

31 January 2018

## Quarterly Report

### December 2017

The Board of Blackham Resources Ltd (Blackham or the Company) provides the following update on its activities for the quarter ended 31 December 2017 and thereafter:

#### Matilda-Wiluna Gold Operation

- Quarterly gold production totalled 14,922oz (Sep'17 quarter 15,619oz)
- Mining:
  - high grade ore zones now accessed from M4 and Galaxy pits, which will provide higher grade feed during 2018, underpinning anticipated improved production and positive cash flows
  - high grade ore mined during month of Dec'17 of 137kt @ 1.6g/t, with total gold mined for the month of 7,887oz
  - high grade ore mined during the first four weeks of January of 210kt @ 1.55g/t, with a total of 11,410oz of gold mined during that period at a rate significantly higher than monthly milling capacity of 160kt per month
  - significant reduction in waste material mined in the quarter, leading to reduced open pit mining costs
  - underground mined grades during Dec'17 and Jan'18 significantly better than reserve grades
  - high grade stockpiles built up since mid-Dec'17 and are currently 111kt @ 1.4g/t Au
- Record milled tonnes of 443kt during the Dec'17 quarter, with plant recovery increasing to 92.3% (379kt and 91.5% in Sep'17 quarter)
- Record weekly gold production of 1,685oz achieved in last week of Dec'17 at an average mill feed grade of 1.5g/t Au
- All in sustaining costs reduced to A\$1,359/oz in the month of Dec'17 and A\$1,882/oz for the Dec'17 quarter (Sep'17 quarter A\$2,236/oz)

#### Corporate

- Cash and bullion at the end of the quarter \$10.3m (30 Sep'17 - \$9.8m)
- Successful refinancing of \$14.3 million term loan repayment (previously due on 31 Dec'17)
- Fully underwritten renounceable Entitlement Offer launched to raise approximately \$36 million (before costs)
- Board and executive team strengthened
  - Milan Jerkovic appointed Executive Chairman
  - Greg Fitzgerald to be appointed a Non-Executive Director
  - Mr Linton Kirk and Mr Jonathan Lea to join a newly formed Technical Advisory Committee

#### 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

Blackham Resources Ltd  
L2, 38 Richardson Street  
West Perth WA 6005

#### POSTAL ADDRESS

PO Box 1412  
West Perth WA 6872

[www.blackhamresources.com.au](http://www.blackhamresources.com.au)

E: [info@blackhamresources.com.au](mailto:info@blackhamresources.com.au)

P: +61 8 9322 6418

F: +61 8 9322 6398

### Open Pit Mining

The extensive waste stripping that occurred during the calendar year 2017 has provided access to high grade zones in both the Galaxy and M4 pits, in November and December respectively, with consistent high grade ore expected to be mined from those two pits over the next six months. At M4, 1km of strike is now being mined at widths of up to 40m. Mining at M4 and Galaxy is expected to underpin strong operational cashflows in 2018.

During Dec'17, 137kt of high grade ore @ 1.6g/t was mined from the M4 and Galaxy pits, with 7,887oz of gold mined from the open pits in December. So far in this month of January, 11,410oz of gold has been mined from the open pits, more than the entire September quarter.

**Table 1 – Open Pit Mining**

	Sep'17 quarter	October	November	December	Dec'17 quarter
Ore moved (BCM)	91,447	31,544	38,745	<b>89,775</b>	<b>160,064</b>
Waste moved (BCM)	2,449,383	632,974	570,716	<b>432,829</b>	<b>1,636,519</b>
Material moved (BCM)	2,540,830	664,518	609,461	<b>522,604</b>	<b>1,796,583</b>
Stripping ratio (BCM/BCM)	26.8	20.1	14.7	<b>4.8</b>	<b>10.2</b>
Ore mined (t)	212,440	66,746	83,111	<b>191,665</b>	<b>341,522</b>
Mined grade (g/t)	1.2	1.1	1.2	<b>1.3</b>	<b>1.2</b>
Contained Ounces (Oz)	8,368	2,399	3,226	<b>7,887</b>	<b>13,512</b>

Commencement of mining of these high grade zones has enabled Blackham to build high grade stockpiles which currently amount to 111kt @ 1.4g/t. High grade stockpiles are expected to continue to grow, together with an expected increase in processed grades, as the M4 and Galaxy pits are mined. This is the first significant high grade stockpile build-up since March 2017.

