

24 October 2018

## Quarterly Activities Report

### September 2018

Blackham Resources Ltd ('Blackham' or 'the Company') provides the following update on its activities for the quarter ended 30 September 2018 and thereafter:

#### Highlights

##### Matilda-Wiluna Gold Operation

- Over the last three quarters gold production has been successfully stabilised at an average of 19,700oz per quarter
- Sep'18 quarterly gold production of 19,049oz (Jun'18 Qtr: 19,393oz)
- Record throughput in Sep'18 quarter of 556kt (Jun'18 Qtr: 535kt)
- Strong production in month of Sep'18 of 7,355oz and record weekly production of 2,127oz achieved in the final week of Sep'18
- All in Sustaining Costs per ounce ('AISC') for the Sep'18 quarter was A\$1,588/oz (Jun'18 Qtr: \$1,509/oz), in line with forecast as highlighted in our previous quarterly
- Investment in the additional mining material movements from 550KBCM per month in Jun'18 quarter, ramping up to 745kBCM in the month of Sep'18, resulted in higher overall costs this quarter which was required to match higher mill throughput
- Higher grade Wiluna ore is expected to increase production in the Dec'18 quarter
- Expecting Dec'18 quarter production of 20,000-23,000oz
- AISC/oz expected to decrease in Dec'18 quarter and over remainder of FY19
- FY19 production and cost guidance reconfirmed at 77-89koz @ an AISC of A\$1,250-\$1,450/oz

##### Reserve Development, Resources and Exploration

- Blackham delivers resources increase of 9% to 96Mt @ 2.2g/t for 6.7Moz (58% Indicated Resource)
- Golden Age underground mine plan was extended by a further 4 months to Apr'19 during the quarter, boosting high grade ore in the back half of FY19
- Additional Wiluna high grade free-milling mineralisation identified from drilling at East-West, Golden Age North and Happy Jack Pits that is likely to result in enhancements to the short-term mine plan
- Lake Way drilling confirms large mineralised gold system and further drilling planned this quarter

##### Corporate

- Cash and Bullion at 30 September was \$8.9m (Jun'18: \$23.9m)
- Net debt at 30 September was \$11.0m (Jun'18: \$8.4m)
- Lind Partners have agreed to invest up to A\$23 million providing back up working capital
- Orion Fund JV Limited fully repaid in early Oct'18, strengthening the balance sheet
- Board strengthened further with the addition of Mr Geoff Jones as a Non-Executive Director

##### Non Core Assets

- A-Cap Resources Limited (ACB) agree to pay consideration of \$5.8 million to Blackham and invest \$5 million in the Wiluna Nickel-Cobalt Project to acquire up to 75% of the Wiluna Nickel-Cobalt Project
- Salt Lake Potash (SO4) announces a Scoping Study on development of a 50,000tpa sulphate of potash Demonstration Plant at Lake Way which supports a low capex, highly profitable operation
- SO4 gains mining approvals for initial Lake Way demonstration ponds

##### BOARD OF DIRECTORS

Milan Jerkovic - Executive Chairman  
 Bryan Dixon - Managing Director  
 Greg Fitzgerald - Non-Executive Director  
 Tony James - Non-Executive Director  
 Geoff Jones - Non-Executive Director

##### CORPORATE INFORMATION

1,341M Ordinary Shares  
 534M Quoted Options  
 53M Unquoted Options

##### PRINCIPAL AND REGISTERED OFFICE

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##### ASX CODE

BLK

Blackham's Managing Director Bryan Dixon said "Our production performance in the Sep'18 quarter demonstrates further consistency in our operations. During the quarter, foundations were established for mining at our Wiluna free-milling open pits, creating the pathway to access higher grade ore at a lower cost-base moving forward."

## Matilda-Wiluna Gold Operation

**Table 1 - Production & Cost Summary**

		SEP18 QTR	JUN18 QTR
<b>Production</b>	<b>Unit</b>		
<b>Open Pit Mining</b>			
Total Mining	bcm	1,890,930	1,640,406
Strip Ratio	w:o	8.0	7.9
Ore Mined	t	442,740	397,793
Mined Grade	g/t	1.1	1.3
<b>Underground Mining</b>			
Total UG lateral development	m	149	175
Ore Mined	t	9,407	11,178
Mined Grade	g/t	7.4	7.3
Total Ore Mined	t	452,147	408,971
Total Mined Grade	g/t	1.3	1.5
Total OP & UG Contained Gold	oz	18,362	19,467
<b>Processing</b>			
Tonnes Processed	t	555,677	534,891
Grade Processed	g/t	1.2	1.4
Recovery	%	91%	79%
<b>Gold Produced</b>	<b>oz</b>	<b>19,049</b>	<b>19,393</b>
Gold Sold	oz	18,332	19,663
<b>Costs</b>			
	<b>Unit</b>		
Mining	A\$/oz	1,003	966
Processing	A\$/oz	419	422
Site Administration	A\$/oz	85	73
OP pre-production mining costs	A\$/oz	(156)	(294)
Stockpile movements	A\$/oz	107	110
Royalties, refining costs & silver sales	A\$/oz	81	109
Sustaining capital expenditure	A\$/oz	27	118
Overhead costs	A\$/oz	22	5
<b>All - In - Sustaining Costs Per Ounce</b>	<b>A\$/oz</b>	<b>1,588</b>	<b>1,509</b>

