

26 February 2020

ASX Announcement

Equity funding secured for expansion and growth

- **\$26 Million share placement at 1.0c per share, with tier one international institutions supporting Blackham's expansion and growth strategy**
- **Proposed Fully Underwritten Non-Renounceable Entitlement Offer to raise up to \$26 Million at 1.0c per share**
- **Non-binding indicative term sheet for a project loan facility for an additional \$40 Million which would increase total funding to \$92 Million**
- **Stage 1 expansion and aggressive exploration programme for the next 18 months fully funded subject to completion of placements, completion of Non-Renounceable Entitlement Offer and finalisation of project loan facility**

The Directors of Blackham Resources Limited (Blackham or the Company) are pleased to announce a two-tranche Placement and a proposed, fully underwritten, non-renounceable Entitlement Offer to raise a total of \$52 Million, before costs (Capital Raising). Arlington Group Asset Management Limited has been appointed Lead Manager, and are being supported by Ironbridge Capital Partners LLP, and Tectonic Advisory Partners (acting through Ecoban Securities Corporation).

The Capital Raising comprises:

- a placement to sophisticated and professional investors using the Company's placement capacities, which does not require shareholder approval under ASX Listing Rule 7.1 and ASX Listing Rule 7.1A (**Tranche 1**);
- a placement to sophisticated and professional investors in excess of the Company's placement capacities under ASX Listing Rule 7.1 and ASX Listing Rule 7.1A, therefore requiring shareholder approval (**Tranche 2**); and,
- a non-renounceable pro-rata entitlement offer to existing shareholders.

The Company is particularly encouraged by the support of tier 1, international institutions who are participating in the Capital Raising, indicating their backing and endorsement of Blackham's expansion and growth strategy, and the renewed management team.

BOARD OF DIRECTORS

Milan Jerkovic - Executive Chairman
Neil Meadows – Operations Director
Greg Fitzgerald – Non-Executive Director
Tony James – Non-Executive Director

ASX CODE

BLK

CORPORATE INFORMATION

4,716M Ordinary Shares
674M Quoted Options
190M Unquoted Options

PRINCIPAL AND REGISTERED OFFICE

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In addition to the Capital Raising, the Company intends to pursue an indicative, non-binding term sheet it has executed with Mercuria Europe Trading Limited a large, European based trading group, for a A\$40m project loan facility. The Company is seeking to agree terms and obtain final credit approval from the potential lender in the coming months.

Assuming shareholders approve Tranche 2 and the Company successfully concludes the project loan facility negotiations, the total funding package of \$92m will enable the Company to progress its operating strategy to complement its existing free milling capacity to include the Stage 1 sulphide concentrate production and target an expanded production rate of 100-120,000oz per annum from early 2021¹.

The Company boasts a significant geological endowment with over 6.4 million ounces of combined free milling and sulphide mineralisation within its existing Mineral Resources². To extract maximum value from these Mineral Resources, the Company's goal is to reach +250,000oz per annum gold production with the optionality to process both styles of free-milling and sulphide mineralisation often seen within the same deposit.

To deliver this operating strategy and take advantage of the existing infrastructure, the Company intends to carefully apply capital in a staged approach. The first step, contributed to by the Capital Raising, includes securing the required funding to execute Stage 1 of the expansion plan. This step is intended to increase gold production to a level of approximately 100-120koz p.a.¹

Proceeds from the planned Entitlement Offer and the Tranche 1 Placement are intended to advance Stage 1 of the expansion plan and the following Company programs:

- Construction of a sulphide processing plant and associated infrastructure and mine development;
- drilling programme to expand reserves and resources;
- retirement of existing secured debt to refresh the balance sheet as a precursor to drawing down on a to be agreed project loan facility;
- feasibility work associated with Phase 2 expansion to target +250,000 oz. of annual gold production¹;
- ongoing regional and brownfields exploration program; and
- improvement of working capital position.

Share Placements

Tranche 1 raises approximately \$11.7 million (before costs) at \$0.01 per Share, and will be completed pursuant to ASX Listing Rule 7.1 (697,086,388 Shares) and ASX Listing Rule 7.1A (470,713,612 Shares). Tranche 1 proceeds, and allotment of Tranche 1 securities, is expected to occur on or about 2 March 2020.

Tranche 2 will seek to raise approximately \$14.3 million (before costs) and will comprise of an issue of up to 1,432,200,000 Shares at \$0.01 per Share, subject to shareholder approval at a general meeting of shareholders. A notice of meeting will be provided to shareholders in due course to convene a shareholder meeting.

Proposed, Fully Underwritten, Non-Renounceable Pro-Rata Entitlement Offer

Blackham is proposing to undertake the Entitlement Offer to raise \$26.2m (before costs) on the basis of 4 Shares for every 9 shares held at the record date at a subscription price of \$0.01 per Share. This proposed Entitlement Offer will be fully underwritten by entities associated with the Company's current largest shareholder, DELPHI Unternehmensberatung AG. Further details regarding the Entitlement Offer will be provided in due course.

¹ Refer to the Company's announcement dated 3 February 2020.

² Refer to the Company's announcement dated 27 September 2020.

The Company intends to perform a share consolidation following the Capital Raising.

Appendix 3Bs in respect of the proposed issues of securities pursuant to the share placement and non-renounceable entitlement issue will be lodged with ASX following this announcement. Details of the proposed timetable with respect to the entitlement offer will be included on the respective Appendix 3B.

This ASX announcement has been approved for release by the Board of Blackham Resources Limited.

For further information on Blackham please contact:

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The Company confirms that the form and context in which the Competent Persons findings are presented have not been materially modified from the original market announcements.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the respective announcements and all material assumptions and technical parameters underpinning the resource estimates with those announcements continue to apply and have not materially changed.

The Company confirms that all the material assumptions underpinning the production targets, and the forecast financial information derived from the production targets, in the initial public reports referenced in this announcement continue to apply and have not materially changed.

There is a low level of geological confidence associated with inferred mineral resources and there is no certainty that further exploration work will result in the determination of indicated mineral resources or that the production target itself will be realised.

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 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.