

**BOARD OF DIRECTORS**

**Bryan Dixon**  
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**Peter Rozenauers**  
(Non-Executive Director)

**ASX CODE**  
BLK

**CORPORATE  
INFORMATION**  
284.9M Ordinary Shares  
32.9M Unlisted Options  
4.2M Performance Rights

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

**P:** +61 8 9322 6418  
**F:** +61 8 9322 6398

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

**QUARTERLY REPORT**  
**September 2016**

The Board of Blackham Resources Limited ('Blackham' or 'the Company') is pleased to provide an update on its activities for the quarter ended 30 September 2016 and thereafter.

**HIGHLIGHTS INCLUDE:**

***Matilda Operations***

- Open pit mining commenced at the Matilda Mine in July
- Underground mining commenced at Golden Age in July
- Gold plant wet commissioning started in September with first gold production in October
- Focus on ramp up and optimisation of mining and the Wiluna Gold Plant

**Large gold resource 48Mt @ 3.3g/t for 5.1Moz (48% indicated):  
Large resource base provides flexibility and multiple mine  
planning opportunities**

***Expansion Study***

- Expansion Study underway aiming to grow production to 175-230kozpa and better monetise the large resource base

***Exploration***

- Discovery of additional mineralisation at a number of deposits including:
  - Extensions at Matilda Mine along strike and down dip
  - Extension of high grade ore in the upper levels of Golden Age
  - Definition of high grade plunging shoots at Bulletin
  - 25,000m Wiluna extension drilling program to be completed by December
- Resources and reserves currently being updated due to drilling success

***Corporate***

- \$25 million raised in placement to fast track expansion plans
- \$33.1m in cash at the end of the quarter
- \$8 million draw down on Orion debt facility
- Hedging completed - forwards 54,250oz @ A\$1,749/oz

# Matilda Gold Project, Western Australia

The Matilda Gold Project is located in Australia's largest gold belt which stretches from Norseman through Kalgoorlie to Wiluna. Blackham's 100% owned Wiluna Gold Plant is located in the centre of the Matilda Gold Project and can process up to 1.7Mtpa or ~100,000ozpa as indicated by the recently published definitive feasibility study (DFS). The expanded Matilda Gold Project now includes JORC 2012 Measured, Indicated and Inferred Resources of **48Mt @ 3.3g/t for 5.1Moz Au** (refer to ASX release 27<sup>th</sup> June 2016) within a 860km<sup>2</sup> exploration tenement package and has historically produced in excess of 4.3 million ounces.

Blackham is initially focused on the free-milling resources which it intends to process through the established low risk circuit of crushing, grinding, gravity and carbon in leach. The free-milling open pit Matilda deposits are planned to provide a base load feed stock for the Wiluna gold plant which will be supplemented by the high grade open pit and shallow underground quartz reef deposits

**Table 1: Quality of Mine Plan and Economics continue to improve**

	DFS	Revised Mine Plan
<b>Mining Inventory<sup>1</sup></b>	8.3Mt @ 2.9g/t for 767,000oz	<b>9.3Mt @ 2.9g/t for 873,000oz</b>
<b>Reserves<sup>1</sup></b>	6.1Mt @ 2.5g/t for 481,000oz	<b>7.0Mt @ 2.5g/t for 560,000oz</b>
<b>Initial Life of Mine</b>	7.3 years	<b>8.3 years</b>
<b>Average Annual Production<sup>2</sup></b>	101,000ozpa	<b>103,000ozpa</b>
<b>C1 Cash Costs<sup>3</sup></b>	A\$850/oz	<b>A\$800/oz</b>
<b>ASIC Costs<sup>4</sup></b>	A\$1,160/oz	<b>A\$1,120/oz</b>

1) at A\$1,600/oz

2) Average production over the first 5 years

3) C1 Cash Costs include all mining, processing and general & administration costs over the first 5 years

4) ASIC includes C1 Cash Costs plus royalties, refining cost & sustaining capital over the first 5 years

## Operations

During October 2016 the Company announced that it had completed its first gold pour at the Matilda Gold Project. The first pour of gold was a significant milestone for the Blackham team which has achieved so much in the 16 months since the Orion funding deal including:

- Completing a preliminary and a definitive feasibility study
- Obtaining mining and environmental approvals
- Recruiting a high performance operations team
- Selecting and appointing contractors to commence mining in both the Matilda open pits and the Golden Age underground
- Installing and commissioning a new diesel power station
- Refurbishing and commissioning Stage 1 of the Wiluna Gold Plant and building and commissioning the new tailings storage facility

The Wiluna Gold Plant refurbishment was completed by Interquip as the Structural, Mechanical and Piping (SMP) contractor and Practon being the Electrical & Instrumental (E&I) contractor.

Mining at both the Matilda open pit and the Golden Age underground mine is now ramping up and plant optimisation of both throughput and recovery are now underway with a view to maximising mining and plant performance. Blackham is now entering the next phase of ramp up to commercial production as quickly as possible.

## Open Pit

During the September quarter 1.71 million BCM's of material was mined by MACA Ltd, the open pit mining contractor. Mining focused on removal of overburden to open up ore sources from both the Matilda M10 and M3 pits. Most ore mined to date has been from the lower grade laterite and depletion zones at the top of the pits. The M10 pit is now through the depletion zone (1077.5RL) and mining the main higher grade structure.

