subscribe for Shares at an exercise price of \$0.144 per share and an expiry date of 31 December 2022 (Tranche A Options).
- Pacific Road will receive a further 84,400,000 non-listed options to subscribe for Shares at an exercise price of \$0.144 per share and an expiry date of 31 December 2022 (Tranche B Options). Blackham will seek approval from shareholders for the right to issue the Tranche B options prior to 31 March 2018. Should the Tranche B Options not be issued with shareholder approval by 31 March 2018, the Interest Rate will be 18.0% from this date until the date of issue of the Tranche B Options and any prepayment of the Facility Amount will be subject to an interest make whole.

Standby Loan Terms:

- Principal amount of A\$10 million
- Available to be drawn in two \$5 million tranches prior to 30 June 2018 at the Company's election
- The maturity date 31 December 2021.
- Interest is 12.0% per annum payable quarterly.
- Security as per the Senior Loan.
- For each tranche the Company elects to draw, Pacific Road will receive up to 34,700,000 non-listed options to subscribe for Shares at an exercise price at a 20% premium to the 20 day VWAP at the time of issue and an expiry date of 31 December 2022 (Tranche C Options).

- Blackham will require approval from shareholders for the right to issue the Tranche C options prior to drawdown.

The Pacific Road Tranche A Options are expected to be issued out of ASX Listing Rule 7.1 capacity following the Annual General Meeting. The issue of the Tranche B Options will be subject to shareholder approval under ASX Listing Rule 7.1. The Company will also seek shareholder approval under item 7 of section 611 of the Corporations Act for Pacific Road to increase its shareholding above 20% on the exercise of the Tranche B Options which could take Pacific Road to between 29.4 to 33.7% (on a diluted basis if the options are exercised) of the outstanding Shares in the Company, depending on the take up of the Entitlement Offer.

If the Company elected to draw of the Standby Loan, the issue of the Tranche C Options will be subject to shareholder approval under ASX Listing Rule 7.1. The Company will also seek shareholder approval under item 7 of section 611 of the Corporations Act for Pacific Road to increase its shareholding above 20% on the exercise of the Tranche C Options which could take Pacific Road to between 33.3% to 41.3% (on a diluted basis including options exercised) of the outstanding Shares in the Company, depending on the take up of the Entitlement Offer.

Gold Resources

Total gold Resources for the Wiluna/Matilda Operation now total **65Mt @ 3.1g/t** for **6.5Moz** (49% Indicated).

**Table 1 - Wiluna/Matilda Operations October 2017
Measured, Indicated and Inferred Resources (JORC 2012)**

OPEN PIT RESOURCES												
Mining Centre	Measured			Indicated			Inferred			Total 100%		
	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 OP ¹				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
OP Total	1.6	1.5	76	24	2.2	1,737	15	2.1	956	40	2.1	2,769
UNDERGROUND RESOURCES												
Mining Centre	Measured			Indicated			Inferred			Total 100%		
	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

1) Wiluna Open Pit Resources are reported from inside an A\$1,800/oz optimised resource shell.

2) Mineral Resources are reported inclusive of Ore Reserves and include all exploration and resource definition drilling information, where practicable, up to 30th June 2017.

3) The Measured component of the Matilda and Galaxy open pit Mineral Resources is based on grade control drilling and the grade is reported on a diluted basis.

4) Underground Mineral resources for Matilda are reported below an RL of 950m and above a 2.0g/t lower cut.

5) Indicated and Inferred Mineral Resources at Galaxy are below the design pit and reported above a 2.0g/t lower cut.

6) Mineral Resource estimates are not precise calculations. The figures in the above table are rounded to two significant figures.

7) Resource depleted to 30 June 2017.

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 and security holder 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 with exception of the Wiluna open pit resources as outlined in this announcement.

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.