

22 January 2018

Dear Shareholder

PRO-RATA RENOUNCEABLE RIGHTS ISSUE – NOTICE TO SHAREHOLDERS

This letter is to notify you that on 15 January 2018, Blackham Resources Limited ACN 119 887 606 (**Company**) announced a renounceable pro-rata rights issue to eligible shareholders of up to 897,670,820 New Shares on the basis of five (5) New Shares for every two (2) Shares held by Shareholders at the Record Date at an issue price of \$0.04 per New Share, together with one (1) free attaching New Option (exercisable at \$0.08 on or before 31 January 2019) for every two (2) New Shares issued to raise approximately \$35.9 million (before costs) (**Entitlement Offer**).

Each eligible shareholder will be entitled to subscribe for five (5) New Shares for every two (2) Shares held at 5.00pm WST on 29 January 2018 (**Record Date**). This offer will be made pursuant to a prospectus (**Prospectus**) and if you wish to participate in the Entitlement Offer, you will need to complete the Entitlement and Acceptance Form that will accompany the Prospectus.

On the basis that no optionholders of the Company exercise their options before the Record Date, a maximum of approximately 897,670,820 New Shares and 448,835,410 New Options will be offered under the Entitlement Offer.

Eligibility to the Entitlement Offer

The Entitlement Offer is only open to shareholders of the Company who are registered shareholders at 5.00pm WST on the Record Date with registered addresses in Australia or New Zealand (**Eligible Shareholders**).

Purpose of Entitlement Offer

The funds raised from the Offer are planned to be used:

- to undertake exploration expenditure targeting the extension of the Operation's free milling mine life;
- to strengthen the Company's balance sheet, including normalisation of working capital and positioning the Company to fully repay the Orion Project Financing Facility during 2018;

- to meet the costs of the Entitlement Offer; and
- for general working capital.

Prospectus and Entitlement Offer Details

A copy of the Prospectus was lodged with ASX on 22 January 2018 and is available on the ASX website (www.asx.com.au).

Pursuant to the Listing Rules of ASX Limited (**Listing Rules**), the Company is required to provide to you certain information before proceeding with the Entitlement Offer. This letter contains all the information required by Appendix 3B of the Listing Rules for the Entitlement Offer.

1. Approximately 897,670,820 New Shares and 448,835,410 New Options will be issued pursuant to the Entitlement Offer (assuming no existing options are exercised).
2. The New Shares to be issued will rank equally in all respects from the date of issue with the existing quoted fully paid ordinary shares.
3. Subject to the satisfaction of ASX requirements, the New Options will be quoted. Shares issued upon exercise of the New Options will rank equally with existing fully paid ordinary shares.
4. The issue price of the New Shares will be \$0.04 each.
5. The Company will apply for quotation of the New Shares issued pursuant to the Entitlement Offer on the official list of the ASX. The Company will also apply to the ASX for the New Options to be granted quotation on the official list of the ASX. The quotation of the New Options is conditional on the Company being able to satisfy the ASX's quotation requirements, being, amongst other things, that there will be at least 100,000 New Options on issue held by at least 50 holders. In the event that the New Options are not accepted for quotation, they will be unlisted options.
6. The funds raised from the Entitlement Offer are planned to be used:
 - (a) to undertake exploration expenditure targeting the extension of the Operation's free milling mine life;
 - (b) to strengthen the Company's balance sheet, including normalisation of working capital and positioning the Company to fully repay the Orion Project Financing Facility during 2018;
 - (c) to meet the costs of the Entitlement Offer; and
 - (d) for general working capital.
7. It is anticipated the securities will be entered into uncertificated holdings on 19 February 2018.
8. The total number and class of all securities quoted on ASX following completion of the Entitlement Offer (assuming no existing options are exercised prior to the record date) will be as follows:

| Number | Class |
|---------------|----------------------------|
| 1,256,739,148 | Fully paid ordinary shares |
| 448,835,410 | Listed options |