Total material mined reduced significantly during the quarter to 1.80 million BCM (2.54 million BCM in Sep'17 quarter) due to reduced waste stripping, which enabled a meaningful reduction in open pit mining costs. With almost all of M4 and Galaxy waste stripping now completed, lower open pit mining costs are expected to continue for the next 6 months and beyond.

### Grade Control

Grade control drilling is now complete for the entire M4 pit on 10m x 5m spacing, meaning that both the Galaxy and M4 pits have been grade control drilled to the base of the design pits and hence are significantly de-risked. Grade control drilling ore models have been reconciled within 2% of milled grade.

Recent M4 grade control drilling results confirm historical drilling and highlight the continuous high grade nature of the M4 Main lode (Figure 2). Most of the mining at M4 during the December quarter has concentrated on stripping the eastern side of the pit in order to reach the high grade M4 Main lode. As a result, most of the ore from M4 to date has been sourced from the low grade and discontinuous Eastern lodes which form only a minor component of the M4 resource (Figure 1).

Further grade control drilling is in the process of being planned and will be undertaken over the next six months in relation to mining activities planned for July 2018 to December 2018 and beyond.

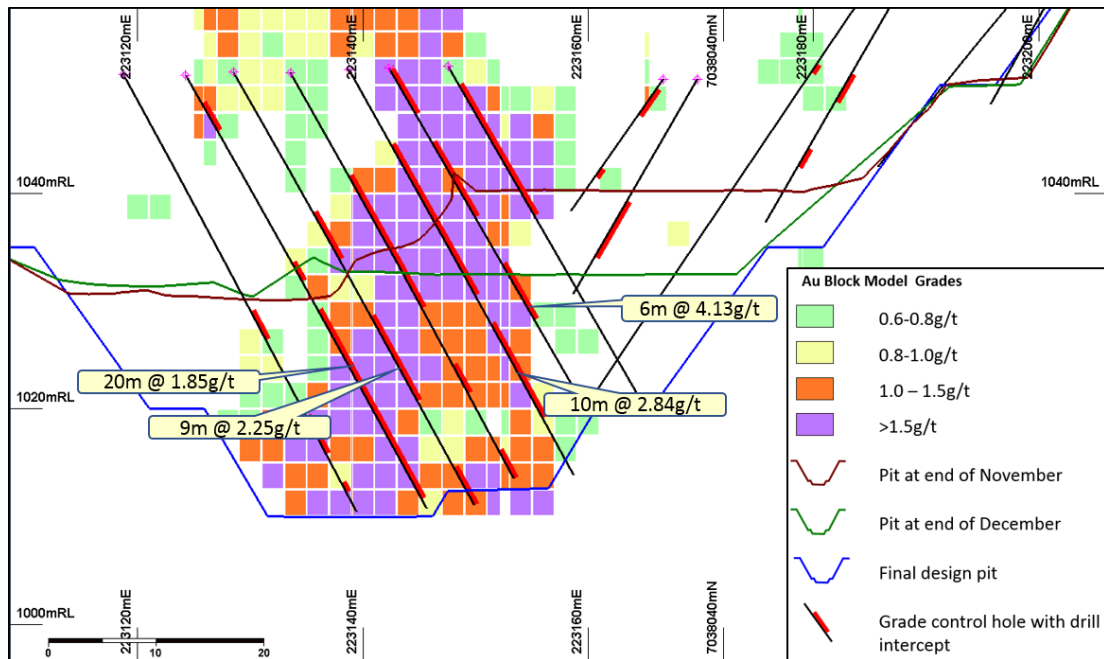


Figure 1 - Cross section of central portion of M4 looking north showing recent grade control drilling results and grade block model. Note the discontinuous and lower grade Eastern Lodes mineralisation