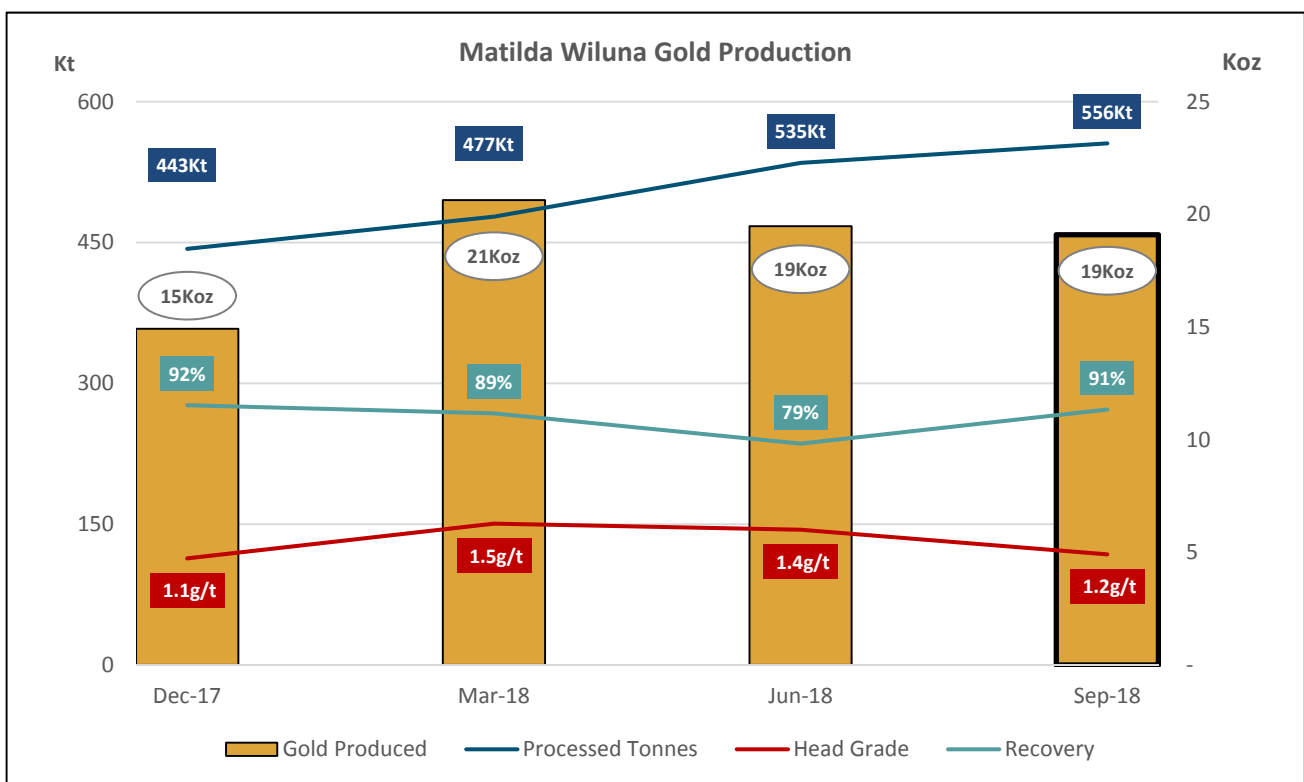
### Gold production

Blackham's gold production for the Sep'18 quarter of 19,049oz was consistent with the prior quarter's 19,393oz. Blackham's operational consistency has been underpinned by continued improvements by the processing team, with record throughput of 556kt milled for the Sep'18 quarter. Gold recoveries improved significantly in the Sep'18 quarter to 91%, with the primary feed source being Matilda M1 & M2 oxide and transitional ore.

Production was hampered early in the quarter with tight mining areas and mining material movements struggling to keep up ore feed to the mill. Record mill throughputs resulted in 32% of the mill feed during July and Aug'18 being supplemented from low grade stockpiles at an average grade of 0.65g/t. Strong production in the month of Sep'18 of 7,355oz was seen on the back of higher mill feed grades with the bulk of the ore coming from high grade mined ore and less reliance on low grade stockpiles. The Operation's high-grade stockpiles at the date of this report were 41kt @1.69g/t.

Blackham is pleased to advise that open pit mining in October to date has been strong and gold production for the Dec'18 quarter is expected to increase to 20,000-23,000oz with a corresponding decrease in AISC/oz. The Company re-confirms that FY19 production guidance at 77-89koz @ an AISC of A\$1,250-\$1,450/oz.