Open Pit Mining for Sep'16 Quarter		
Ore	T	46,886
Ore	BCM	22,327
Au	g/t	0.7
Waste	BCM	1,650,797
<b>Total Material</b>	<b>BCM</b>	<b>1,708,223</b>

## Underground

Pybar Mining Services is the underground mining contractor. Underground mining for the quarter focused on lateral development around the old Golden Age stopes. There are currently 3 jumbos on site focused on development and rehabilitation activities with ore currently being mined from 3 development headings. Visible gold has also been observed on the 980 development level.

Underground Mining for Sep'16 Quarter		
Ore Mined	t	1,720
Au Grade Mined	g/t	4.4
Total Lateral development	m	517

Mining from the open pits, underground and existing stockpiles has resulted in gold stockpiles of 229,000t @ 1.32g/t for 9,700oz (at 30 Oct 16) available for milling. Current stockpiles represent over 6 weeks of production.

## Resources

Measured, Indicated and Inferred Resources for the Matilda Gold Project of **48Mt @ 3.3g/t for 5.1Moz Au** were reported to the ASX on 27<sup>th</sup> June 2016. A breakdown of the resources by area is given in Table 2.

**Table 2: Matilda Gold Project 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 Mine	0.2	2.1	13	7.8	1.8	447	5.1	1.6	261	13.1	1.7	721
Western/ Bulletin Shear				5.7	5.6	1031	5.4	5.2	924	11.3	5.4	1955
Eastern Shear				3.4	5.4	595	3.4	4.3	479	6.8	4.9	1075
Moonlight Shear				0.4	3.4	47	3	4.6	451	4.0	4.5	498
Golden Age				0.4	4.5	51	0.9	3.7	107	1.3	3.8	158
Galaxy				0.4	3.1	42	0.4	2.2	25	0.8	2.7	68
Williamson Mine				3.3	1.6	170	3.8	1.6	190	7.1	1.6	360
Regent				0.7	2.7	61	3.1	2.1	210	3.8	2.2	271
<b>Total</b>	<b>0.2</b>	<b>2.1</b>	<b>13</b>	<b>22</b>	<b>3.4</b>	<b>2,444</b>	<b>25</b>	<b>3.3</b>	<b>2,647</b>	<b>48</b>	<b>3.3</b>	<b>5,106</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.*

## Reserves

Mining studies based on the resources have been completed for the Golden Age Underground, Matilda, Galaxy and Williamson open pit mines (refer to ASX announcement dated 17<sup>th</sup> June 2016). Only the Measured and Indicated portions of the Mineral Resource were used to estimate the Ore Reserve with all Inferred material set to waste. The Ore Reserve is technically and economically viable without the inclusion of Inferred Mineral Resource material. Total Proven and Probable Reserves for the Matilda Project are 7.0Mt @ 2.5g/t for 560,000 ounces (Table 3).

**Table 3: Matilda Gold Project Reserves June 2016**

Mine	Category	Tonnes	Mined g/t	Reserve Oz
Matilda Mine	Proven	195,000	1.9	12,000
Matilda Mine	Probable	3,297,000	1.8	192,000
Golden Age	Probable	112,000	6.0	21,000
Galaxy	Probable	338,000	2.8	30,000
Williamson	Probable	1,517,000	1.4	69,000
Bulletin Sulphides	Probable	938,000	4.7	142,000
East-West Sulphides	Probable	516,000	5.2	87,000
Stockpiles	Probable	124,000	1.7	7,000
<b>Total Proven Reserves</b>		<b>195,000</b>	<b>1.9</b>	<b>12,000</b>
<b>Total Probable Reserves</b>		<b>6,842,000</b>	<b>2.5</b>	<b>548,000</b>
<b>Total Reserves</b>		<b>7,037,000</b>	<b>2.5</b>	<b>560,000</b>

Calculations have been rounded to the nearest 1,000 t of ore, 0. 1 g/t Au grade and 1,000 oz. Au metal.

### Open Pit Mining Inventory & Reserves

The open pit mine plan currently comprises **5.8Mt @ 1.7g/t for 324,000oz** (including stockpiles) of shallow free milling ore to be mined over the first 4 years of which only 14,000oz (approx. 4%) are classified as Inferred Resources. The open pit Reserves comprise 5.5Mt @ 1.8g/t for 310,000oz (refer to ASX release 17<sup>th</sup> June 2016).