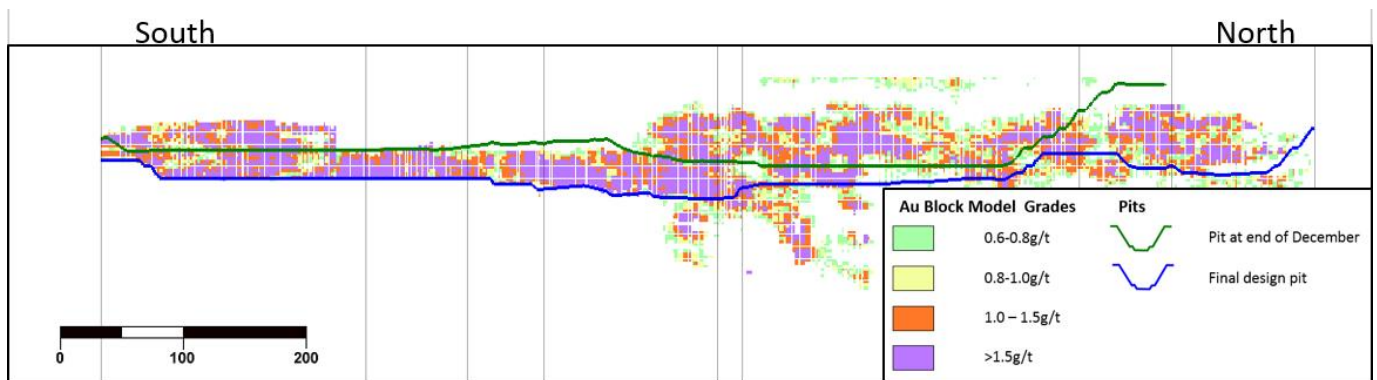


Figure 2 - Composite long section through the M4 Main lode looking west

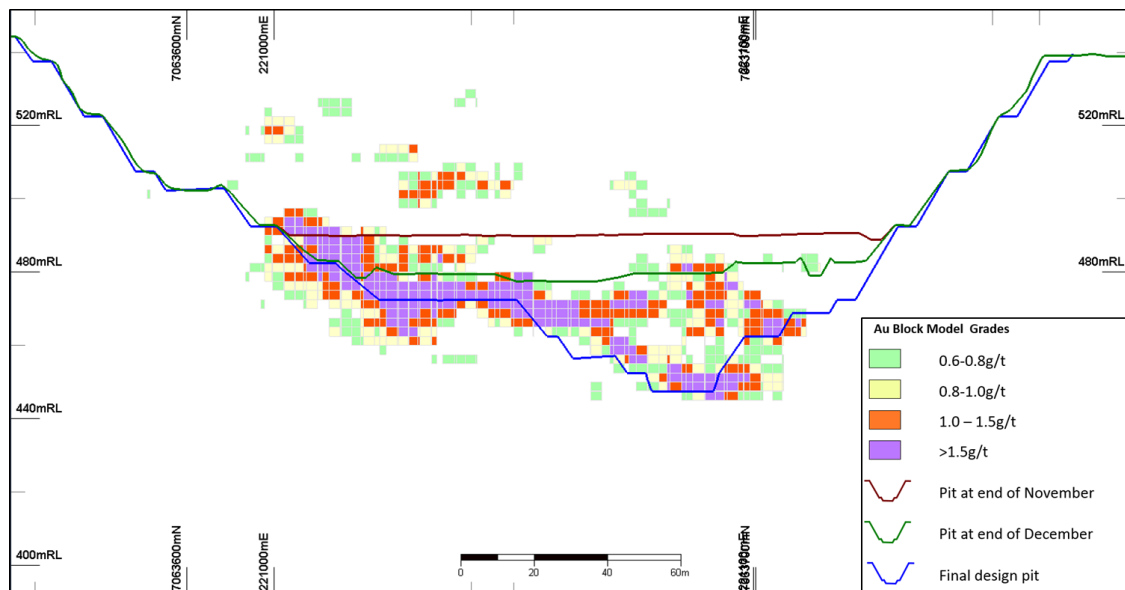


Figure 3 - Cross section of Galaxy pit looking north showing access to high grade ore

### Underground Mining

Golden Age underground mining was above budget in terms of tonnage and grade for the Dec'17 quarter. The Golden Age underground mine has now been cash flow positive for the past two quarters which is expected to continue.

Blackham has successfully switched to an owner operator air leg mining method to mine the Golden Age orebody, which has resulted in lower tonnes of ore being mined at a higher grade. Air leg mining is considered a lower risk mining method for Golden Age due to the pinching, swelling and nuggetty nature of the orebody.

