

Blackham Resources Ltd.

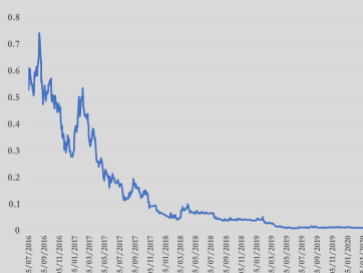
Finding High Grade Gold Under The Head Frame

Blackham Resources Ltd.

Ticker: BLK:ASX
 Share price: A\$0.09
 Market cap: A\$89.4m*
 Cash & Equivalents: A\$35.9m*
 Enterprise Value: A\$53.5m*
 Shares Outstanding: 9,931m*
 Options: 864m

(*) Pro-forma estimates based on settlement of placement (Tranche 1 & 2) and settlement of fully underwritten rights offer.

Executive Chair: M. Jerkovic
 Director Operations: N. Meadows
 CFO: A. Rechichi
 IR: J. Malone



Prices as of the close of business
 17 March 2020

Contact details:

Roger Breuer (Analyst)
 +44 (0)20 7389 5010
rbreuer@agam.co.uk

Charlie Cannon-Brookes
 +44 (0)20 7389 5017
cbrookes@agam.co.uk

Simon Catt
 +44 (0)20 7389 5018
scatt@agam.co.uk

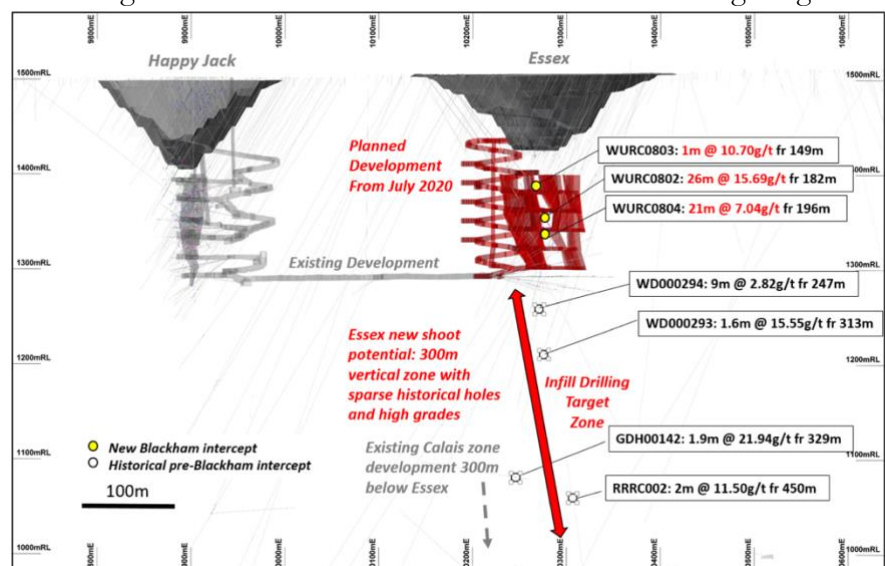
Richard Lockwood
 +44 (0)20 7389 5013
lockwood@agam.co.uk

Blackham Resources have announced more **high-grade gold assays** from drilling within 300 metres of surface. Grades reported in the 17 March 2020 announcement include;

8m at 10.1 g/t Au at Bulletin
4m at 8.2 g/t Au at Bulletin
21m at 7.0 g/t Au at Essex

These assays follow hot-on-the-heels of the **26m at 16 g/t Au at Essex** reported last month from the same drill program. Approximately 3,000 metres have been drilled to date, of a **planned 45,000 metre exploration program**. We expect an **extended period** of regular exploration announcements in the weeks and months ahead.

Essex High Grade Results and Shallow Shoot Infill Drilling Target



Additionally, with the success of the A\$26m equity placement, **Blackham Resources' balance sheet will be able to undergo much-needed repair**. Subject to the mechanics of the fully-underwritten rights issue and receipt of necessary approvals at the upcoming EGM, the Company will be able to simplify their previously complex capital structure. By our calculations, completion of the A\$52m equity raising (A\$26m equity placement and A\$26m rights issue), will leave Blackham with net cash of approximately A\$33m, should all of the secured debt be extinguished and ignoring current operations.