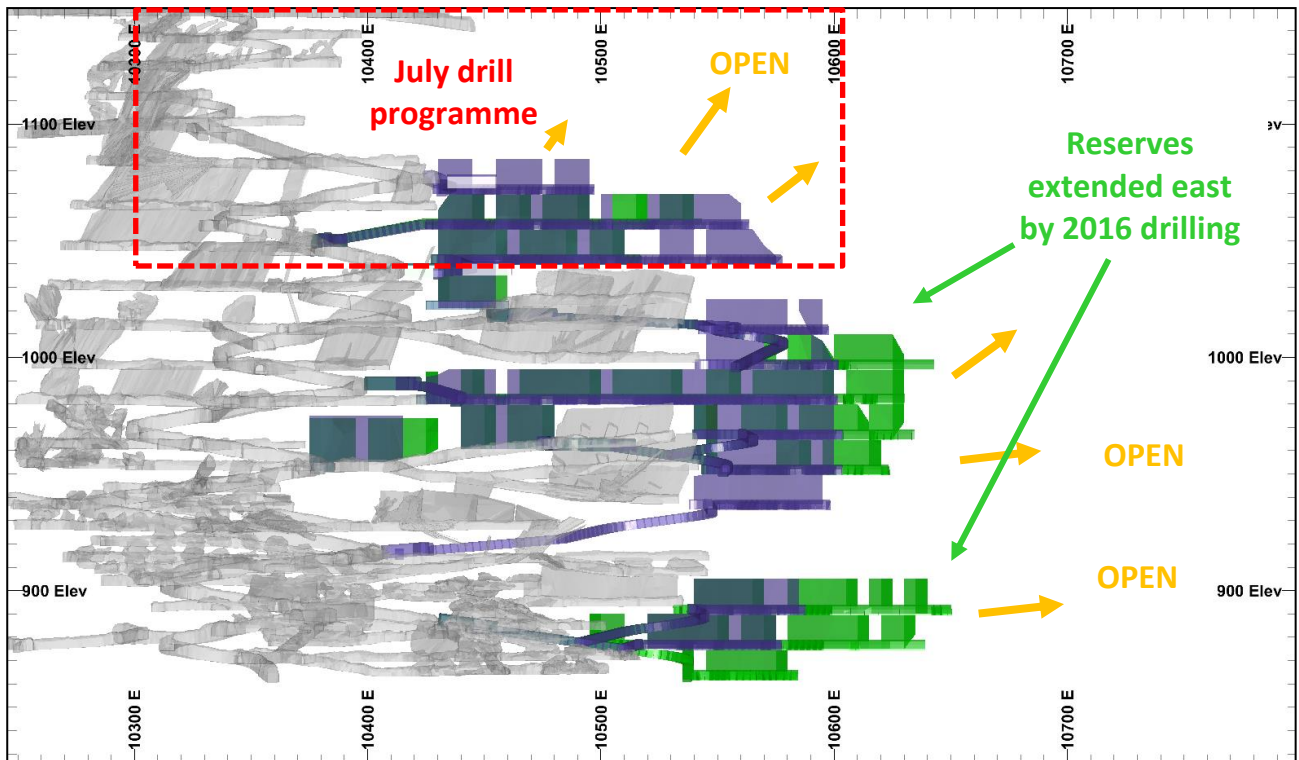
### Underground Mining Inventory & Reserves

#### Golden Age

Blackham has commenced underground development of the high grade Golden Age orebody. The Golden Age initial mine plan consists of **206,000 @ 5.8g/t for 38,000oz** of free milling ore which will be mined over the first 2 years and remains open both to the east and up dip. The Golden Age Reserve comprises 112,000t @ 6.0g/t for 21,000oz (refer to ASX release 17<sup>th</sup> June 2016). The Golden Age reef has existing access via the Bulletin decline and has mining infrastructure in place and good geotechnical conditions which has allowed easy re-entry to the mine. The average stope width is 1.5m.

The Golden Age Reserve design is illustrated in Figure 1. Surveyed as-mined voids are shown as grey, the February 2016 Reserve design is shown in blue, and the June 2016 Reserve design is coloured green in this diagram. The 2016 drilling and upgraded resource has been successful in converting Inferred into Indicated Resources driving stopes further east.

The Golden Age resources and reserves are currently being re-estimated based upon the latest successful drill results.



**Figure 1: Golden Age Long-Section Looking North with June 2016 Reserve Estimate Design (Green) Compared to February 2016 Reserve Estimate Design (Blue).**

## Expansion Study

Now that the Company has successfully completed the commissioning of the Wiluna plant, culminating in its first gold pour, the next phase is to optimise the current plant capacity and production to nameplate Stage 1 of 100,000 ozpa.

During the quarter, the company commenced pre-feasibility studies aimed at increasing production to between 175,000 and 230,000 ozpa. The expansion study has targeted this as a production goal in the next two years mainly through the treatment of the Wiluna sulphides which have current Measured, Indicated and Inferred Resources of 3.5Moz. @ 5.8 g/t (refer to ASX release dated 27<sup>th</sup> June 2016). Unlocking the value of these sulphides is a crucial part of this strategy which involves increasing mining output and increasing the capacity of the mill by running the sulphide circuit in conjunction with the current operating free milling circuit.

To date the company has focused on the mining and processing of the soft free milling ore as a low risk strategy to cash flow and debt repayment. The aggressive exploration programme currently in progress is aimed at both significant conversion of resource to reserves as well as extensions to know ore bodies.

## **Exploration and Reserve Conversion**

Exploration during the quarter focused on drilling along strike and down dip of mineralisation at Matilda and at Wiluna. A large program of RC and diamond drilling commenced around the Wiluna deposits as part of the Expansion Study which is looking at the potential to exploit open pit resources by cutting back existing pits. A total of 15,006m of RC and 4,298m of diamond drilling were completed during the quarter.

## **Wiluna Mine**

Underground diamond drilling continued during the quarter targeting the Bulletin and Golden Age orebodies, with 52 holes drilled for 4,009m completed.

Surface drilling testing strike and depth extensions to mineralisation to determine the potential for cut backs on the existing pits commenced during the quarter. A total of 7,423m of RC and 289.2m of diamond drilling were completed.