**Table 2 – Underground Mining**

	Sep'17 quarter	Dec'17 quarter
Ore Mined – Dev (t)	1,756	-
Ore Mined – Stope (t)	39,564	<b>15,565</b>
Ore Mined (t)	41,320	<b>15,565</b>
Au Grade Mined (g/t)	4.7	<b>5.3</b>
Mined Metal (Oz)	6,302	<b>2,664</b>

During January, there has been a significant increase in the mined gold grades at Golden Age. Golden Age had reserves of 60kt @ 6.4g/t for 12,000oz (as at 30 June 2017). Significant high grade resources (0.9Mt @ 4.5g/t for 129koz) remain at Golden Age and the Company is currently evaluating the deposit from a geology and mining perspective to assess opportunities for extending the reserves into FY19.

### Gold Production and Plant Performance

Record mill throughput was achieved through the plant during the quarter with throughput increasing 17% from the September quarter and both the crushing and milling circuits achieving record throughput. Crushing circuit and mill circuit utilisation for the quarter were 72% and 94% respectively. Throughput during January has been maintained at December quarter rates.

**Table 3 – Gold Production**

	Sep'17 quarter	October	November	December	Dec'17 quarter
Total Milled (t)	379,400	151,788	147,596	143,888	<b>443,272</b>
Mill Feed Grade (g/t Au)	1.4	1.2	1.0	1.3	<b>1.1</b>
Overall Plant Recovery	91.5%	92.6%	92.9%	91.2%	<b>92.3%</b>
Gold Produced (Oz)	15,619	5,228	4,233	5,461	<b>14,922</b>

Mill feed head grade during the quarter was hampered by 49% of feed being sourced from low grade stockpiles. However, access to high grade zones in the M4 and Galaxy pits was achieved late in the quarter, which resulted in record weekly gold production of 1,685oz being achieved in the last week of December, (average mill feed grade of 1.5g/t Au) together with the building of high grade stockpiles.

Gold production is expected to increase during the second half of FY18 and beyond due to high grade ore from the M4 and Galaxy open pits being available to feed the process plant on a continuous basis, followed by the M1 and M2 open pits coming into production.

The leach circuit is working very well and total plant recoveries have been strong at 92.3% during the quarter (91.5% in Sep'17 quarter).

**Table 4: Production and Costs - The turnaround is underway**

	Project to date (Oct'16 – Dec'17)	Dec'17 (month)	This half Jan'18 – Jun'18
Strip ratio (waste:ore)	14.4	4.8	4.0 - 5.0
Open pit ore mined (kt)	1,812	192	1,500 – 1,700
Open pit grade mined (g/t)	1.1	1.3	1.4
Open pit mined metal (koz)	64	8	65 – 75
Ore processed (kt)	1,788	144	875 – 900
Grade processed (g/t)	1.3	1.3	1.6 - 1.7
Processing recovery (%)	91.8%	91.2%	92% - 93%
Gold produced (koz)	70	5.5	40 – 45
AISC (A\$/oz)	1,962	1,359	1,100 - 1,200

Mining costs decreased significantly during the month of Dec'17 with the lower strip ratio. Higher production is expected to increase, going forward, on the back of high mill grades. The high production is also expected to reduce ASIC/oz significantly.

### Reserve and Exploration Drilling

Reserve Definition Drilling will continue this quarter as the Company seeks to increase its gold reserves (currently 15Mt @ 2.5g/t for 1.2Moz) by converting more of its ~6.5Moz of gold resources (65Mt @ 3.1g/t) to reserves. Funds raised from the fully underwritten Entitlement Offer will facilitate Blackham undertaking significant ongoing exploration drilling including the acceleration of this reserve conversion work as well as exploration drilling targeted at new oxide deposits to extend the current free milling mine life. Over the last 12 months, Blackham has successfully added reserves at less than \$22/reserve ounce.

Blackham is currently re-estimating the open pit oxide reserves around the Wiluna Mine site.

### Expansion Study

Expansion Preliminary Feasibility Study (Expansion PFS) published on 30 August 2017 confirmed the robust economics for +200kozpa long mine life operation. Key outcomes were LOM All in sustaining costs of A\$1,058/oz, IRR 123% and NPV<sub>8%</sub> 360M before tax @ A\$1,600/oz gold price.

Expansion Definitive Feasibility Study (Expansion DFS) is well advanced with the bulk of expenditure already incurred. Mining and processing optimisation studies continue with a view to further de-risking the expansion opportunity whilst the corporate balance sheet improvement remains the short term focus of the Company.

### Corporate

As at 31 December 2017, the Company had \$10.3 million in cash and bullion (30 September 2017 - \$9.8 million).

