

FY20 Production Guidance

Highlights

- Production guidance for FY20 of 70,000-80,000oz @ an AISC of A\$1,550-\$1,750/oz
- Mining operations now accessing main ore zones across multiple open pits, with production guidance for the September 2019 quarter of 17,500-19,500oz @ an AISC of A\$1,550-\$1,750/oz
- FY20 production will be focussed on free milling ore bodies prior to Blackham transitioning to Stage 1 of its Sulphide Expansion Project,¹ which is planned to commence production during FY21

Blackham Resources Limited (ASX: BLK) (“Blackham” or the “Company”) is pleased to provide guidance for the financial year ending 30 June 2020 of 70,000-80,000oz @ an AISC of A\$1,550-\$1,750/oz. Blackham’s gold production is largely unhedged, with current gold forward sales contracts of 13,893oz at an average price of A\$1,835/oz, maturing by 31 December 2019.

Production guidance for the September 2019 quarter is for 17,500-19,500oz @ an AISC of A\$1,550-\$1,750/oz. After being mine constrained during the 6 months to 30 June 2019, mining operations are now accessing the main ore zones at the Matilda M1 North open pit and the Wiluna open pits of Happy Jack North and Essex, as well as Golden Age Underground, with increased availability of ore and lower waste stripping occurring during the September quarter. Higher grade ore is currently stockpiling, with that trend continuing over the course of year, with significant high grade stockpiles built up toward the end of the year. The FY20 average stripping ratio is expected to decrease from FY19’s 9 to 7, with grades improved over the previous year.

Pre-stripping of the Williamson open pit is planned to commence in the September quarter, with ore production expected to commence in November 2019. Williamson then provides the baseload of free milling ore for the remainder of FY20. Forecast Williamson pre-production expenditure of \$15 million will be offset by a \$10 million contribution from Salt Lake Potash Limited, subject to the completion of the Lake Way Transaction (refer ASX Announcement dated 23 July 2019).

Forecast FY20 AISC includes ~\$11m of sustaining capital expenditure, mostly comprising the construction of a new tailings storage facility, which will provide storage capacity for the ongoing operations. Non-sustaining capital expenditure outside of the Stage 1 Sulphide Expansion Project¹, which includes refurbishment of the Rod Mill to increase plant throughput, is forecast to be \$5m over the year.

Development and exploration expenditure for Blackham’s Stage 1 Sulphide Expansion Project¹ is forecast to commence in October 2019, including construction of the flotation plant and underground infrastructure and pre-production expenditure for the East-West and Bulletin sulphide deposits. Commencement of this expenditure is subject to the finalisation of acceptable funding arrangements, in relation to which Blackham is progressing discussions with a number of parties in relation to a variety of potential funding and corporate transactions.

Blackham’s Executive Chairman, Mr Milan Jerkovic, said: “Blackham looks forward to an improved period of production as it benefits from investments made so far during 2019 as well as continuing to improve operational performance through cost reduction, and by mining its highest margin reserves to improve operational cash flow.

BOARD OF DIRECTORS

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

ASX CODE

BLK

Note 1) Refer to ASX release dated 28 February 2019

CORPORATE INFORMATION

3,769M Ordinary Shares
674M Quoted Options
176M Unquoted Options
1 Convertible Note

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FY20 should be an exciting period for Blackham as it progresses its strategy associated with its Sulphide Expansion Project to unlock the large sulphide reserves and resources at Wiluna.”

For further information on Blackham please contact:

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