

23 July 2019

ASX Announcement

Blackham to Sell Lake Way Tenements, Retains Gold Mining Rights

Highlights

- Blackham to sell its Lake Way Tenements to Salt Lake Potash, together with certain water rights and cancellation of Blackham's brine royalty, whilst retaining certain gold mining rights for those tenements
- A\$10 million cash consideration comprises A\$3 million non-refundable deposit and A\$7 million at completion which is expected to occur by the end of September 2019
- Salt Lake Potash will also contribute up to A\$10 million to the pre-strip of the Williamson open pit mine with the waste material directly applied towards the construction of their on-lake evaporation ponds
- Blackham expects to commence mining the Williamson free milling orebody in the current quarter
- Blackham has also granted Salt Lake Potash an option to purchase Blackham's Southern Borefield and associated infrastructure for an additional A\$3 million
- Transaction further de-risks Blackham's transition to Stage 1 of its Sulphide Expansion Project¹
- The Transaction is a sale of Blackham's non-core assets and rights and its JORC gold resources and reserves are not impacted by this transaction

Blackham Resources Limited (ASX: BLK) ("Blackham" or the "Company") is pleased to announce that it has agreed to sell its Lake Way tenements (see Appendices 1 and 2, "Lake Way Tenements"), cancel its brine royalty and provide certain water rights to Salt Lake Potash Limited (ASX: SO4) ("Salt Lake Potash") for \$10 million cash whilst retaining certain gold mining rights for both those tenements and Salt Lake Potash's neighbouring tenements ("Lake Way Transaction"). The Lake Way Transaction does not restrict Blackham's mining activities as it progresses towards Stage 1 of its Sulphide Expansion Project.

The Lake Way Transaction is an extension of the previously announced Split Commodity and Access Agreement between Blackham and Salt Lake Potash (ASX announcement dated 8 April 2019, *BLK and SO4 Sign Split Commodity Agreement*) (Split Commodity Agreement). The Lake Way Transaction is subject to various conditions, as set out below.

Salt Lake Potash and Blackham have also identified a mutual opportunity for Salt Lake Potash to utilise part of the pre-strip material from Blackham's proposed Williamson Pit development for the construction of the Salt Lake Potash's on-lake evaporation ponds. Salt Lake Potash will contribute up to \$10 million to the pre-strip of the Williamson open pit mine, allowing Blackham to expedite the mining of the Williamson open pit and also providing Salt Lake Potash with suitable construction material for its Lake Way Sulphate of Potash ("SOP") project.

BOARD OF DIRECTORS

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

CORPORATE INFORMATION

3,769M Ordinary Shares
674M Quoted Options
176M Unquoted Options

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ASX CODE

BLK

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Note 1) Refer to ASX release dated 28 February 2019

Blackham's Executive Chairman, Mr Milan Jerkovic, stated "We are excited to have reached agreement with Salt Lake Potash on a mutually beneficial arrangement that enables Blackham to pursue its mining plans for Williamson, whilst also enabling Salt Lake Potash to develop its Lake Way SOP project. The Lake Way Transaction will strengthen Blackham's balance sheet, lower its mining costs as it progresses its strategy associated with its Sulphide Expansion Project to unlock the large sulphide reserves and resources at Wiluna."

The key terms of the Lake Way Transaction are set out below:

- Salt Lake Potash to pay \$10 million cash consideration, comprising a \$3 million non-refundable deposit and \$7 million payable to Blackham at completion, which is expected to occur this quarter
- Salt Lake Potash is currently dewatering the Williamson Pit which is expected to be complete in August 2019
- Blackham will retain the gold mining and exploration rights over the Lake Way Tenements (subject to Salt Lake Potash having priority in respect of certain Cleared Areas), including the Williamson and Carroll & Prior areas (refer Appendix 1). Blackham expects to commence mining the Williamson Pit in the current quarter
- Salt Lake Potash assuming responsibility for all rehabilitation obligations in respect of the Lake Way Tenements.
- Blackham will provide Salt Lake Potash with access to up to 2GLpa of groundwater from a combination of Blackham's existing bore fields (including the transfer to Salt Lake Potash of Blackham's Southern Borefield groundwater licence) and assisting Salt Lake Potash to find new sources of groundwater on the Lake Way Tenements and other tenements owned by Blackham. Blackham has also granted Salt Lake Potash an option to purchase Blackham's Southern Borefield and associated infrastructure for an additional \$3 million, with Salt Lake Potash required to give notice by 31 December 2019 of its intention to exercise the option by 30 June 2020
- The brine royalty entitled Blackham to a 4% royalty over future brine production by SOP from the Lake Way tenements will be cancellation with effect from 30 June 2020.

The Lake Way Transaction is subject to the satisfaction of conditions precedent that are customary for a transaction of this nature, including ministerial consent for the tenement transfers and releases from Blackham's security and royalty holders and approval of counterparties to various other agreements relating to the Lake Way Tenements. The Lake Way Transaction is also conditional on Blackham and Salt Lake Potash agreeing documentation giving effect to various amendments to the Split Commodity Agreement and associated arrangements consistent with the Lake Way Transaction.

