

16 June 2020

ASX Announcement

Operations Update

Blackham Resources Limited (“Blackham” or “the Company”) provides the following operations update.

- **The Company advises that it will not achieve production guidance for FY20. The expected production for FY20 is now approximately 61,500 oz at an approximate AISC of A\$1,975/oz. Current short-term operating issues have delayed production at Williamson Open Pit and Golden Age Underground mines into FY21**
 - At Williamson (see Figure 1) delayed access to high grade ore has pushed gold production originally scheduled for June into July.
 - This foreseen delay meant mining activities were directed to three very small pits at Wiluna to deliver immediate higher-grade ore to the plant. Ore from all three pits had grade reconciliation issues resulting in processing of lower than expected grade ore in June.
 - At Golden Age, equipment and manning issues have constrained underground production to a point where some of the production scheduled for June will now be mined in the next quarter.
 - These issues have also resulted in existing low-grade stockpiles being processed, lowering grade, recoveries and increasing the AISC/oz for the June quarter
- **During this transition phase from free milling into the Stage 1 Sulphide production, the Williamson Open Pit is a significant contributor to the Wiluna production profile. The Company expects Williamson to now reach a steady-state production profile in July 2020**
- **Recent high-grade drill intercepts reported from the Golden Age Underground drilling programs are expected to increase the mines production rate from 6.5ktpm to 15ktpm during Q1 FY21. The Company is currently putting suitable resources in place to ensure equipment and manning support planned production rates**
 - **Crushing and milling circuits are consistently running at around 20% above nameplate throughput capacity**
 - **Open pit mining movements are meeting expectations in this quarter**
 - **Capital works on new tailings dam completed**

Blackham is 12 months into a 24-month transitional period towards September 2021 when the commencement of gold production from the Company’s higher grade, long dated underground sulphide Mineral Resources is scheduled to begin. During the transition period, the Company is aiming to produce approximately 60kozpa from its existing free milling deposits. This production profile will provide valuable cashflow and production continuity prior to the transition into producing 110kozpa-120kozpa of gold concentrate (Stage 1 Sulphide Project).

BOARD OF DIRECTORS

Milan Jerkovic – Executive Chair
 Neil Meadows – Operation Director
 Greg Fitzgerald – Non-Executive Director
 Tony James – Non-Executive Director
 Sara Kelly – Non-Executive Director

ASX CODE

BLK

CORPORATE INFORMATION

10,028B Ordinary Shares
 631M Quoted Options

ABN: 18 119 887 606

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Over the past six months since December 31, 2019, the transitional period has faced many challenges including the onset of COVID-19 in March. However, despite these challenges, the Company remains focussed on its long-term strategy to develop its large sulphide Mineral Resource base. The Company remains confident that the current issues associated with the transition period at Williamson and Golden Age are nearing a point where steady-state production can be maintained enabling the Company to focus on the delivery of the Stage 1 Sulphide Project.

At Williamson, the extensive waste stripping that has occurred during the second half of FY20 is very close to providing access to high grade ore zones which will enable the mine to continue in a production steady-state from July 2020. Delays in getting access to the ore in the June quarter has pushed this expected gold production into July affecting the FY20 guidance. Previous reported below forecast productivity issues have been addressed and production rates are now achieving expectations.

At Golden Age, ongoing issues with equipment and manning have meant that certain production areas have not been mined in May and June as planned causing that production to be deferred into FY21. Improved resourcing to provide adequate mining equipment and manning will enable the mine to develop and produce at more sustainable levels on the back of the many significant drill intercepts currently being assessed (see ASX announcement 4 June 2020).

The Company is pleased to report that the crushing and milling circuit is operating consistently at 20% above nameplate throughput capacity. The refurbished rod mill is working very well and this will be an integral part of moving to treat the baseload production that will come from Williamson when the mine reaches steady-state production. Construction work on the new tailings dam has been completed.

The Company expects FY20 full year production to be approximately 61,500 oz at an approximate AISC of A\$1,975/oz and will provide its guidance for FY21 in the June Quarterly.

This announcement has been authorised for release by the Board.

For further information on Blackham please contact:

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FIGURE 1- Williamson Pit at Lakeway Mining Centre

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