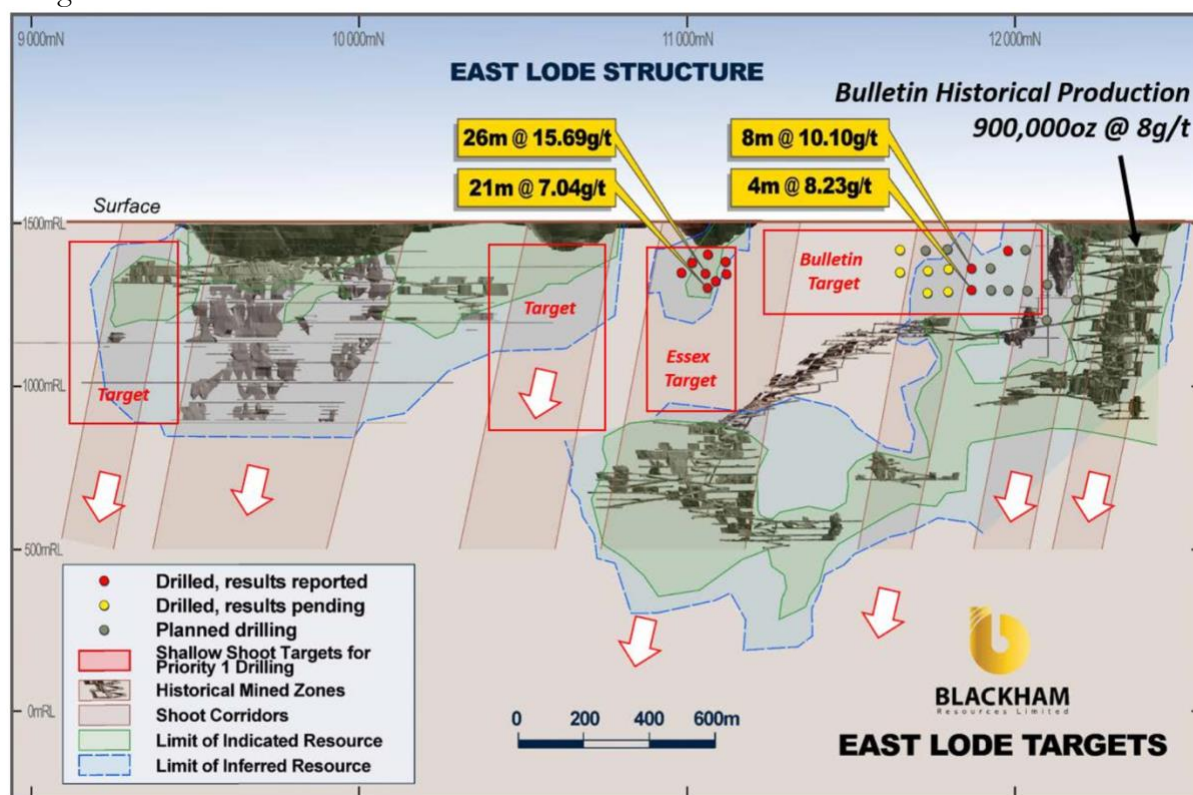
With a rebuilt capital structure and a significant exploration program ahead, the journey is just beginning.

Prepared by Arlington Group Asset Management Limited
 47/48 Piccadilly, London, W1J 0DT
 See important disclosures at end of this report

Exploration Results

The following long section shows the recent drilling within the **Essex** and **Bulletin** targets.

Long Section of the East Lode Structure



Blackham current guidance on drilling and exploration budget;

Drilling program to expand reserves and resources: **A\$9m**,

and an additional;

Ongoing regional and brownfields exploration program: **A\$8m**.

