

22 March 2019

Dear Shareholder

RENOUNCEABLE PRO-RATA ENTITLEMENT ISSUE – NOTICE TO INELIGIBLE FOREIGN SHAREHOLDERS

This letter is to notify you that on 21 March 2019 Blackham Resources Limited ACN 119 887 606 (**Company**) announced a renounceable pro-rata entitlement issue of up to approximately 1,720,917,084 fully paid ordinary shares (**New Shares**) on the basis of 5 New Shares for every 4 fully paid ordinary shares (**Shares**) at an issue price of \$0.015 per New Share, together with 1 free attaching option (exercisable at \$0.03 on or before 12 October 2020) for every 3 New Shares issued (**New Option**), to raise up to approximately \$25.8 million (before costs) (**Entitlement Offer**) pursuant to a prospectus (**Prospectus**).

The Entitlement Offer is being made to all shareholders of the Company (**Shareholders**) registered at 7:00pm (Sydney time) on 26 March 2019 (**Record Date**) with a registered address in Australia, New Zealand or Panama.

The Entitlement Offer is fully underwritten, with Hartleys Limited and Morgans Corporate Limited acting as the joint lead managers (together, the **Joint Lead Managers**) and Hartleys Limited acting as the arranger of the underwriting. The Company has agreed to:

- (a) pay Hartleys Limited a fee of \$1,550,000 (being 6% of the total amount to be raised under the Entitlement Offer);
- (b) offer to the Joint Lead Managers (and/or their nominee) 100,000,000 New Options; and
- (c) offer of 5,000,000 New Shares to Hartleys Limited (or its nominee)

The funds raised from the Entitlement Offer will be applied towards:

- operational improvements to the existing Matilda-Wiluna Gold Operation (**Operation**) aimed at increasing production and margins;
- an Expansion Definitive Feasibility Study for the Operation aimed at increasing production and the Operation's margins and includes a definitive feasibility study for the following:
 - (a) **The Stage 1 Expansion** involving a proposed simple low capital addition of a flotation circuit to increase production and to allow gold production from

the Company's sulphide Reserves and provide flexibility to process both free milling or sulphide ores; and

- (b) **The Stage 2 Expansion** involving proposed new comminution, flotation and leach circuits and a refurbished BIOX® Plant to aim to increase ore processing throughput, gold production and lower operating costs,

including drilling and negotiation of offtake and funding arrangements;

- Resource and Reserve drilling on high priority targets;
- payment of amounts owed to MACA Limited and repayment of amounts owed to Lind Asset Management XIV LLC;
- ongoing working capital; and
- costs of the Entitlement Offer.

New Shares will rank equally with all fully paid ordinary shares in the capital of the Company already on issue.

On the basis that no optionholders of the Company exercise their options and the convertible note holder of the Company does not convert its convertible note before the Record Date, up to approximately 1,720,914,084 New Shares and 573,639,028 New Options will be offered under the Entitlement Offer.

A copy of the Prospectus was lodged with ASX on 21 March 2019 and is available on the ASX website (www.asx.com.au). Eligible Shareholders will be mailed a Prospectus together with an Entitlement and Acceptance Form no later than 28 March 2019.

Ineligible Foreign Shareholders

A Shareholder who has a registered address outside of Australia, New Zealand and Panama (**Ineligible Foreign Shareholder**) will not be eligible to participate in the Entitlement Offer.

You are not eligible to participate in the Entitlement Offer and you will not be sent a copy of the Prospectus. This decision has been made pursuant to Listing Rule 7.7.1(a) of the Listing Rules of ASX Limited after taking into consideration the costs of complying with the legal regulations in jurisdictions outside of Australia, New Zealand and Panama compared with the small number of Ineligible Foreign Shareholders and the number and value of New Shares and New Options to which they would otherwise be entitled.

For further information please contact Link Market Services Limited on +61 1300 330 255.

Yours faithfully

Anthony Rechichi
Company Secretary
Blackham Resources Limited