Gold sold during the quarter was 15,148oz @ A\$1,630/oz (Sep'17 quarter: 15,850oz @ A\$1,601/oz). No forward hedge contracts were in place at 31 December 2017.

Interest bearing liabilities were \$38.6 million as at 31 December 2017, comprising \$37.7 million of debt facilities (including accrued interest) and \$0.9 million in lease liabilities. The \$14.3 million term loan previously due on 31 December 2017 has now been refinanced (refer announcement dated 15 January 2018).

As previously announced, Blackham has launched a fully underwritten pro rata entitlement offer to raise ~\$36 million (before costs). Further details of the entitlement offer are included in the announcement and prospectus released by the Company on 22 January 2018.

Milan Jerkovic has taken on the role of Executive Chairman as part of the recapitalisation strategy, with the Company continuing to seek opportunities to further strengthen its Board and management team to focus on the successful implementation of the recapitalisation strategy and delivery of the near-term mine plan.

In addition, Mr Greg Fitzgerald has agreed to join the Board following the successful completion of the Entitlement Offer. Mr Fitzgerald is a Chartered Accountant with over 30 years of gold mining and resources related experience, along with extensive executive experience in managing finance and administrative matters for listed companies. For more than 15 years he held the positions of Chief Financial Officer and Company Secretary for Resolute Mining Limited, a ASX 200 Company, until his resignation in 2017.

Mr Linton Kirk and Mr Jonathan Lea will join a newly formed Technical Advisory Committee and will work with the Blackham executive team to further de-risk and optimise both the current operations and strong growth opportunities of the 6.5Moz Matilda-Wiluna Gold Operation.

### Forward Plan Summary

Following the completion of the Entitlement Offer, 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 year to date) 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.

### Chairman's comment

Blackham's Chairman, Mr Milan Jerkovic, said:

"With the Entitlement Offer being fully underwritten, Blackham will be well funded with a strong balance sheet to enable us to initially focus on a simple free milling mine plan at our 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."

### For further information on Blackham please contact:

Milan Jerkovic  
Executive Chairman  
Office: +618 9322 6418

Bryan Dixon  
Managing Director  
Office: +618 9322 6418

Jim Malone  
Investor Relations Manager  
Office: +61 419 537 714

John Gardner  
Media Relations  
Citadel-MAGNUS  
Office: +61 413 355 997

## Matilda-Wiluna Gold Operation

### 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 OP <sup>1</sup>				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
<b>OPTotal</b>	<b>1.6</b>	<b>1.5</b>	<b>76</b>	<b>24</b>	<b>2.2</b>	<b>1,737</b>	<b>15</b>	<b>2.1</b>	<b>956</b>	<b>40</b>	<b>2.1</b>	<b>2,769</b>
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
<b>Grand Total</b>	<b>1.7</b>	<b>1.5</b>	<b>84</b>	<b>33</b>	<b>3.1</b>	<b>3,234</b>	<b>30</b>	<b>3.3</b>	<b>3,187</b>	<b>65</b>	<b>3.1</b>	<b>6,505</b>

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.

**Blackham Resources Limited**
**Schedule of Mineral Tenements and Rights at 31 December 2017**

Project	Tenement	Interest held by Blackham
Scaddan	E63/1145 to E63/1146	100%
Scaddan	E63/1202 to E63/1203	100%
Scaddan	M63/0192 to M63/0194	100%
Zanthus	E69/2506	100%
Zanthus	E28/2588	100%
Zanthus	E69/3422	100%
Matilda	E53/1290	100%
Matilda	E53/1297	100%
Matilda	E53/1644	100%
Matilda	E53/1791	100%
Matilda	E53/1794	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%
Wiluna	E53/1912	100%
Wiluna	E53/1853	100%
Wiluna	E53/1862 to E53/1863	100%
Wiluna	E53/1642 to E53/1646	100%
Wiluna	P53/1666 to E53/1668	100%
Wiluna	M53/0797 to M53/0798	100%
Wiluna	P53/1637	100%
Wiluna	E53/1908	100%
Wiluna	E53/1288	100%
Wiluna	M53/0045	100%
Wiluna	M53/0049	100%
Wiluna	M53/0113	100%
Wiluna	M53/0121 to M53/0123	100%
Wiluna	M53/0147	100%
Wiluna	M53/0224	100%
Wiluna	M53/0253	100%
Wiluna	M53/0796	100%
Wiluna	M53/0910	100%
Wiluna	G53/0021 to G53/0023	100%
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%