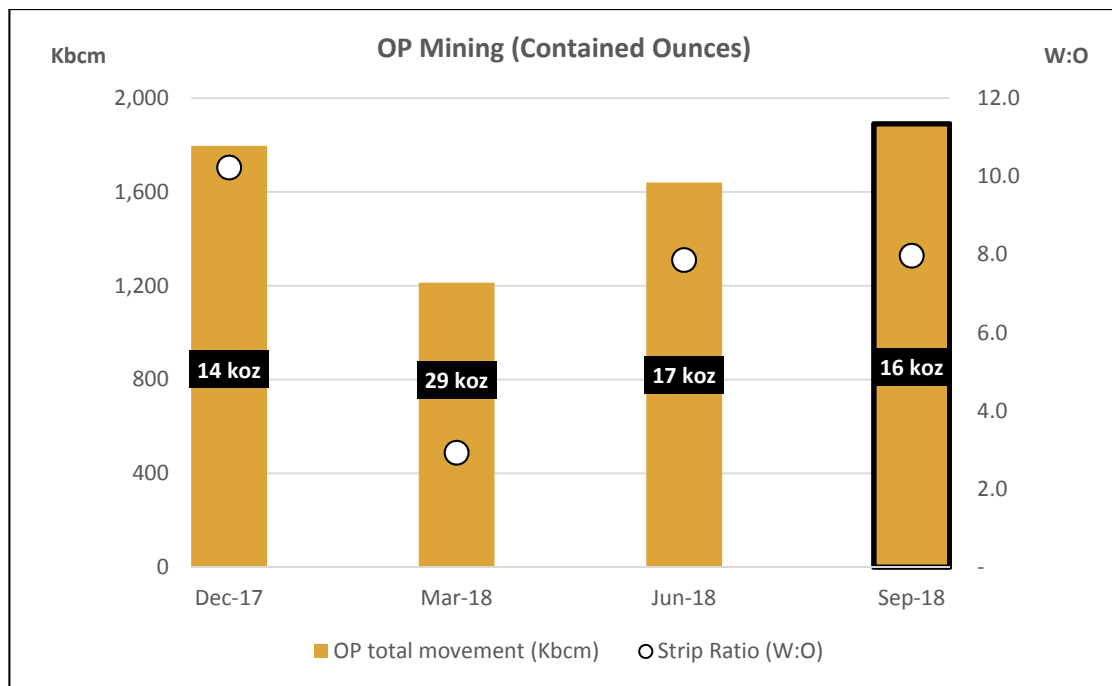
**Chart 1 – Gold production**



**Open Pit Mining**

During the Sep'18 quarter total material movement was 1.9MBCM, representing an increase of 15% on the prior quarter. MACA the mining contractor mobilised additional mining equipment to the operation during the quarter and that combined with moving from four to five dig shifts saw a step change in material movements from 550KBCM per month in the Jun'18 quarter ramping up to 745KBCM in the month of Sep'18. Ore mined for the Sep'18 quarter was 443kt being an increase of 11% on the previous quarter and was achieved at a stripping ratio of 8:1 (Waste: Ore) consistent with the prior quarter. Open pit mining activities in the Sep'18 quarter were focussed in Matilda M1 & M2 pits and represented a period of investment.

**Chart 2 – Open Pit Mining (Contained Ounces)**



During the quarter the Company invested in the mobilisation of equipment and facilities to recommence mining at the Wiluna Mine. Open pit mining has now commenced at Wiluna Mine for the first time in 10 years. Wiluna open pit mining commences in free milling ore from surface (see Photo 1) where the average ore grade is expected to be significantly higher than the Matilda ore that has underpinned the plant feed for the last two years. In line with the mine plan adopted at the start of the year, the remaining open pits at Matilda will be mined concurrently with the Wiluna open pits for the rest of this financial year.

Processing of higher grade Wiluna ore will take place from Oct'18 with ~45% of the mill throughput expected to come from Wiluna ore. All the Wiluna open pits are located within 3kms of the plant, significantly lowering haulage costs.



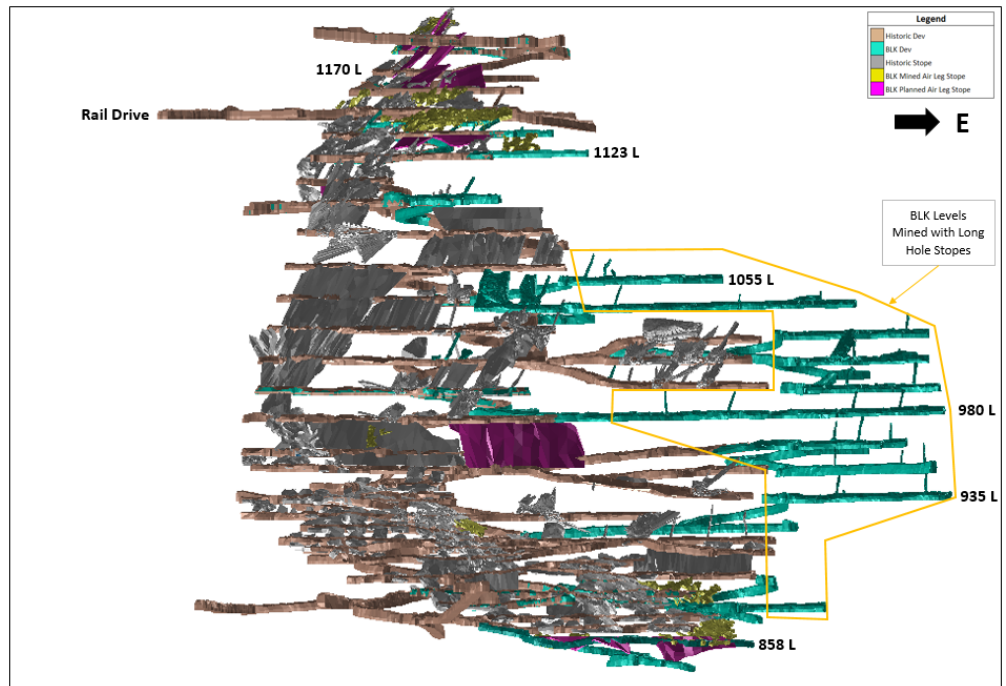
**Photo 1: Mining of higher grade ore at Wiluna West Pit only 1,100m from the Wiluna gold plant**

The Operation's high-grade stockpiles at the date of this report were 41kt @1.69g/t. Growth in overall stockpiles has been limited due to overperformance in the mills. In line with the month of September, an increase in mining productivity is expected in the Dec'18 quarter accompanied by a healthy growth in stockpiles.

## Underground Mining

Golden Age Underground continues to generate positive cash flows and had another successful quarter producing contained ounces 2,238oz @ 7.4g/t (Jun'18: 2,630oz). Planned stoping of ore at the ~858RL was delayed into next quarter due to the orebody extending a further 50m east than expected which required further development.

During the Quarter the Golden Age mine plan was extended a further 4 months to Apr'18 which is expected to provide further high grade ore for the plant and boost forecast production in the second half of FY18.



**Figure 1: Golden Age Underground Mine Plan in purple and yellow**

Blackham will continue to mine Golden Age Underground to at least Apr'18 quarter and has implemented a rolling strategy to extend the mine plan further into FY19. Recent exploration results both up and down dip from the mined areas and in close vicinity to existing mine access provide management with confidence it will keep extending the mine life of the Golden Age underground to provide high grade ore feed to the mill.