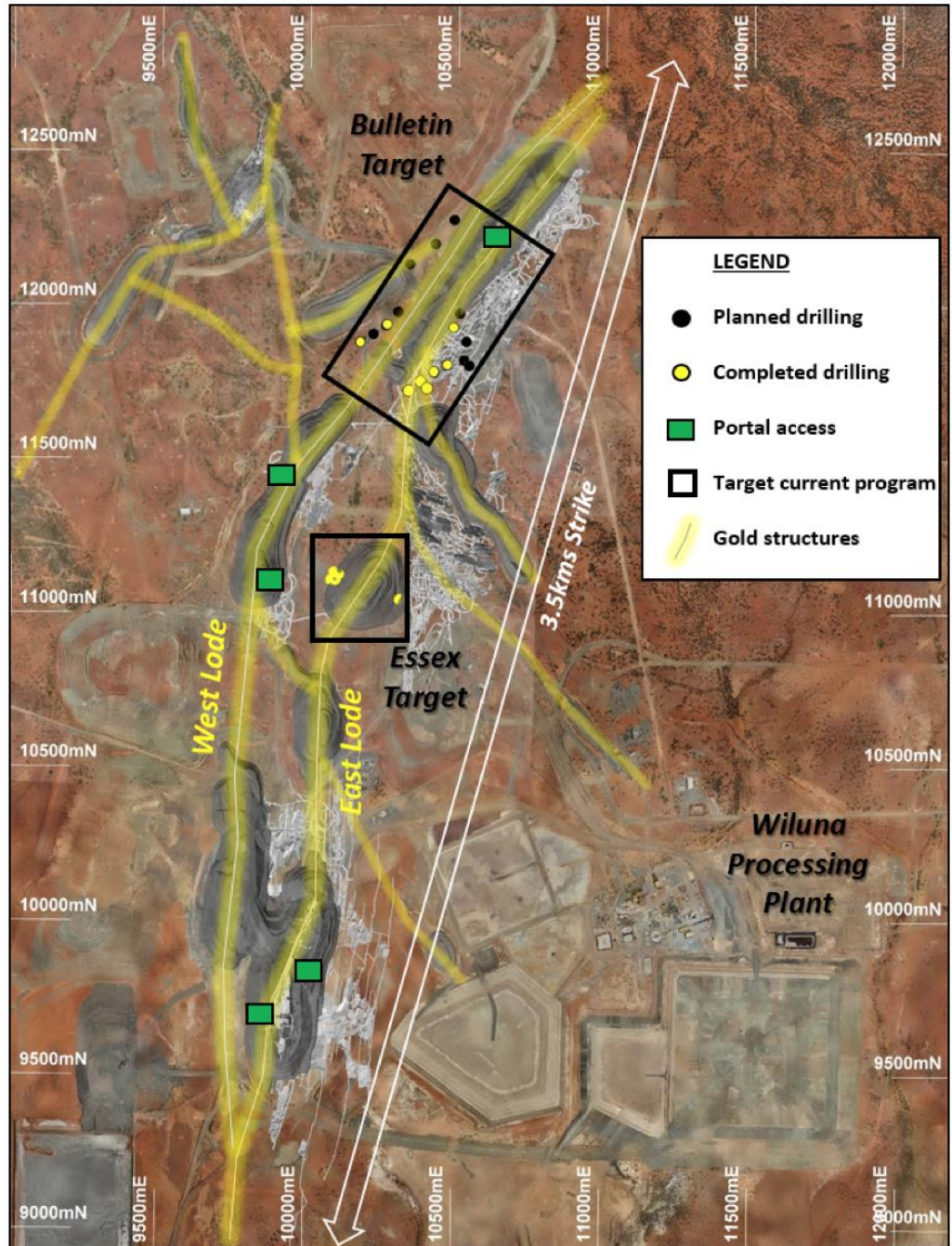
The Long Section above illustrates that we await assays from 6 holes adjacent to the Bulletin shoot and decline. Blackham have yet to drill approximately half of the first phase 7,000 metre RC program which it started in February and will complete in April.

As Executive Chairman, Milan Jerkovic says; “**It’s early days – we have drilled only 3,000m of a 45,000m planned reserve and new shoot discovery program.**”

This is a big exploration program, even before considering the additional A\$8m budgeted in the Prospectus for ‘Ongoing regional and brownfield exploration’.

The plan view below shows the East Lode Structure running parallel to the West Lode Structure and the Bulletin and Essex targets where recent drilling has taken place. Both structures are approximately 3.5km in strike length, totalling approximately 7km of exploration strike from these two structures alone. The plan view also highlights the infrastructure with 5 portals and the nearby Wiluna Processing Plant.