Project	Tenement	Interest held by Blackham
Wiluna	L53/0050	100%
Wiluna	L53/0053	100%
Wiluna	L53/0077	100%
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%
Regency	M53/1098	100%
Wiluna	P53/1560	100%
Wiluna	R53/0001	100%
Scaddan	R63/0005	100%

## 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	
<b>ABN</b>	<b>Quarter ended ("current quarter")</b>
18 119 887 606	31 December 2017

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	23,436	48,066
1.2 Payments for		
(a) exploration & evaluation	(1,646)	(3,426)
(b) development	(426)	(4,286)
(c) production	(20,264)	(48,069)
(d) staff costs	(2,182)	(4,369)
(e) administration and corporate costs	(367)	(811)
1.3 Dividends received (see note 3)	-	
1.4 Interest received	18	35
1.5 Interest and other costs of finance paid	(25)	(632)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	668	689
R & D refund \$528K		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(788)</b>	<b>(12,803)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(660)	(1,661)
(b) tenements (see item 10)	-	-
(c) investments	(2)	(6)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
(d) other non-current assets	167	167
<b>2.2</b> Proceeds from the disposal of:		
(a) property, plant and equipment	2	2
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
<b>2.3</b> Cash flows from loans to other entities	-	-
<b>2.4</b> Dividends received (see note 3)	-	-
<b>2.5</b> Other (provide details if material)	-	-
<b>2.6</b> <b>Net cash from / (used in) investing activities</b>	<b>(493)</b>	<b>(1,498)</b>
<b>3. Cash flows from financing activities</b>		
<b>3.1</b> Proceeds from issues of shares	600	2,400
<b>3.2</b> Proceeds from issue of convertible notes	-	-
<b>3.3</b> Proceeds from exercise of share options	13	18
<b>3.4</b> Transaction costs related to issues of shares, convertible notes or options	(10)	(24)
<b>3.5</b> Proceeds from borrowings	-	-
<b>3.6</b> Repayment of borrowings	-	(2,807)
<b>3.7</b> Transaction costs related to loans and borrowings	-	-
<b>3.8</b> Dividends paid	-	-
<b>3.9</b> Other (provide details if material)		
- Hedge book close-out	200	3,007
- Finance lease repayments	(37)	(73)
<b>3.10</b> <b>Net cash from / (used in) financing activities</b>	<b>766</b>	<b>2,521</b>

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
<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	7,205	18,470
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(788)	(12,803)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(493)	(1,498)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	766	2,521
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>6,690</b>	<b>6,690</b>

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	6,690	7,205
5.2	Call deposits	-	-
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>6,690</b>	<b>7,205</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**

173

-

Directors' fees.

<b>7. Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
7.1 Aggregate amount of payments to these parties included in item 1.2	30
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	

Mr Milan Jerkovic, is an officer of Xavier Group Pty Ltd, a company who provides consulting services to the Group. During the quarter, \$22,500 was paid for consulting services provided.

<b>8. 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 (excluding interest)	33,193	33,193
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:

- \$10m 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.	Estimated cash outflows for next quarter	\$A'000
9.1	Exploration and evaluation	1,683
9.2	Development	190
9.3	Production	23,952
9.4	Staff costs	2,182
9.5	Administration and corporate costs	375
9.6	Other (provide details if material)	-
	Payments for plant	2,511
	Interest payments	1,848
	Repayments towards Orion Fund JV Limited Project Facility	2,750
	Deferred acquisition costs	750
<b>9.7</b>	<b>Total estimated cash outflows</b>	<b>36,241</b>

Additional cash outflows relating to the refinancing and recapitalisation as announced on 15 January 2018		\$A'000
- Repayment of Orion Fund JV Limited Non-Amortising Term Loan (including capitalised interest), using funds received from MACA Mining Pty Ltd in January 2018		14,300
- Trade creditor normalisation from operating cash inflows and entitlement offer proceeds, in line with previous announcements		10,876

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
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	P53/1642	Wiluna	0%	100%
		P53/1643	Wiluna	0%	100%
		P53/1644	Wiluna	0%	100%
		P53/1645	Wiluna	0%	100%
		P53/1646	Wiluna	0%	100%

### 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:  
(Company Secretary)

Date: 31 January 2018

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.