## Resource Upgrade

In the Sep18 quarter Blackham completed Resource update as at 30 June 2018. Highlights of the Resource upgrade include:

- Total Resources now 96Mt @ 2.2g/t for 6.7Moz (58% Indicated Resource)
- Resources increase 9% (544,000oz) in 1 year after mining depletion
- Measured and Indicated Resources increase 25% (771,000oz) in 1 year after mining depletion
- Wiluna open pit resources now total 19Mt @ 2.5g/t for 1.5Moz which have been delineated at a cost of \$7/resource oz
- Resource continuity reinforced at Wiluna with pit designs stretching over 3.5kms
- Updated reserves will be released shortly

## Golden Age Underground mineralisation extensions continue

Underground diamond drilling during the quarter focused on both testing previously mined areas for remnant ore and drilling well below the existing mining areas for new and substantial down dip extensions to mineralisation. Both approaches were successful.

The complex and overlapping geometry of the mineralisation commonly resulted in ore shoots being missed during earlier mining. An increased structural understanding has enabled specific previously mined areas to be reassessed and the intercepts received, resulted in the mine life being maintained through the quarter of at least 6 months.

Simultaneously, drilling up to 100-200m below the existing mining levels (the Golden Age Deeps programme), has indicated the continuation of steeply south plunging higher grade shoots that could form the basis for a substantial extension in underground mining at Golden Age. Drill testing is continuing.

### Additional Wiluna high grade free-milling mineralisation

During the Sep'18 quarter Blackham's exploration team successfully completed a resource definition drill programme at Wiluna. The results from the RC drilling programme indicate strong potential for extensions to the current mine plan at several Wiluna free-milling open pits. Highlights from the drilling include:

Resource extension drilling around Golden Age North pit indicates strong potential for additional ore along strike and below the planned pit design:

8m @ 9.10 g/t from 87m incl. 3m @ 21.46g/t	73g*m	WURC0668
8m @ 4.50g/t from 74m incl. 6m @ 5.63g/t	36g*m	WURC0677
9m @ 3.62g/t from 33m incl. 3m @ 9.54g/t	33g*m	WURC0667
4m @ 6.68g/t from 48m	27g*m	WURC0671
6m @ 3.30g/t from 64m incl. 1m @ 14.65g/t	20g*m	WURC0670

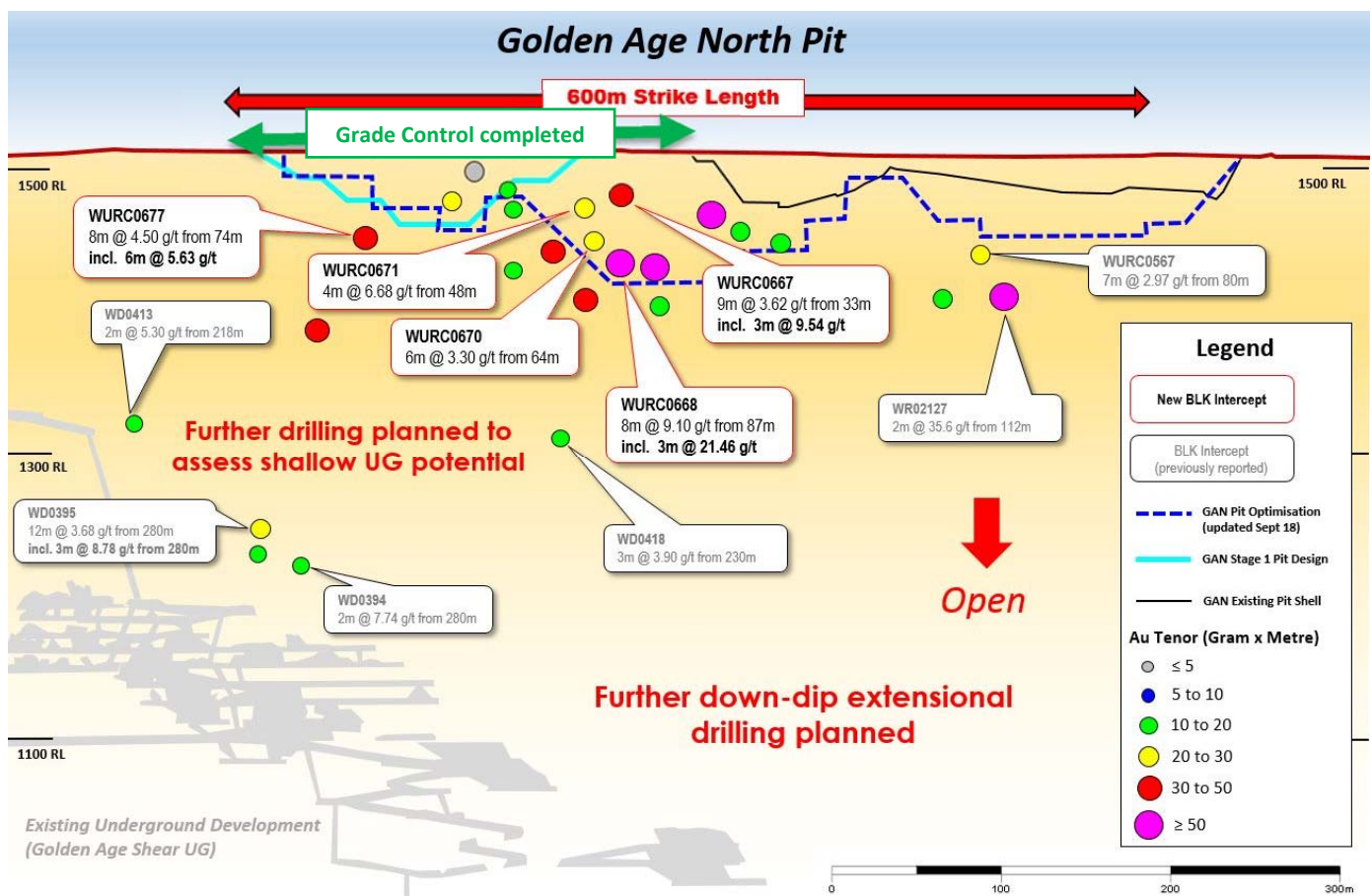


Figure 2. Long-section through Golden Age North area showing pierce points of new and previous drilling. New results range between 10 and 80 gram metres.