Three Dipole-Dipole (DDIP) survey lines were completed on the Adelaide-Moonlight shear to provide 'proof of concept' over the known resource areas. These have identified chargeability anomalies that appear to represent known mineralisation in places, as well as potential new targets. These targets will be tested with RC and diamond drilling in the December quarter.

## **Bulletin**

Drilling at Bulletin focussed on in-filling the target area adjacent to the historical stopes, with assays received demonstrating the continuity of high-grade, steeply south-plunging shoots. Results from this drilling were released to the ASX on the 16th August 2016. Significant results included:

- **6.0m @ 26.4 g/t** (BUUD0036),
- **15.6m @ 7.51 g/t** (BUUD0014)
- **8m @ 7.05 g/t** (BUUD0028) and
- **13m @ 5.6g/t** (BUUD0042)

This drilling is expected to upgrade the resource in the area to Indicated from areas that were either Inferred or unclassified.

## **Golden Age**

Drilling at Golden Age during the quarter focussed on in-filling remnant resource extensions from Levels 8 and 15 (Figure 2). Results indicate that additional high grade ore exists between and along strike from existing stopes with better results including:

- **1.9m @ 38.6 g/t** (GAUD0063)
- **3.7m @ 17.1 g/t** (GAUD0062) and
- **2.0m @ 13.4 g/t** (GAUD0026)

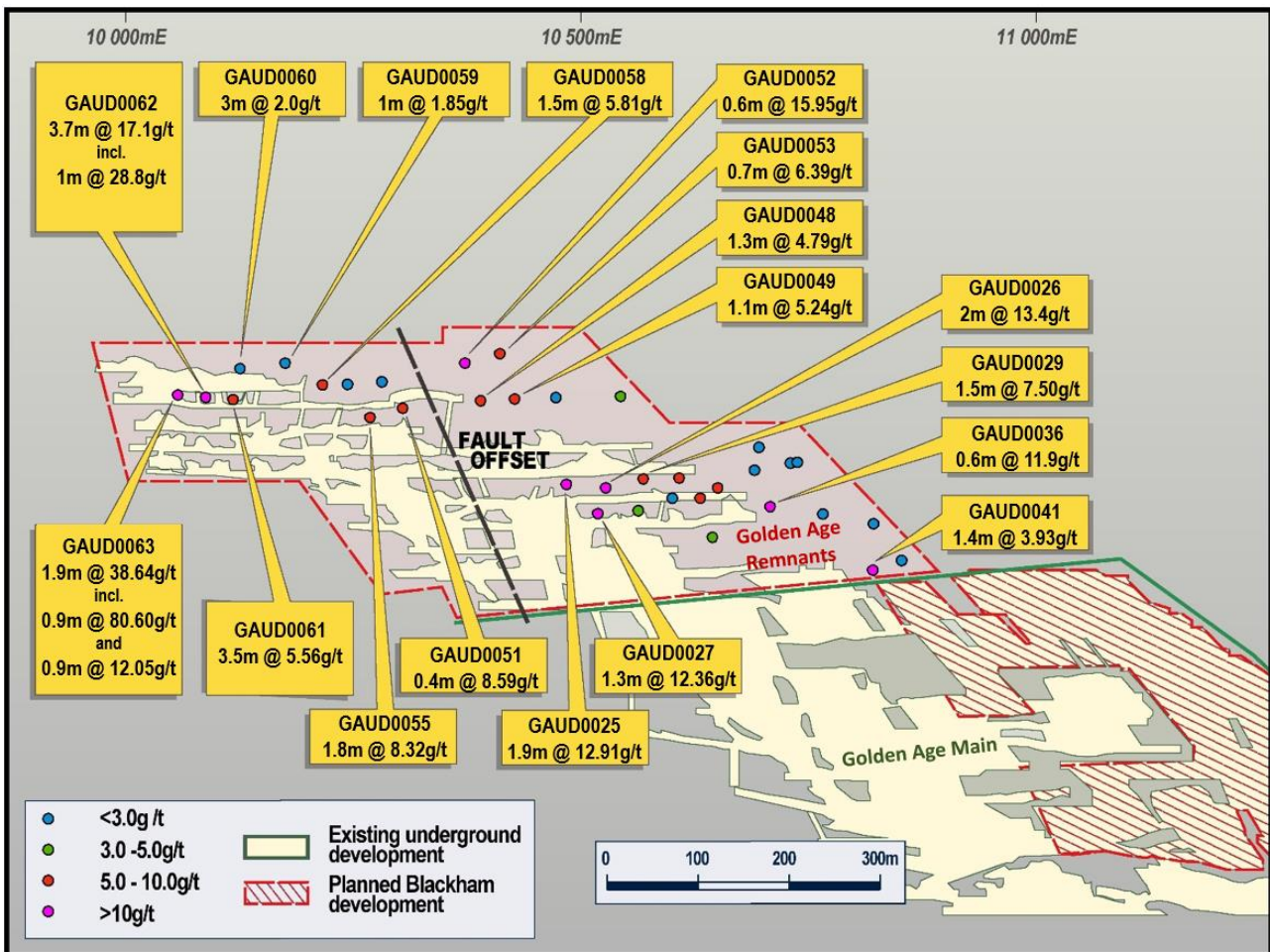


Figure 2: Results of drilling from Golden Age

Additional mineralisation has also been intersected in several holes along strike from the Lennon sulphide lode including:

- **6.0m @ 5.15 g/t** (GAUD0061)
- **6.1m @ 10.50 g/t** (GAUD0062) and
- **12.0m @ 7.40 g/t** (GAUD0063)

Refer to ASX release dated 24th August for a summary of all the results.

