

Blackham Resources Ltd: Operations and Corporate Update

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Perth, Australia - [Blackham Resources Ltd.](#) (ASX:BLK) (FRA:NZ3) (OTCMKTS:BKHRF) is pleased to provide an operations and projects update.

Mining and Processing

Blackham's operations have been constrained in the first two months of the March 2020 quarter due to seasonal weather impacts (cyclones Blake and Damien), equipment issues and shortages of qualified operators resulting in mining production being below plan. Importantly, Stage 1 Expansion will enable the Company to mitigate the disruption caused by seasonal weather going forward, by allowing high-grade stockpiles to be built. Furthermore, with the increasing focus and expansion of underground mining, weather will become less of an issue.

The production impacts that resulted in reduced mine material movement, and in-turn, gold production, have narrowed FY 2020 guidance to the low end of gold production expectations, which will impact unit costs.

March production has increased due to better weather conditions, new equipment being introduced and commissioned, as well as improved availability of qualified operators. Together these factors have seen the gold production rate returning to expected levels and this will allow a stronger operational finish to the financial year.

Mining and stripping development has continued in multiple mining areas, which is expected to provide both short and long-term ore supply of free milling ore into FY 2021. Access to high-grade free milling ore is expected to continue to increase over the coming months.

At the Golden Age underground mine, the transition to a new equipment supplier has resulted in a turnaround in operational performance and will allow a material uplift in mining rates to be achieved for the remainder of FY 2020 and beyond.

Stage 1 Expansion

New Tailing Storage Facility

Construction of the new tailings storage facility "TSF K" is nearing completion. This construction program is the first stage of construction of a ten-year capacity tailings storage facility. The first stage is designed to hold approximately 2.5 years of tailings produced from the Wiluna processing plant.

Replacement of Ball Mill Motor

The old underperforming mill motor was replaced by a new motor in early February and has resulted in increased stable processing rates.

Refurbishment of the Rod Mill

Refurbishment of the rod mill was completed and successfully recommissioned in February. The rod mill is providing approximately a 20% increase in grinding circuit capacity and a commensurate increase in ore throughput. Its benefit to the Wiluna operations will especially be seen when we begin milling the harder ore from the Williamson pit which will increase in the June quarter.

Dewatering of Pits and Underground

Dewatering activities to enable access to the underground areas for development has been accelerated and is on target to meet the Stage 1 Expansion time line.

Offtake Demand Strong

Demand has continued to be strong for the offtake of the gold concentrate with numerous parties making

preliminary offers to Blackham. The Company announced the first offtake sales contract recently with Trafigura (see ASX announcement dated 2nd March 2020), for approximately 30% of the concentrate and is in advanced discussions for the balance of the offtake.

Exploration "Under the Headframe" delivering excellent results

We are pleased to report strong results from the recently commenced 45,000m drilling programme targeting high-grade shallow shoots, initially at the Essex zone. Essex is located just 200m from surface, close to existing infrastructure, and requires minimal dewatering and rehabilitation to access the high-grade ore.

The results affirm the strategy of targeting the high-grade ore under the headframe at the Wiluna Mine, to underpin an expansion of reserves ahead of Stage 1 Sulphide Expansion production. Results to date include;

WURC0804 26m @ 15.69g/t from 182m

WURC0804: 21m @ 7.04g/t from 196m

WURC0823: 16m @ 3.72g/t from 254m incl. 4m @ 8.23g/t, and 2m @ 6.51g/t

WURC0824: 8m @ 10.10g/t from 225m

*Hole WURC0804: 21m @ 7.04g/t from 196m is directly underneath an intercept previously reported WURC0804 26m @ 15.69g/t from 182m and is open at depth (refer ASX announcement 21st February and 17th March 2020).

Corporate

New additions to the leadership team

Following recent changes to the Executive team which included internal promotions of Neil Meadows into the role of Operations Director and Cain Fogarty as General Manager of Geology, the Company has further strengthened its operational and leadership capability with four outstanding professionals joining the Company. Graham Younge has been appointed Underground Manager, Graham De La Mare has been appointed Chief Resource Geologist, Peter Johansen has been appointed Chief Mine Geologist and Travis Craig has been appointed Exploration Manager.

Mr Younge is a seasoned Underground Manager with a demonstrated track record, both internationally and within Australia, and for both mining contractors and mining companies. He has previously held General Manager and Mining Manager positions with companies such as Lundin Mining, Integra Mining, BHP Billiton, Xstrata, Barrick Gold and HWE Mining. Mr Younge is a WASM graduated Mining Engineer who holds a Quarry Managers Certificate and a First-Class Mine Managers Certificate of Competency.

Mr De La Mare is a qualified geologist with over 26 years of experience in the mining industry with a strong background in mine geology, mineral resource estimation and geostatistics, including substantial experience in gold and nickel mining operations. Mr De La Mare has 8 years consulting experience and was previously Principal Geologist with global consultant group, Runge Pincock Minarco. He has managed and overseen both corporate and operational mine geology and resource teams.