The indicated resource for Golden Age North has grown to 497kt @ 1.73g/t for 27,600oz has now been extended along strike a further 400m south east of the planned pit (see Figure 2. A\$1,650/oz optimisation in blue). Grade control drilling in the top 30m across 300m of strike at the North end has confirmed the ore starts from close to

surface. Mining of the Golden Age North pit is expected to commence this quarter which is only 1,500m from the plant ROM.

Drilling this quarter into the Golden Age North deposit confirmed the higher-grade nature of this orebody in the fresh rock and potential for underground extraction with intercepts ranging from 10 to 80 gram metres. The existing Golden Age underground workings commence approximately 300m below surface and the potential ore to that depth has not been effectively tested as yet. A drill programme to test the continuity of high grade mineralisation in the top 200m is currently in the final stages of planning. This drill programme will target the free milling higher grade fresh rock in close vicinity to the existing underground infrastructure (see Figure 2 grey infrastructure) which is within 200m of the Stage 1 pit design.

Elsewhere in the immediate Wiluna pant area, resource extension drilling was completed at the East West cross-structures and at Happy Jack. The EW drilling validated existing pit design and enhanced down dip continuity of mineralisation:

<b>59m @ 4.19g/t from 2m incl. 9m @ 11.75g/t</b>	<b>247g*m</b>	WUDD0050
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Mining commence at the EW pit early in the December quarter, indicating the ability for Blackham to rapidly identify, define and extract mineralisation in the Wiluna mine footprint.

New free-milling “cross-structures”-style lodes identified around existing Happy Jack pit potentially further enhanced mining economics. Better results included:

<b>7m @ 6.61g/t from 16m &amp; 9m @ 4.81g/t from 147m</b>	<b>90g*m</b>	WURC0679
<b>4m @ 7.84g/t from 134m &amp; 4m @ 4.84g/t from 155m</b>	<b>51g*m</b>	WURC0680
<b>10m @ 2.50g/t from 142m incl. 4m @ 5.24g/t from 145m</b>	<b>25g*m</b>	WURC0685

Further drilling to test for new oxide resources in the shadow of the headframe at Wiluna will commence in the December 2018 quarter.

### **Lake Way Drill Programmes confirm very large mineralised gold system**

Blackham remains focused on its strategy to extend the free-milling mine life to 5 years. During the Sep’18 quarter results from a RC and DD program at Lake Way were received. Blackham’s latest results confirm extensions to shallow high-grade mineralisation south of the planned pit cutback.

Shallow high-grade mineralisation has been intersected up to 600m south of the planned Williamson pit cutback. Two high-grade zones now show potential to be developed as satellite pits (Figure 1). Further reserve definition drilling is planned.