### Matilda Mine Exploration

RC drilling during the quarter targeted extensions to the M6 and M3 deposits as well as testing for continuity of mineralisation between the M1 and M5 pits where RC drilling was limited. A total of 7,583m of RC drilling was completed during the quarter.

Significant shallow mineralisation has been intersected in drilling between the M1 and M5 pits. Better intercepts include:

- **7m @ 3.06 g/t** (MARC0488),
- **4m @ 5.44 g/t** (MARC0497) and
- **14m @ 1.41 g/t** (MARC0501).

RC drilling is limited between the M1 and M5 pits and results from this drilling indicate that there is the potential that mineralisation may be continuous between the two pits which make the mining economics significantly more attractive by lowering the stripping ratios.

Drilling along strike from M3 has intersected broad zones of mineralisation on adjacent sections including:

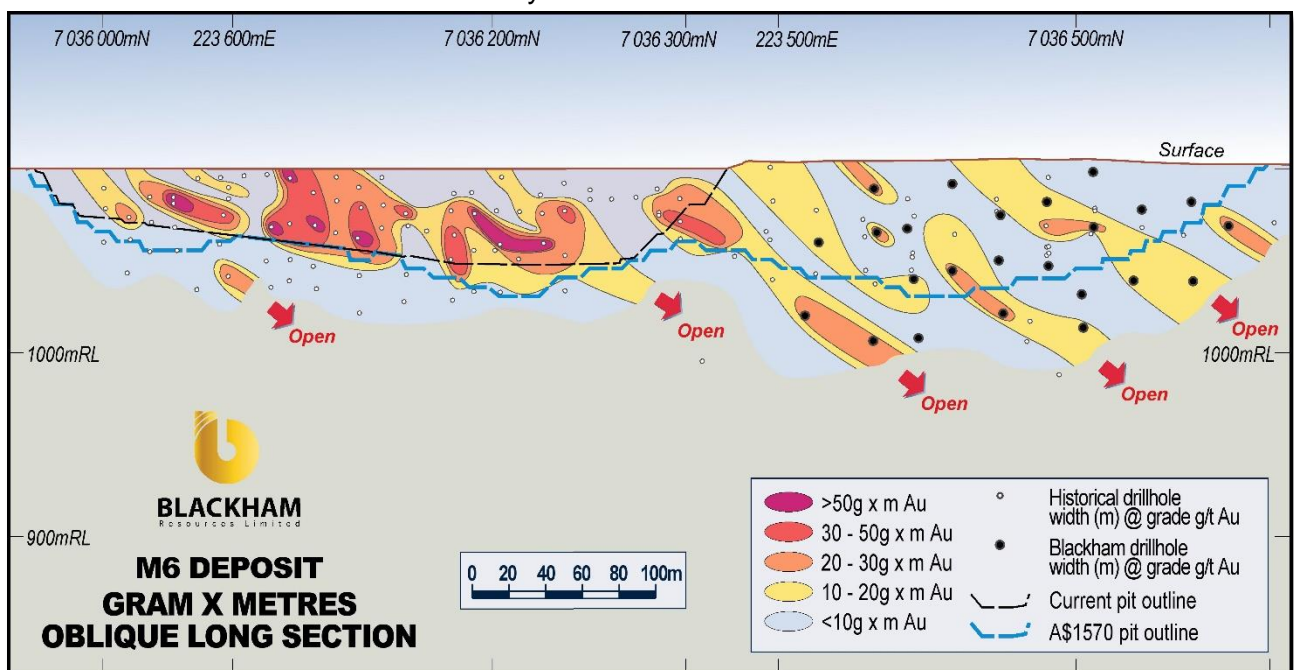
- **21m @ 3.24 g/t** (MARC0511) and
- **12m @ 1.44 g/t** from 120m.

Reinterpretation of the mineralisation based on these new results is ongoing and will be used for new pit optimisations to determine whether it can be mined by cut backs on the existing M3/M4 pit.

Infill and extensional drilling at M6 North has confirmed the presence of plunging shoots along strike of the M6 pit (Figure 3). Significant mineralised intervals intersected in this drilling include:

- **11m @ 2.47 g/t** (MARC0523),
- **12m @ 1.77 g/t** (MARC0538),
- **8m @ 2.74 g/t** (MARC0534) and
- **5m @ 4.46 g/t** and **2m @ 2.67 g/t** (MARC0533).