9. The total number and class of all securities not quoted on the ASX is as follows:

Options:

| Number | Exercise Price | Expiry Date |
|-----------|----------------|------------------|
| 1,000,000 | \$0.300 | 3 February 2018 |
| 500,000 | \$0.465 | 8 February 2018 |
| 175,000 | \$0.38 | 8 February 2019 |
| 175,000 | \$0.463 | 8 February 2019 |
| 3,000,000 | \$0.35 | 20 March 2018 |
| 175,000 | \$0.91 | 3 July 2019 |
| 300,000 | \$0.51 | 30 April 2018 |
| 1,000,000 | \$1.00 | 1 June 2019 |
| 2,000,000 | \$0.308 | 29 February 2020 |
| 500,000 | \$0.256 | 6 December 2017 |
| 600,000 | \$0.57 | 31 December 2019 |
| 175,000 | \$0.382 | 31 May 2020 |
| 175,000 | \$0.382 | 31 May 2020 |

10. The Company currently has no dividend policy.
11. No shareholder approval for the Entitlement Offer is required.
12. The Entitlement Offer is **renounceable**. Eligible Shareholders have the right to subscribe for New Shares held at the Record Date pursuant to the Entitlement Offer (**Rights**). If you wish to sell all or part of your Rights on the ASX, you should provide instructions to your stockbroker regarding the Rights you wish to sell on the ASX. Rights trading will commence on 25 January 2018 and end on 5 February 2018.
13. The New Shares will be offered on the basis of five (5) New Shares for every two (2) Shares held by Eligible Shareholders at 5.00pm WST on 29 January 2018.
14. The Entitlement Offer relates to fully paid ordinary shares in the Company.

15. The **ex date** is 25 January 2018.
16. The **Record Date** to determine entitlements is 5.00pm WST on 29 January 2018.
17. Each Eligible Shareholder's right to participate in the Entitlement Offer is as it appears on the personalised Entitlement and Acceptance Form (**Entitlement**).
18. Holdings on different registers (or sub-registers) will be aggregated for the purposes of calculating Entitlements.
19. In determining Entitlements, any fractional entitlement will be rounded down to the nearest whole number.
20. The Company will not be sending an offer under the Entitlement Offer to any shareholders resident outside of Australia and New Zealand (**Ineligible Shareholders**).

This decision has been made pursuant to Listing Rule 7.7.1(a), having regard to each of the following:

- the number of security holders registered outside of Australia and New Zealand;
- the number and value of the securities to be offered to security holders outside of Australia and New Zealand; and
- the cost of complying with the legal requirements and requirements of regulatory authorities in the overseas jurisdictions.

However, pursuant to Listing Rule 7.7, the Company has appointed a nominee, Hartleys Limited, to sell the Entitlements to which Ineligible Shareholders are entitled. The nominee will have the absolute and sole discretion to determine the timing and price at which the Entitlements may be sold and the manner of any such sale.

Any interest earned on the proceeds of the sale of these Entitlements will firstly be applied against expenses of such sale, including brokerage, and any balance will accrue to the relevant Ineligible Shareholders as described below.

The net proceeds of the sale of these Entitlements will then be forwarded by the Company as soon as practicable to the Ineligible Shareholders, in proportion to their share of such Entitlements (after deducting brokerage commission and other expenses). If any such net proceeds of sale are less than the reasonable costs that would be incurred by the Company for distributing those proceeds, such proceeds may be retained by the Company.

Notwithstanding that the nominee may sell Entitlements, Ineligible Shareholders may nevertheless receive no net proceeds if the costs of the sale are greater than the sale proceeds.

Neither the Company nor the nominee will be subject to any liability for failure to sell the Entitlements or to sell them at a particular price. If, in the reasonable opinion of the nominee, there is no viable market for the Entitlements of the

Ineligible Shareholders, or a surplus over the expenses of the sale cannot be obtained the Entitlements that would have been offered to the Ineligible Shareholders, then those Entitlements will be allowed to lapse. The New Shares not taken up will form part of the New Shares to be taken up by the Underwriter pursuant to the Underwriting Agreement.