Mr Johansen brings over 30 years of experience in the mining industry, most recently as Mineral Resource Manager with Gold Fields Australia, leading geology and exploration teams in the successful growth of the reserve base through the discovery and evaluation of in-mine mineral resources and optimal extraction plans for mineral reserves.

Mr Craig has extensive gold exploration experience in Western Australia within numerous premier gold regions and overseas, with significant achievements in Saudi Arabia, Africa, PNG and Indonesia. Mr Craig was most recently the General Manager of Geology at Echo Resources which was taken over by Northern Star in December 2019 for A\$243 million. The Wiluna Mine is located 100km north west of Echo's 1.8 million ounce Yandal Gold Project and 60km south west of Northern Star's Jundee Mine.

\$92 Million Funding Package

The Company recently announced a funding package of up to \$92 million. This funding is by way of a Placement of \$26 million in two tranches (T1 of \$11.67 million completed with funds received, T2 funds committed subject to shareholder approval at a General Meeting to be held on 6 April), and a fully underwritten Entitlement Issue of \$26.1 million which has commenced and will close on 26 March. Both the

placement and entitlement issue will be at a price of \$0.01.

The Entitlement Issue is fully underwritten by our major shareholder Delphi.

Following the closure of the \$52 million equity issue in April, Blackham expects to finalise a \$40 million project finance proposal for its Stage 1 Expansion it has received from major international group, Mercuria.

The funding package will allow the Company to finalise the Stage 1 Sulphide Expansion Project which will result in the company producing between 100kozpa and 120kozpa in concentrate and gold ore. The engineering design for the sulphide flotation plant is close to completion, as are considerations of transport logistics for the containerised concentrate product. The construction of the concentrator and filtration plant is expected to take 11 months from approval.

Favourable Hedging Position

Blackham's gold production remains largely unhedged, with current forward sales contracts of only 10,991oz at an average price of A\$2,393/oz, maturing by 31 August 2020. Blackham has purchased additional revenue protection via put options, which provide the Company the right (but not the obligation) to sell 16,000oz at a minimum price of A\$2,016/oz between March 2020 and 30 June 2020 inclusive. To underpin operational cash flows for the coming period, the Company will look to initiate new hedges and/or put options where appropriate, with the aim of taking advantage of the current record Australian dollar gold price environment.

Five Point Strategy

The Company continues to work to the following five-point strategy;

- Repair of Balance Sheet;
- Maintain and Increase immediate operational cash flows;
- Transition to gold concentrate production;
- Expand gold production; and
- Undertake exploration and feasibility to fully develop a +250kozpa, long life gold operation.

At this stage, we are ten months into a two-year transitional period designed at working towards achieving this five-point strategy.

COVID-19 Coronavirus Response Plan

Blackham places the safety and wellbeing of our personnel and the community in which we operate as our highest priority. We are doing our part to minimise the risk of potential coronavirus ("COVID-19") transmission, by taking the necessary precautions to safeguard the health of our people and ensure continuity of operations.

A COVID-19 Management and Response Plan was activated in early March 2020 in accordance with Western Australia State Government requirements and Australian Department of Health guidelines. As part of this plan, Blackham requires all employees or contractors who have had incidental exposure to someone who has been diagnosed with the COVID-19 virus, and anyone who has travelled internationally, to stay at home for a selfisolation period of 14-days, regardless of whether they are showing symptoms.

To date Blackham has not witnessed any impact to production, operations or exploration activities owing to the outbreak of COVID-19. There has been no material impact to production from the Company's operations to date because of COVID-19. Additionally, there has been no significant disruption to the supply chain of the Company's operations.

At this stage, we do not anticipate any future impact to production schedules and continue to monitor the situation closely.

Milan Jerkovic, Executive Chairman of Blackham Resources commented:

"Within the current quarter of dramatic global change due to COVID-19, Blackham has been relentless in advancing our stated two-year transformation plan: we have added clout and expertise to our leadership team, refinanced the Company and achieved fantastic initial underground exploration results, while

significantly upgrading the processing capacity and development of our Wiluna Gold Mine.

Looking ahead to Q4, we reaffirm our commitment to shareholders to deliver on our five-point strategy of transitioning to gold concentrate production, increasing operational cashflows, repairing the balance sheet, expanding gold production and advancing "under the headframe" exploration, to underpin a future >250koz/pa long-life gold operation.

We are 10 months into this two-year transformation process, and while there is still a lot of work to do, we are committed to building a safe, quality mining and exploration company, focused on creating value for Shareholders."

About Blackham Resources Ltd:

[Blackham Resources Ltd.](#) (ASX:BLK) (OTCMKTS:BKHRF) Wiluna-Matilda Gold Operation is located in Australia's largest gold belt which stretches from Norseman through Kalgoorlie to Wiluna. The Operation now includes resources of 96Mt @ 2.2g/t for 6.7Moz Au all within 20kms of the central processing facility. Blackham has consolidated the entire Wiluna Goldfield within a +1,440km² tenure package which has historically produced in excess of 4.4 million ounces over a 120-year mining history.

Source:

[Blackham Resources Ltd.](#)

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