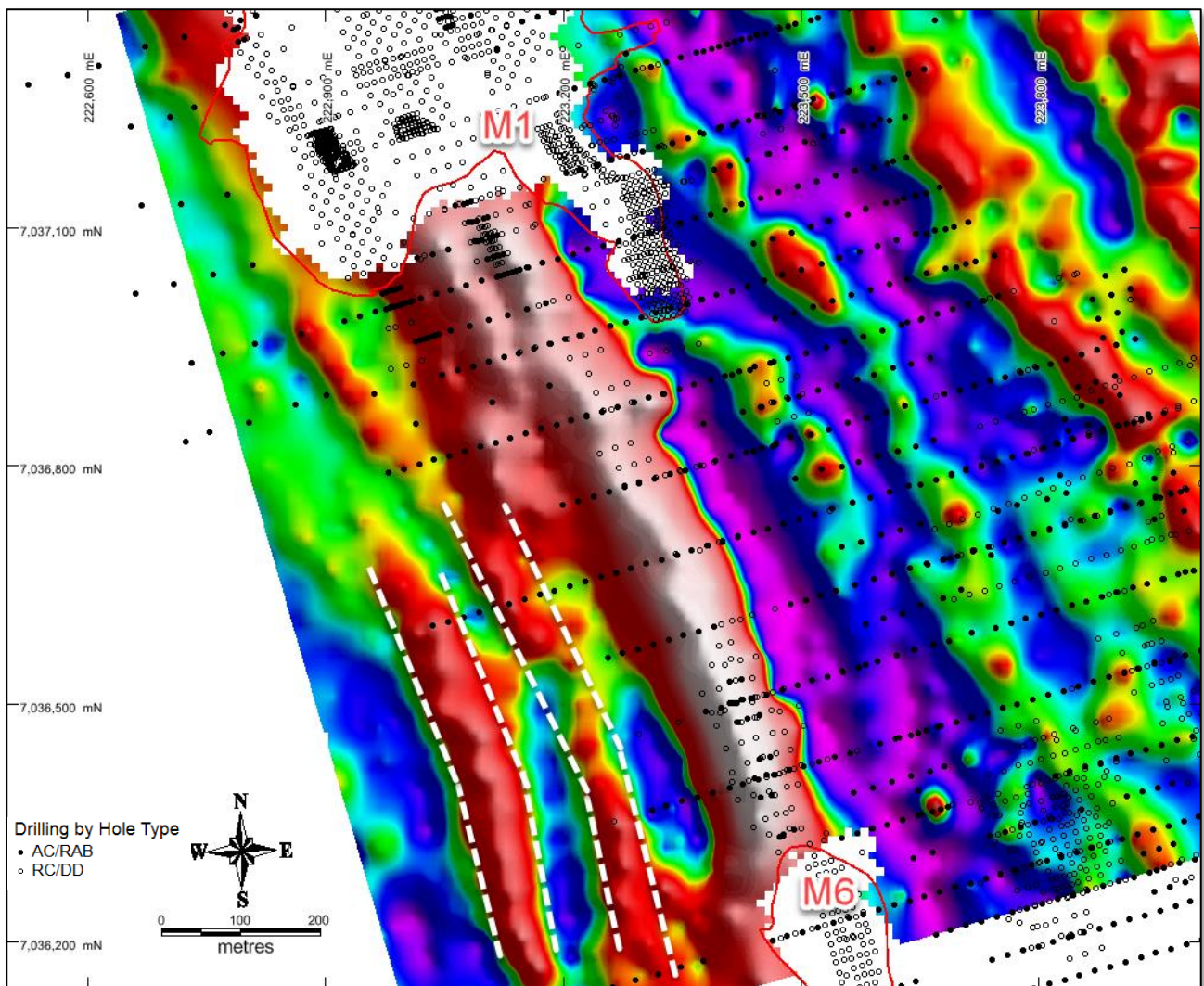
The initial mining optimisation study has confirmed favourable economics for the M6 pit to come into the mine plan. Mine designs are currently in progress and further extensional drilling is being planned between the optimised M6 pit and the M1 pit immediately to the north. Refer to ASX release dated 27<sup>th</sup> October for a summary of all the results.



**Figure 3: Long Section A-A' through M6 looking west. The A\$1570 pit optimisation shown is based on previous drilling and likely to expand as a result of this new drilling.**

Results from the Gradient Array IP survey covering 1.5 x 1.5km grid over known mineralisation at M6 and M10 have been received (Figure 4). These show that M6 North occurs within a highly chargeable unit that extends striking north-northwest, with two further poorly drilled parallel structures visible further to the west. These chargeability anomalies are essentially untested with drilling and require follow up.





**Figure 4: Plan view of Matilda Gradient Array IP chargeability image showing drillhole collars. White dotted lines show untested chargeability targets. Red polygons are mined pit crests.**

High-grade gold assays have been returned from selective rock chip samples testing subcropping quartz veins located approximately 3km south of the Matilda mine. A total of 10 samples were collected at five separate locations (Figure 5). All samples returned anomalous results ranging between 0.48g/t and 13.9g/t Au with 7 samples returning assays greater than 1g/t.