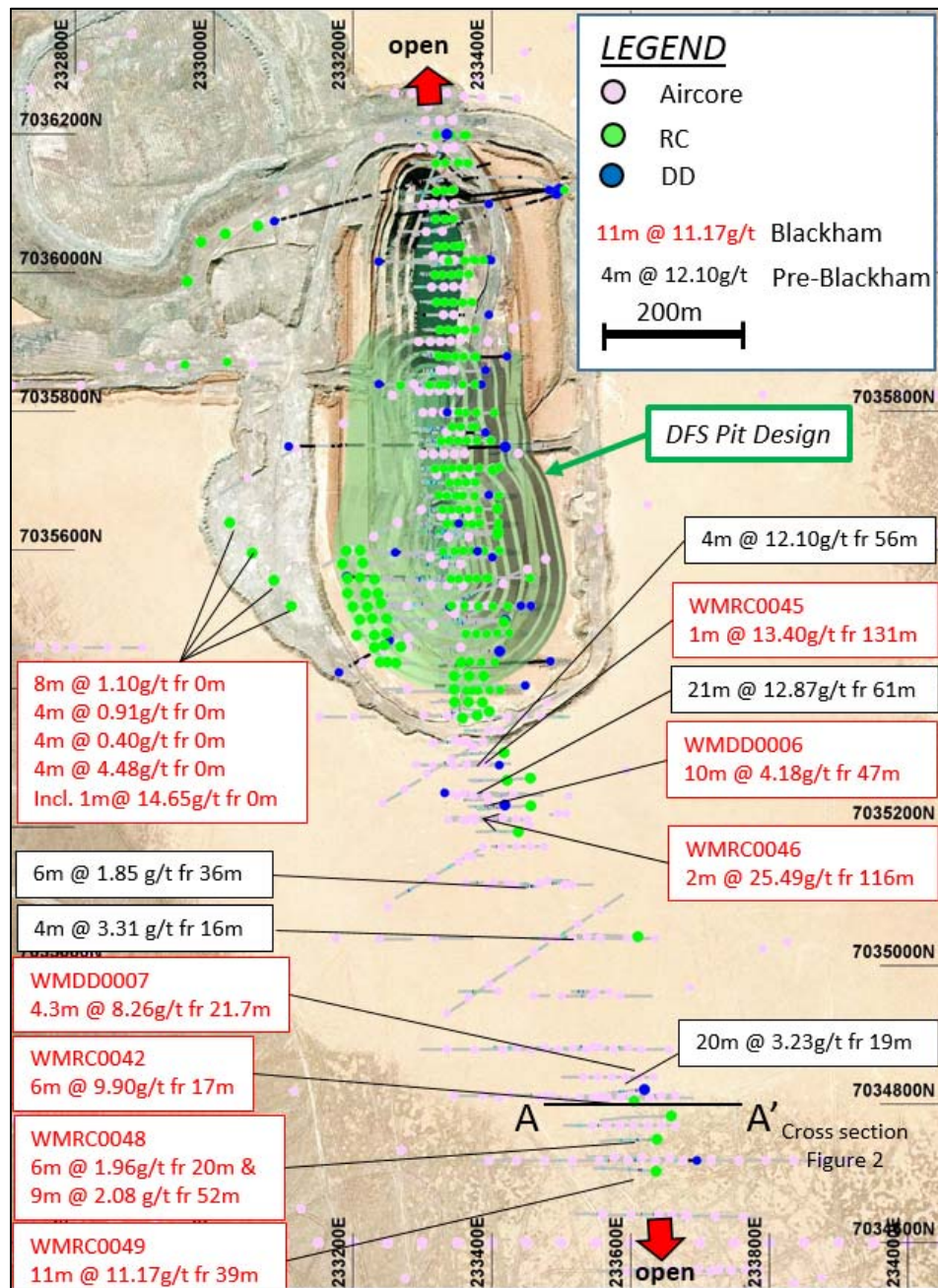


Figure 3. Williamson latest intercepts and historical intercepts confirm mineralisation south of existing pit design.

Williamson latest intercepts include:

11m @ 11.17g/t from 39m incl. 2m @ 53.05g/t	123g*m	WMRC0049
6m @ 9.90g/t from 17m	71g*m	WMRC0042
2m @ 25.49g/t from 116m	53g*m	WMRC0046
10m @ 4.18g/t from 47m incl. 2m @ 9.37g/t & 2m @ 5.77g/t	42g*m	WMDD0006
4.3m @ 8.26g/t from 21.7m incl. 1m @ 28.86g/t	36g*m	WMDD0007

These results occur alongside historical aircore intercepts of 20m @ 3.23g/t from 19m, 21m @ 12.87g/t from 61m, and 4m @ 12.10g/t from 56m (Figure 1), with clear potential for economic extraction by open pit. Moderate tenor mineralisation was also previously intersected in 80m-spaced historical aircore holes



between the high-grade zones (e.g. 6m @ 1.85g/t from 36m and 4m @ 3.31g/t from 16m). Further infill drilling is needed, with potential for further economic mineralisation to be delineated along the full strike extent (Figure 1). Free-milling mineralisation at Williamson includes broad zones of moderate-grade sheeted vein style and localised pods of high-grade stock-work style mineralisation, within mafic volcanics and dolerites, intruded by felsic granitoid dykes and cut by north-south trending mineralising faults (Figure 2).

### Wiltails Retreatment

Work performed during the Sep'18 quarter has been focussed on conversion of the Wiluna Tailings maiden resource (announced 24<sup>th</sup> July 2018) into reserves. Additional metallurgical test work, assessment of material transportation methods and detailed capital cost & operating estimates has formed the majority of the work to prove the economic viability of the Wiluna Tailing Retreatment Project.

### Wiluna Expansion Study

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

The Expansion Definitive Feasibility Study is well advanced with processing studies continuing with a view to further de-risking the expansion opportunity. With mining having now commencing in the Wiluna oxide starter pits geology and mining factors will be further de-risked well ahead of the Company electing to commit further capital to the Sulphide Project. Work over the last quarter has focused on optimisation of the comminution circuit with detailed test work to refine capital and operating costs. The flotation circuit flow sheet has also been refined ready for bulk flotation test work with all samples being collected as part of the recent resource drilling program.

Work for this quarter will focus on preparation of metallurgical test work to complete bulk flotation tests plus finalising the comminution circuit for detailed costing. A structured approach is being taken for permitting to ensure all required surveys and studies are completed as early as possible to ensure submissions are not delayed.

### Wiluna Nickel-Cobalt Project

On 28 September 2018 A-Cap Resources Limited ('ACB') entered into a binding term sheet with Blackham to acquire up to 75% of the Wiluna Nickel-Cobalt project. The project covers 40km's of strike of the "Perseverance Ultramafics" sequence, which hosts world class nickel projects including Mt Keith, Cosmos, Venus, Perseverance and Honeymoon Well. The project has an Inferred JORC 2004 Nickel-Cobalt resource of 80.5Mt at 0.77% Ni, 0.058% Co (0.5% Ni cut-off). ACB will acquire up to 75% interest via a staged Farm-in and Joint Venture Agreement ('JVA') as summarised below:

- ACB will acquire an initial 20% interest by making a cash payment to Blackham of A\$2.8m
- ACB can earn an additional 35% interest (total 55% interest) conditional upon:
  - Making a \$500,000 cash payment to Blackham within a period of 24 months
  - Incurring minimum exploration expenditure of \$5m within a period of 36 months
- ACB will be able to earn additional 20% interest (total 75% interest) conditional upon:
  - Completion of the Wiluna Nickel-Cobalt Project DFS within a period of 36 months
  - Making a further cash payment to Blackham of A\$1m within a period of 36 months
  - ACB issuing to Blackham, on completion of the DFS, shares in ACB equivalent to A\$1.5m

ACB are currently in the process of seeking approvals for its maiden drill programme with a view to targeting high grade cobalt opportunities within the resource. Please refer to ACB announcement released 1 October 2018 for further details on the agreement.

