18 July 2018

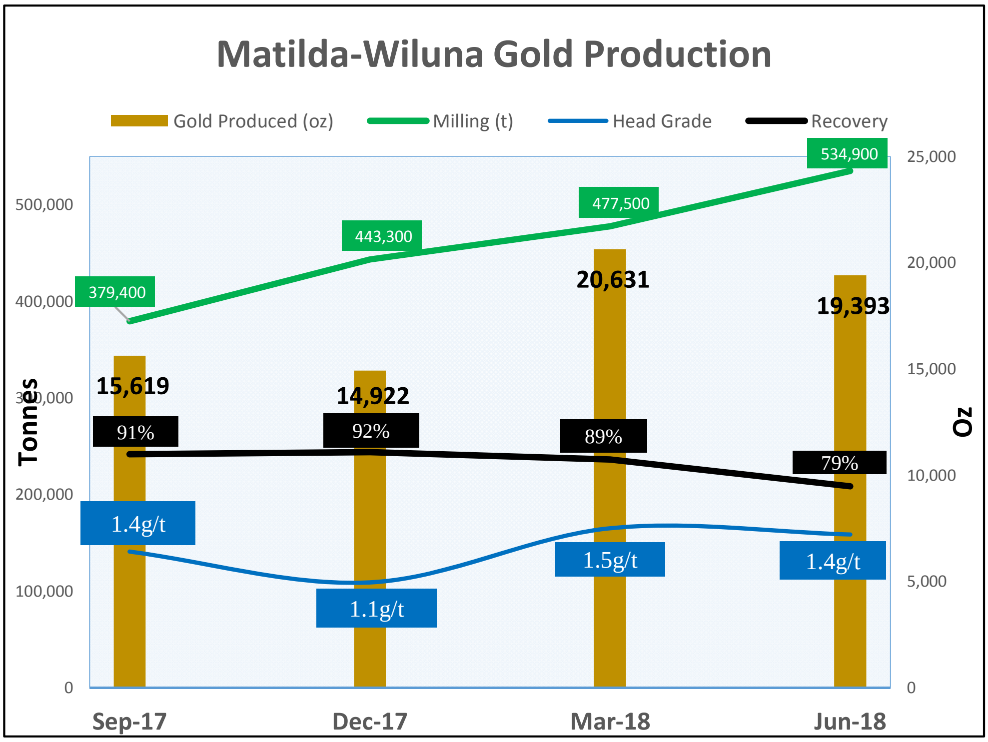
ASX Announcement

OPERATIONS UPDATE AND FY19 GUIDANCE

Highlights

- Operations generate positive cash flows again in the June quarter
- Record six months of gold production to Jun'18 of 40,024 oz (Dec'17 half: 30,541oz), a 31% increase on last half
  - 1,012kt milled for the half (Dec'17 half: 822kt), a 23% increase on last half achieved through successful de-bottlenecking of the process plant
  - Mill feed grade improved to 1.47g/t (Dec'17 half: 1.26g/t) due to processing more high grade ore, and less dependence on low grade stockpiles
  - All in sustaining costs per ounce ("AISC") for the half were A$1,294/oz (Dec'17 half: A$2,063/oz) resulting from a step change in economics being achieved during the half. Excluding the impact of sustaining capex, which mainly comprised a tailings dam lift, AISC for the half was A$1,141/oz.
- Jun'18 Qtr gold production of 19,393oz (Mar'18 Qtr: 20,631oz), in line with previous quarter
  - Record throughput of 535kt milled for the quarter (Mar'18 Qtr: 477kt), a 12% increase on last quarter
  - Mill feed grade of 1.44g/t consistent with prior quarter (Mar'18 Qtr: 1.51g/t)
  - Process recoveries reduced to 78.6% (Mar'18 Qtr: 89.4%) due to the main ore source being the transitional and fresh ore from the now completed M4 pit, a one-off isolated issue which was the primary constraint to achieving higher production in the quarter and half year, as well as increasing AISC
  - Process recoveries in the first half of July are back above 90% due to the main ore source being oxide ore from the M1 and M2 pits
  - AISC for the quarter of A$1,509/oz (Mar'18 Qtr: A$1,092/oz)
  - Stripping ratio for the quarter increased to 8.8 times (Mar'18 Qtr: 3.9 times) representing an investment in next quarter's production and a large contributor to the higher AISC in the Jun'18 quarter
- Average realised gold price of A$1,685/oz for the half, and A$1,696/oz for the Jun '18 quarter
- Current gold forward sales contracts of 26,389oz @ A$1,742/oz over the next 8 months
- Net debt at 30 June 2018 reduced to $8.4m (31 March 2018: $10.4m)
  - Cash and bullion of $23.9 million and secured debt of $32.3 million
- Production guidance for FY19 is 77k-89koz @ an AISC of A$1,250-$1,450/oz

Blackham Resources Limited (ASX: BLK) ("Blackham" or "the Company") is pleased to present an operational update for the June 2018 half at its 6.5Moz Matilda-Wiluna Gold Operation ("the Operation"). Resolution of the mine sequencing issues experienced in the Dec'17 half have enabled record gold production for the Jun'18 half of 40,024oz @ AISC A$1,294/oz (Dec'17 half: 30,541oz @ AISC A$2,063/oz) with mill feed comprising mainly higher grade run of mine ore and being less dependent on low grade stockpiles. Significant improvements were achieved to mill throughput (+12%) from continued debottlenecking of the crushing, milling and leaching circuits.



Process recoveries reduced to 78.6% in the quarter (Mar'18 Qtr: 89.4%) due to the main ore source being the lower transitional and fresh ore from the now completed M4 pit. Process recoveries in the first half of July are back above 90% due to the main ore source being oxide ore from the M1 and M2 pits.

The lower processing recovery for the June quarter (now resolved in July) reduced gold production causing AISC to be slightly higher than guidance. Abnormally high sustaining capital expenditure (being A$153/oz for the half) was mainly for a tailings dam lift.

Production, Cost and Capital Guidance for FY19

Production guidance for FY19 is 77k-89koz @ an AISC of A$1,250-$1,450/oz. FY19 AISC is expected to be higher than Life of Mine AISC, particularly in the first half, due to the investment required to strip new mining areas in the M1 and M2 pits to maintain a high mill throughput. The second quarter will incur mobilisation costs of moving to the Wiluna open pits which are anticipated to underpin the long term future of the Operation. There is some flexibility in the timing and quantum of non-sustaining capital expenditure in FY19, which is currently estimated to be $3.3m for the Sep'18 quarter, comprising pre-production costs, reserve definition drilling, expansion studies and discretionary exploration expenditure, all of which represent an investment in current and future years' gold production.

Blackham's Executive Chairman, Mr Milan Jerkovic, said:

"The June half's operational results demonstrate significantly stronger production and a step change in the Operation's economics that commenced in December 2017. Record production and significantly reduced costs underpinned stronger operational cash flows for the half. The Company looks forward to increasing production in FY2019 as the Operation transitions to the Wiluna open pits"

The June 2018 Quarterly report is expected to be released on or around 26 July 2018 and it will contain a more detailed analysis of the quarter's production and costs.

For further information on Blackham please contact:

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Matilda-Wiluna Gold Operation

Measured, Indicated & Inferred Resources (JORC 2012) as at 30 June 2017

OPEN PIT RESOURCES												
	Measured			Indicated			Inferred			Total 100%		
Mining Centre	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												
	Measured			Indicated			Inferred			Total 100%		
Mining Centre	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.