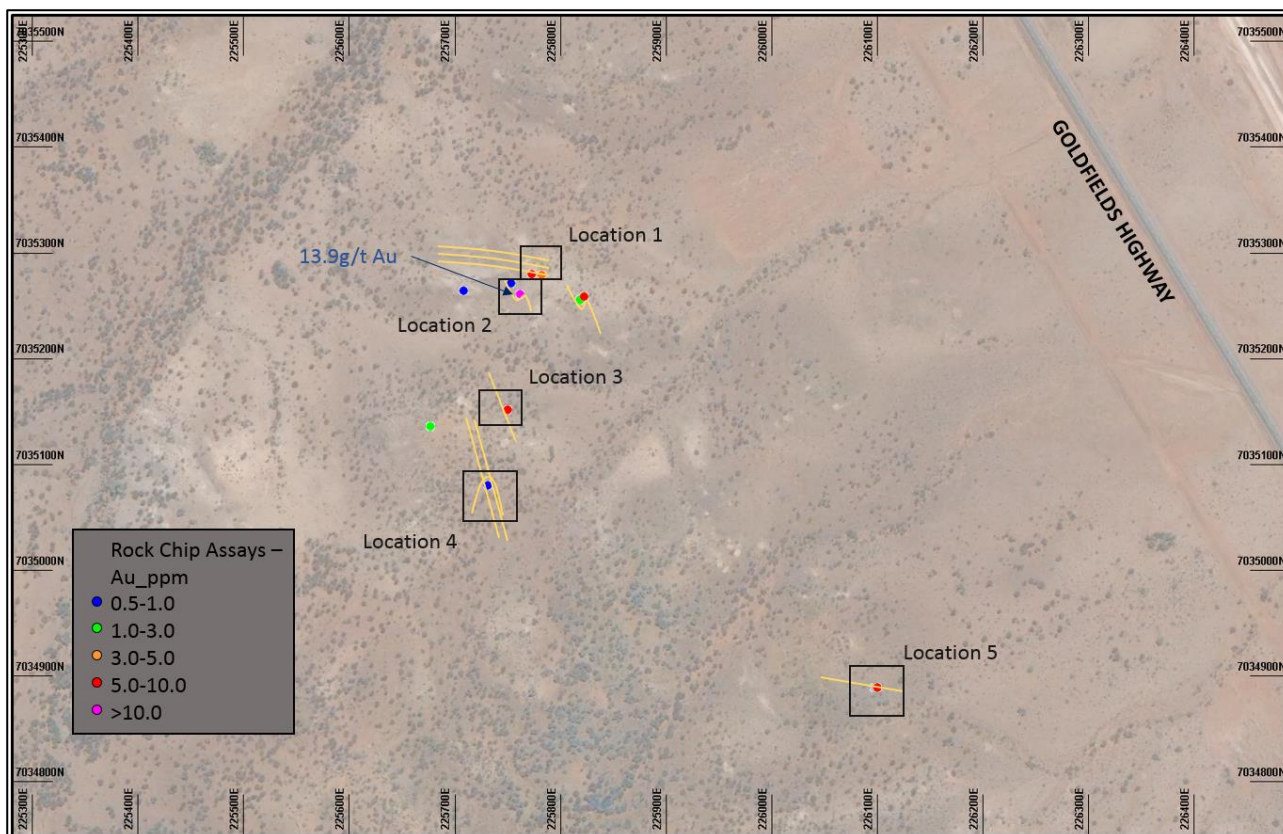


Figure 5: Location and gold grades of selective rock chip samples south of Matilda

## Corporate

### Placement

During the quarter the Company raised \$25 million through a placement at \$1.00 per share. The raising was oversubscribed and received strong institutional support. Canaccord Genuity (Australia) Ltd acted as the Lead Manager and book runner and Petra Capital acted as Co-Manager to the placement.

The placement proceeds will be used at Blackham's 100% owned 5.1Moz Matilda Gold Project with the aim to:

- expand the oxide and free milling resources and reserves
- grow the sulphide open pit and underground mine plan and reserves
- fast track the plant expansion study and sulphide circuit refurbishment
- strengthen the balance sheet and increase working capital

### Gold Price Risk Management

During the quarter the company forward sold a further 34,250oz of gold at an average price of A\$1,774 per oz. Blackham's total gold hedge commitments represent 35% of the forecast production over the next 18-month period and are as follows:

Quarter	Oz	Average AUD price per oz
Q4-16	20,000	\$1,704
Q1-17	6,750	\$1,770
Q2-17	7,500	\$1,772
Q3-17	7,500	\$1,775
Q4-17	7,500	\$1,777
Q1-18	5,000	\$1,779
<b>Total</b>	<b>54,250</b>	<b>A\$1,749</b>

At the end of the quarter, the Company was well funded with \$33.1 million in cash. The Company has \$38.2 million in debt (including accrued interest). During the quarter, the Company drew down the final \$8 million of the Orion debt facility.

During the quarter Petra Capital, Canaccord Genuity and The Sophisticated Investor updated their analyst reports on Blackham which can be found at <http://blackhamresources.com.au/>.

Blackham now has a market cap over A\$199 million. The Company's enterprise value is \$40/resource ounce.

For further information on Blackham please contact:

Bryan Dixon  
 Managing Director  
 Blackham Resources Limited  
 Office: +618 9322 6418

Jim Malone  
 Investor Relations  
 Blackham Resources Limited  
 Office: +618 9322 6418

#### **Competent Persons Statement**

*The information contained in the report that relates to Exploration Targets and Exploration Results at the Matilda Gold Project is based on information compiled or reviewed by Mr Bruce Kendall, who is a full-time employee of the Company. Mr Kendall 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 Kendall 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 Gold Project 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 14 March 2016, 17 June 2016 and 27 June 2016 continue to apply and have not materially changed.*

*The information contained in the report that relates to Ore Reserves at the Matilda Gold Project is based on information compiled or reviewed by Matthew Keenan. Mr Keenan confirmed that he has read and understood the requirements of the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012 JORC Edition). He is a Competent Person as defined by the JORC Code 2012 Edition, having more than five years' experience which is relevant to the style of mineralisation and type of deposit described in the Report,*

and to the activity for which he is accepting responsibility. Mr Keenan is a Member of The Australasian Institute of Mining and Metallurgy, has reviewed the Report to which this consent statement applies and is a full time employee working for Entech Pty Ltd having been engaged by Blackham Resources Ltd to prepare the documentation for the Matilda Gold Project on which the Report is based, for the period ended 13 June 2016. He disclosed to the reporting company the full nature of the relationship between himself and the company, including any issue that could be perceived by investors as a conflict of interest. Mr Keenan verifies that the Report is based on and fairly and accurately reflects in the form and context in which it appears, the information in his supporting documentation relating to Ore Reserves.