Wiluna Mine Infrastructure & Planned Drilling



Source: Blackham Resources

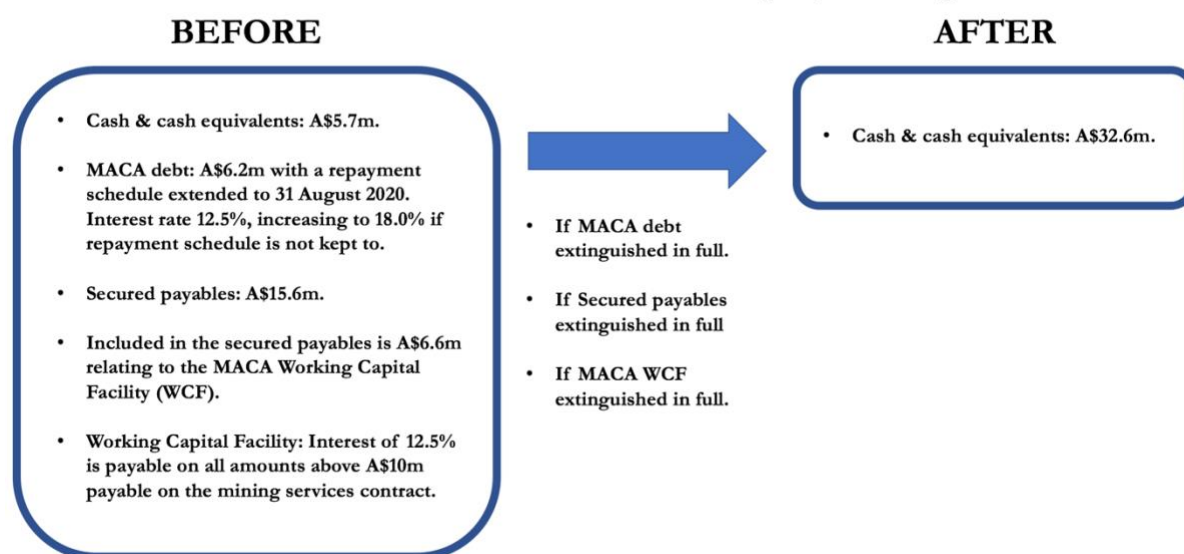
Balance Sheet Under Repair

The A\$52m equity financing announced at the end of February (placement A\$26m and rights issue A\$26m) paves the way for the Stage 1 Expansion and will **repair** and **simplify** the balance sheet.

For the first time in at least twenty years Blackham has ample balance sheet liquidity PLUS additional operating cash-flow to fund BOTH an aggressive exploration programme ‘under the head frame’ and fund its new ‘Sulphide Expansion Plan’ at the Wiluna Gold Mine.

Since, the rights issue is **fully underwritten**, and assuming the necessary ratifications at the EGM, we are now looking ahead to the next Quarterly Activity Report from Blackham Resources. The following figure shows Arlington’s estimate of Blackham’s simplified capital structure once the A\$52m equity raising has settled in full – **this estimate ignores current operations and Blackham may retire the debt and secured payables at a slower pace than our estimate.**

Blackham Resources’ Pro-forma Capital Structure Before And After The A\$52m Equity Raising.



Source: Arlington Group

The Half Year Financial Report as at 31 December 2019 (released 28 February 2020), showed the following balance sheet items;

Cash & cash-equivalents:	A\$5.7m
MACA debt – (Face Value)	A\$6.5m
Secured payables (including WCF of A\$6.6m) *	A\$15.6m

* “there were A\$15.6m of mining contractor costs included in trade payables which were also secured against the Group’s assets, in accordance with the loan agreements. This amount includes \$6.6m pertaining to the Working Capital Facility.”

Page 20, Blackham Half Year Report, released 28 February 2020.

With the equity raising of A\$52m, the Company have the ability to pay down the MACA debt of A\$6.5m and the secured payables of A\$15.6m.

On settlement of the equity raising and ignoring cash contributions from operations (see section below on current operations), **if the MACA debt is extinguished in full and if the secured payables is extinguished in full, which would include extinguishment of the WCF (Working Capital Facility), this would leave Blackham Resources with;**

Cash & cash equivalents (31 Dec 2019)	A\$5.7m
Equity Raising	A\$52.0m
Total:	A\$57.7m