21. The closing date for receipt of acceptances is 5.00pm WST 12 February 2018.
22. The Entitlement Offer is fully underwritten with Hartleys acting as the lead manager and arranger of the underwriting. Hartleys will receive a fee of 6% of the amount underwritten, 44,375,000 options on the same terms as the New Options (being with an exercise price of \$0.08 and an expiry date of 31 January 2019) and 8,750,000 Shares on the same terms as the New Shares under the Entitlement Offer. Part of the options (being 11,902,270 options) will be issued under the Prospectus with the remaining 32,472,730 options to be issued on the earlier of the receipt of shareholder approval and available placement capacity.
23. The Prospectus for the Entitlement Offer and the accompanying Entitlement and Acceptance Form will be sent to you no later than 30 January 2018. Your Entitlement will be set out on the personalised Entitlement and Acceptance Form accompanying the Prospectus.
24. All optionholders have been provided the appropriate notice of their right to participate in the Entitlement Offer upon exercise of their options.
25. The issue date and latest date for entry of the securities into your security holdings is 19 February 2018.
26. Any Entitlements not taken up may become available as Additional Securities. Eligible Shareholders (other than Directors and related parties) may in addition to taking up their Entitlements in full, apply for Additional Securities in excess of their Entitlements.

Actions required for of Eligible Shareholders

There are a number of actions Eligible Shareholders may take:

- You may wish to accept all of your Entitlement pursuant to the Prospectus. To take up all or some of your Entitlements you will need to ensure your application money for the Entitlements you wish to take up is received by Link Market Services Limited (**Share Registry**) by no later than 5.00pm WST on 12 February 2018, by completing and returning your Entitlement and Acceptance Form together with your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form or making a payment by BPAY in accordance with the instructions on your Entitlement and Acceptance Form.
- You may wish to accept part of your Entitlement. To take up part of your Entitlement you will need to ensure your application money for the Entitlements you wish to take up is received by the Share Registry by no later than 5.00pm WST on 12 February 2018, by completing and returning your Entitlement and Acceptance Form by filling in the number of New Shares you wish to accept in the space provided on the Entitlement and Acceptance Form

together with your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form or making a payment by BPAY in accordance with the instructions on your Entitlement and Acceptance Form (at \$0.04 per New Share).

- You may do nothing. If you choose to do nothing with your Entitlements, while you will continue to hold the same number of Shares, your interest in the Company will be diluted and you will receive no value for your Entitlement. Should you choose not to accept all or part of your Entitlement, Rights may be traded on the ASX.
- You may wish to subscribe for additional securities in addition to your Entitlement. To subscribe for additional securities under the shortfall offer you should nominate the maximum number of additional securities you wish to subscribe for on the Entitlement and Acceptance Form and make payment for your full Entitlement and additional securities at the issue price of \$0.04.

Key dates for the Entitlement Offer

| Event | Date |
|---|---|
| Announcement of re-capitalisation plan including the terms of the Entitlement Offer. | Monday, 15 January 2018 |
| Prospectus lodged with ASIC and ASX Entitlement Offer announcement lodged with ASX Lodgement of Appendix 3B | Post market close on Monday, 22 January 2018. |
| Lead Manager and Orion Offer opens | Tuesday, 23 January 2018. |
| "Ex" date (being the date that Shares start trading without the Entitlements to participate in the Entitlement Offer) | 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 Entitlement Offer | 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. |
| Last day to extend the Closing Date for the Entitlement Offer | Wednesday, 7 February 2018. |

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| Closing Date for acceptances under the Entitlement Offer and Lead Manager and Orion Offer | 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 Entitlement Offer | Thursday, 15 February 2018. |
| Settlement Date for sub-underwriting | Monday, 19 February 2018. |
| Issue Date of New Shares (to Eligible Shareholders and sub-underwriters) 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. If withdrawn, all Application Monies for New Shares which have not been issued will be refunded (without interest) as soon as practicable.

If you have any queries regarding your entitlement or participation in the upcoming Entitlement Offer, please do not hesitate to contact your stockbroker or professional adviser or Link Market Services Limited on 08-9211 6670.

Yours sincerely

Mike Robbins
Company Secretary
Blackham Resources Limited