### **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 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 2016**

<b>Project</b>	<b>Tenement</b>	<b>Interest held by Blackham</b>
Scaddan	E63/0521	70%
Scaddan	E63/1145 to E63/1146	70%
Scaddan	E63/1202 to E63/1203	70%
Scaddan	E63/1734	100%
Scaddan	E63/1780	100%
Scaddan	E74/0561	100%
Scaddan	M63/0192 to M63/0194	70%
Zanthus	E69/2506	20% of basement rights, 100% above basement
Matilda	E53/1290	100%
Matilda	E53/1297	100%
Matilda	E53/1644	100%
Matilda	E53/1791	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%
Matilda	P53/1559	100%
Matilda	E53/1287	100% of gold and base metal rights
Wiluna	E53/1853	100%
Wiluna	E53/1862 to E53/1863	100%
Wiluna	M53/0797 to M53/0798	100%
Wiluna	P53/1637	100%
Wiluna	E53/1288	100% of gold and base metal rights
Wiluna	M53/0045	100% of gold and base metal rights
Wiluna	M53/0049	100% of gold and base metal rights
Wiluna	M53/0113	100% of gold and base metal rights
Wiluna	M53/0121 to M53/0123	100% of gold and base metal rights
Wiluna	M53/0147	100% of gold and base metal rights
Wiluna	M53/0224	100% of gold and base metal rights
Wiluna	M53/0253	100% of gold and base metal rights
Wiluna	M53/0796	100% of gold and base metal rights
Wiluna	M53/0910	100% of gold and base metal rights
Wiluna	P53/1355 to P53/1357	100% of gold and base metal rights
Wiluna	P53/1372	100% of gold and base metal rights
Wiluna	P53/1396 to P53/1397	100% of gold and base metal rights
Wiluna	G53/0021 to G53/0022	100% of gold and base metal rights
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%
Wiluna	L53/0050	100%
Wiluna	L53/0053	100%
Wiluna	L53/0077	100%

<b>Project</b>	<b>Tenement</b>	<b>Interest held by Blackham</b>
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%
Wiluna	P53/1560	100%
Wiluna	P53/1637	100%
Wiluna	R53/0001	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

### ABN

18 119 887 606

### Quarter ended ("current quarter")

30 September 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(3,824)	(3,824)
(b) development	(23,473)	(23,473)
(c) production	-	-
(d) staff costs	(383)	(383)
(e) administration and corporate costs	(643)	(643)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	111	111
1.5 Interest and other costs of finance paid	(13)	(13)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(28,225)</b>	<b>(28,225)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(786)	(786)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	(716)	(716)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
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)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(1,502)</b>	<b>(1,502)-</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	25,000	25,000
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	405	405
3.4 Transaction costs related to issues of shares, convertible notes or options	(1,536)	(1,536)
3.5 Proceeds from borrowings	8,000	8,000
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	(938)	(938)
3.8 Dividends paid	-	-
3.9 Other (provide details if material)		
- Finance lease repayments	(36)	(36)
<b>3.10 Net cash from / (used in) financing activities</b>	<b>30,895</b>	<b>30,895</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	31,942	31,942
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(28,225)	(28,225)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(1,502)	(1,502)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	30,895	30,895
4.5 Effect of movement in exchange rates on cash held	-	-
<b>4.6 Cash and cash equivalents at end of period</b>	<b>33,110</b>	<b>33,110</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 accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	12,606	6,442
5.2 Call deposits	20,504	25,500
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>33,110</b>	<b>31,942</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	266
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	

7. <b>Payments to related entities of the entity and their associates</b>	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	713
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	

Interest and financing charges as per the terms of the Orion Project Facility.

## Mining exploration entity and oil and gas exploration entity quarterly report

<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	36,000	36,000
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:

- \$13m Non-Amortising Loan with an interest rate of 12% p.a.; and
- \$23m Project Finance Facility with an interest rate of 10% p.a.

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	2,900
9.2 Development	16,000
9.3 Production (commenced in Oct 2016)	21,000
9.4 Staff costs	470
9.5 Administration and corporate costs	460
9.6 Other (provide details if material)	
<b>9.7 Total estimated cash outflows</b>	<b>40,830</b>

<b>10. 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				
10.2 Interests in mining tenements and petroleum tenements acquired or increased	E53/1791	Matilda	0%	100%
	E53/1852	Matilda	0%	100%
	E53/1853	Wiluna	0%	100%
	E53/1863	Wiluna	0%	100%
	E63/1780	Scaddan	0%	100%
	G53/0021	Wiluna	0%	100%
	G53/0022	Wiluna	0%	100%
	M53/1097	Galaxy	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 October 2016

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.