### Successful Scoping Study over Lake Way Potash Project with demonstration mining pond approvals

Salt Lake Potash Limited (SO4) and Blackham entered a Memorandum of Understanding, as announced by SLP on 12 March 2018, to investigate a potential development of a Sulphate of Potash operation based at Lake Way, near Wiluna.

During the quarter, SO4 announced completion of a Scoping Study (at SO4's cost ) on development of a 50,000tpa sulphate of potash (SOP) Demonstration Plant at Lake Way supports a low capex, highly profitable, staged development model, with total capital costs of approximately A\$49m and average cash operating costs (FOB) of approximately A\$387/t. On 8th Oct 2018, SO4 also announced it had gained mining approvals for initial Lake Way demonstration ponds.

If this project proceeds there will be significant benefits to Blackham including:

- Sharing of infrastructure costs and a reduction in tenements holding costs
- Dewatering of the Williamson Pit (scheduled for mining recommencement in 2019)
- Access to approximately 290km<sup>2</sup> of tenements prospective for gold to the south of the Wiluna Mine Sequence
- Blackham receives a 4% royalty on potash production from its tenure.

### Corporate

As at 30 September 18 Blackham had \$8.9m cash & bullion. Loan liabilities were reduced to \$20.0m (Jun'18 Qtr: \$32.3m), reducing net debt of \$11.0m.

In early October Blackham strengthened its balance sheet and working capital position via funding from Lind Partners, allowing the Company to bring forward its final debt repayment to Orion from the planned date of 30 November 2018 to 4 October 2018. There are no further debt repayments scheduled until February 2019.

Gross operating cash flows were again positive for the Sep'18 quarter and stronger margins are expected for the remainder of FY19. In conjunction with alleviated debt obligations, the Company expects continued improvement to the balance sheet in the Dec'18 quarter.

Gold sales price achieved last quarter was A\$1,632/oz. Blackham's current gold forward sales contracts position is for 35,156oz @ an average price of A\$1,674/oz, maturing over the next 10 months to 31 August 2019. During the Sep'18 quarter the Company closed out gold forward sales contracts which resulted in additional proceeds of \$2.4 million.

During the quarter, Blackham announced Lind Partners had agreed to invest up to A\$23 million (Funding Agreement). Proceeds of \$6m being the first tranche from the initial \$7.5m convertible note security (Note 1) has been received. The Funding Agreement, including Note 1, allows for the conversion into Blackham share payments, optional cash payments, or early repayments at the discretion of Blackham. A lock-up provision restricts the conversion of debt into shares until 14 February 2019, two weeks after the expiry of the Company's 534 million listed options which are exercisable at 8 cents per share. Any proceeds from the listed options will be directed to repaying Note 1. For further details on the Funding Agreement and Note 1 please refer to Blackham's ASX announcement dated 25 September 2018.

In August 2018 Blackham announced the appointment of Mr Geoff Jones as a Non-Executive Director of the Company. Following on from the recent appointment of Mr Tony James also as a Non-Executive Director, Blackham has strengthened the experience, skill set and composition of its Board and management team to match its focus on the successful delivery of both the Company's near and longer-term mine plans. Geoff is the current Managing Director of GR Engineering Services Limited and is a Civil Engineer with over 30 years' experience in construction, engineering, mineral processing and project development in Australia and overseas.

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 2018

Matilda-Wiluna Gold Operation Resource Summary												
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	0.1	1.14	4	7.0	1.44	323	3.6	1.30	151	10.7	1.39	477
Wiluna	-	-	-	15.4	2.38	1,181	3.1	3.21	324	18.6	2.52	1,505
Williamson	-	-	-	4.1	1.68	219	1.6	1.58	79	5.6	1.65	298
Regent	-	-	-	0.7	2.71	61	3.1	2.11	210	3.8	2.22	271
Tailings	-	-	-	34.0	0.62	680	-	-	-	34.0	0.62	680
Stockpiles	-	-	-	0.5	0.84	15	-	-	-	0.5	0.84	15
<b>OP Total</b>	<b>0.1</b>	<b>1.14</b>	<b>4</b>	<b>61.7</b>	<b>1.25</b>	<b>2,479</b>	<b>11.4</b>	<b>2.08</b>	<b>763</b>	<b>73.2</b>	<b>1.38</b>	<b>3,246</b>
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
Matilda	-	-	-	0.1	2.51	10	0.5	3.66	61	0.6	3.44	71
Wiluna	-	-	-	8.0	5.37	1,376	13.5	4.33	1,885	21.5	4.72	3,262
Williamson	-	-	-	-	-	-	0.3	2.61	23	0.3	2.61	23
Golden Age	0.02	6.80	4	0.1	7.66	24	0.5	3.77	63	0.6	4.46	91
Galaxy	-	-	-	0.1	3.70	6	0.2	2.80	16	0.2	2.98	22
<b>UG Total</b>	<b>0.0</b>	<b>6.80</b>	<b>4</b>	<b>8.3</b>	<b>5.31</b>	<b>1,416</b>	<b>15.0</b>	<b>4.24</b>	<b>2,049</b>	<b>23.3</b>	<b>4.63</b>	<b>3,469</b>
<b>Grand Total</b>	<b>0.1</b>	<b>2.12</b>	<b>8</b>	<b>70.0</b>	<b>1.73</b>	<b>3,895</b>	<b>26.4</b>	<b>3.31</b>	<b>2,812</b>	<b>96.5</b>	<b>2.16</b>	<b>6,715</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 Exploration Targets and Exploration Results at the Matilda-Wiluna Gold Operation ("Operation") is based on information compiled or reviewed by Mr Cain Fogarty, who is a full-time employee of the Company. Mr Cain Fogarty is a Member of the Australian Institute of Geoscientists 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 Fogarty 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.