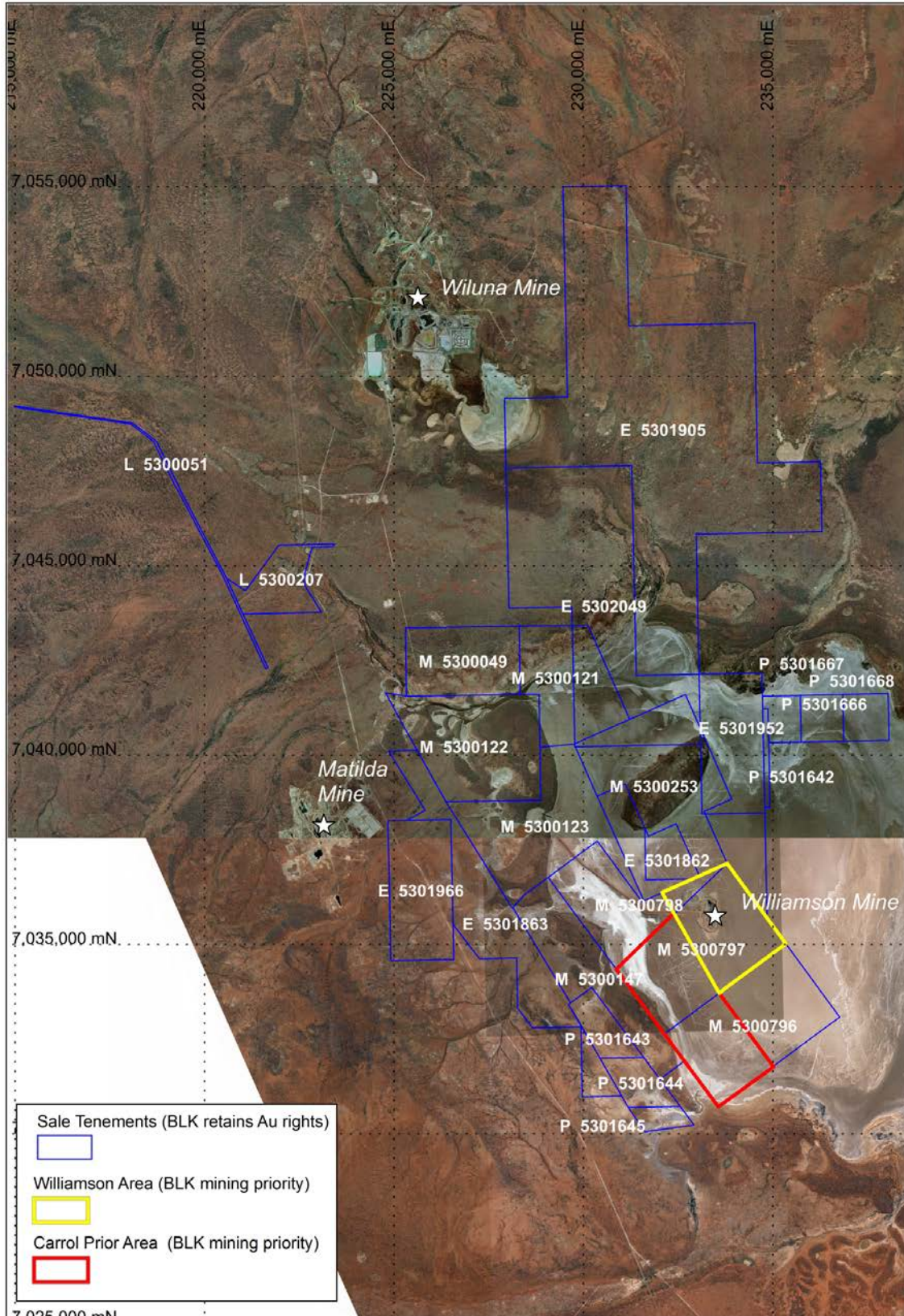
Pursuant to a Coordination Deed, Salt Lake Potash will contribute up to \$10 million to the pre-strip costs at the Williamson Pit, which is expected to commence during the current quarter (subject to the contribution requirement terminating on 30 June 2021 regardless of whether \$10 million has been contributed by Salt Lake Potash at the time).

For further information on Blackham please contact:

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Appendix 1 – Map of Sale Tenements (Blackham to retain gold rights)



For personal use only

Appendix 2 – Sale Tenements (Blackham to retain gold rights)

M53/121	Live
M53/122	Live
M53/123	Live
M53/147	Live
M53/253	Live
M53/796	Live
M53/797	Live
M53/798	Live
M53/910	Live
L53/51	Live
L53/207	Pending
E53/1862	Live
E53/1863	Live
E53/1905	Pending
E53/1952	Pending
E53/1966	Pending
E53/2049	Pending
P53/1642	Live
P53/1643	Live
P53/1644	Live
P53/1645	Live
P53/1666	Live
P53/1667	Live
P53/1668	Live