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 13<sup>th</sup> September 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 30 September 2018

Project	Tenement	Interest held by Blackham
Scaddan	E63/1145 to E63/1146	100%
Scaddan	E63/1202	100%
Scaddan	M63/0194	100%
Zanthus	E69/2506	100%
Wiluna	E53/1644 to E53/1645	100%
Wiluna	E53/1791	100%
Wiluna	E53/1794	100%
Wiluna	E53/1852	100%
Wiluna	L53/0021 to L53/0022	100%
Wiluna	L53/0051	100%
Wiluna	L53/0062	100%
Wiluna	L53/0140	100%
Wiluna	M53/0034	100%
Wiluna	M53/0041	100%
Wiluna	M53/0052 to M53/0054	100%
Wiluna	M53/0188	100%
Wiluna	M53/0955	100%
Wiluna	E53/1853	100%
Wiluna	E53/1862 to E53/1863	100%
Wiluna	E53/1908	100%
Wiluna	E53/1912	100%
Wiluna	P53/1637	100%
Wiluna	P53/1642 to P53/1646	100%
Wiluna	P53/1666 to P53/1668	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 to M53/0798	100%
Wiluna	M53/0910	100%
Wiluna	G53/0018 to G53/0019	100%
Wiluna	G53/0021 to G53/0023	100%
Wiluna	L53/0020	100%
Wiluna	L53/0023 to L53/0024	100%
Wiluna	L53/0030	100%

Project	Tenement	Interest held by Blackham
Wiluna	L53/0032 to L53/0045	100%
Wiluna	L53/0048	100%
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	97.5%
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	M53/0139	100%
Wiluna	M53/0173	100%
Wiluna	M53/0200	100%
Wiluna	M53/0205	100%
Wiluna	M53/0415	100%
Wiluna	M53/0468	100%
Wiluna	M53/0129 to M53/0131	100%
Wiluna	M53/1097	100%
Wiluna	M53/1098	100%
Wiluna	P53/1560	100%
Wiluna	R53/0001	100%
Wiluna	E53/1878	100% of gold rights
Wiluna	ELA53/1897	100% of gold rights

## 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

### ABN

18 119 887 606

### Quarter ended ("current quarter")

30 September 2018

Consolidated statement of cash flows		Current quarter	Year to date (3 months)
		\$A'000	\$A'000
1	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	27,700	27,700
1.2	Payments for:	-	-
	(a) exploration and evaluation	-	-
	(b) development	-	-
	(c) production	(19,204)	(19,204)
	(d) staff costs	(4,170)	(4,170)
	(e) administration and corporate costs	(380)	(380)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	24	24
1.5	Interest and other costs of finance paid	(777)	(777)
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	-
1.8	Other (provide details if material)	134	134
1.9	<b>Net cash from/(used in) operating activities</b>	<b>3,327</b>	<b>3,327</b>

		Current quarter \$A'000	Year to date (3 months) \$A'000
2	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(3,404)	(3,404)
	(b) tenements (see item 10)		
	(c) investments	-	-
	(d) other non-current assets	(116)	(116)
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)		
	- exploration and evaluation	(1,780)	(1,780)
	- development (incl. pre-production mining)	(5,043)	(5,043)
2.6	<b>Net cash from/(used in) investing activities</b>	<b>(10,343)</b>	<b>(10,343)</b>
3	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(6)	(6)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(12,769)	(12,769)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)		
	- Hedge book close out	2,442	2,442
	- Finance lease repayments	(44)	(44)
3.10	<b>Net cash from/(used in) financing activities</b>	<b>(10,377)</b>	<b>(10,377)</b>

		Current quarter \$A'000	Year to date (3 months) \$A'000
4	<b>Net increase/(decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	20,743	20,743
4.2	Net cash from/(used in) operating activities (item 1.9 above)	3,327	3,327
4.3	Net cash from/(used in) investing activities (item 2.6 above)	(10,343)	(10,343)
4.4	Net cash from/(used in) financing activities (item 3.10 above)	(10,377)	(10,377)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of period</b>	<b>3,350</b>	<b>3,350</b>
	Bank guarantees at end of period	566	566
	Gold bullion at end of period	5,025	5,025
	<b>Total cash and bullion at end of period</b>	<b>8,941</b>	<b>8,941</b>

5	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	3,350	14,743
5.2	Call deposits	-	6,000
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,350</b>	<b>20,743</b>

6	<b>Payments to directors of the entity and their associates</b>	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	251
6.2	Aggregate amount of cash flow from loans to these parties included in item	-
6.3.	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	



7	<b>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	23
7.2	Aggregate amount of cash flow from loans to these parties included in item	-
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.		

8	<b>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	27,491	19,991
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.		
The loan facilities include:			
- A secured finance facility is held with Orion Fund JV Limited, with an interest rate of 10% p.a. with \$5.4m remaining (this amount was paid in full on 4 October 2018)			
- A secured finance facility is held with MACA Limited, with an interest rate of 10% p.a. with \$14.3m remaining			
- On 25 September 2018, Blackham announced Lind Partners had agreed to invest up to A\$23m. Proceeds of \$6m being the first tranche of the initial \$7.5m convertible note security were received in early October			

9	<b>Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1	Exploration and evaluation	1,299
9.2	Development (incl. pre-production mining costs)	2,936
9.3	Production	27,641
9.4	Staff costs	4,170
9.5	Administration and corporate costs	461
9.6	Other	
	- Payments for plant and equipment	1,867
	- Interest payments	675
9.7	<b>Total</b>	<b>39,049</b>

<b>10.</b>	<b>Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	E63/1906 E63/1907 R63/0005	Scaddan Scaddan Scaddan	100% 100% 100%	0% 0% 0%
10.2	Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-

## 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:

Date: 24 October 2018

(Company Secretary)

Print name: Anthony Rechichi

## 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.