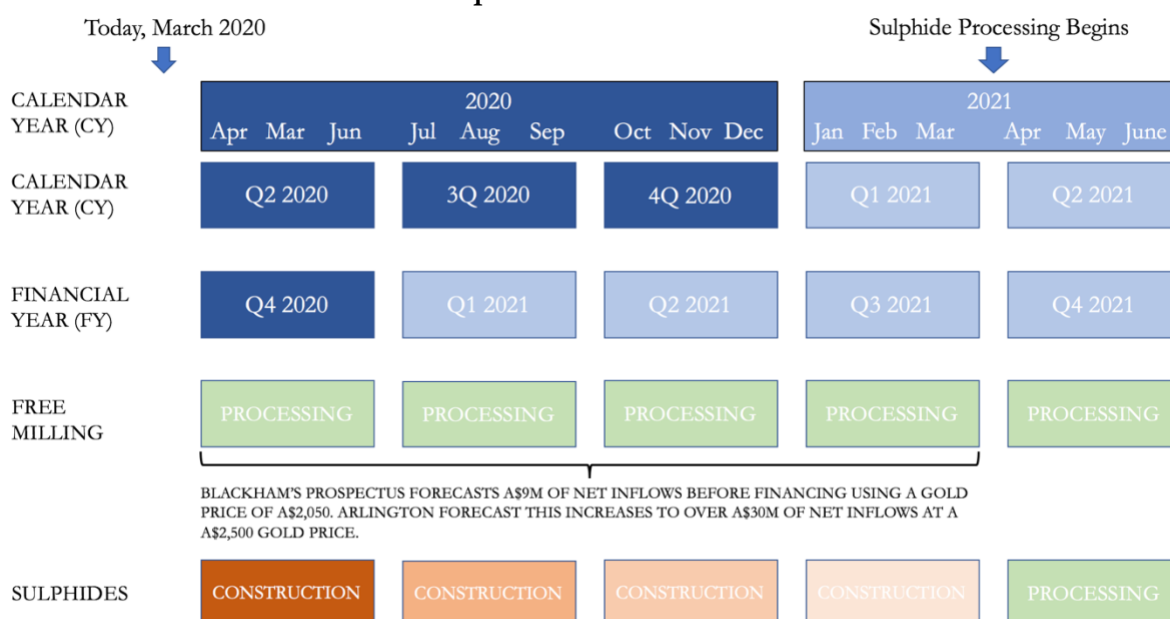
Less:	
MACA debt – (Face Value)	(A\$6.5m)
Secured payables (including WCF of A\$6.6m)	(A\$15.6m)
Expenses relating to capital raising	(A\$3.0m)

Pro forma Cash & Cash-Equivalents Estimate A\$32.6m

Current Operations

If we now turn our attention to current free-milling operations, Blackham continue to target 70,000 to 80,000 ounces of gold at A\$1,550 to A\$1,750/oz for the Financial Year (FY) 2020. Free-Milling operations will continue while the Stage 1 Expansion for the sulphides operation is under construction. The flotation tanks and concentrate thickeners will be built alongside the mill and CIL tanks. We expect sulphide production to begin at the end of March 2021.

Timeline of Operation at Wiluna



Source: Arlington Group / Blackham Resources' Prospectus

In the Blackham's presentation from 25 February 2020, the Company showed A\$9m of net cash inflows before financing requirements for this period up to the start of the Stage 1 Expansion.

Extract of Sources and Uses of Fund for Stage 1 Expansion

Use of funds	A\$m
Commencement of the Stage 1 Expansion:	
Sulphide Processing Plant	25
Wiluna Tailings Retreatment Infrastructure	5
Underground Mine Establish. & Infrastructure	6
Pre-production Mining Activities	26
Less net cash inflows before financing requirements	(9)
Net Operations' Expansions Requirements	53

Source: Blackham Resources Presentation, 25 February 2020.

The Prospectus released 5 March 2020 went into further detail and stated;

“This use of funds has been determined by the Company using a gold price of **A\$2,050/oz** in its economic modelling.”

Gold is currently trading around A\$2,500/oz which implies significantly more cash inflows from current operations. If we assume the same production forecast for FY 2021 of approximately 75,000 ounces of gold and multiply this by the delta of Blackham's financial modelling and current gold prices of A\$2,500 we get an additional A\$33.8m of cash inflows. Add this to the net cash inflows before financing requirements of A\$9.0m and current operations would generate A\$42.8m in cash.

Conclusion:

Blackham's shallow shoots exploration program has got off to an excellent start and provides evidence of the significant high-grade exploration near infrastructure at Wiluna. This program is just getting going. The settlement of the recent equity raising will allow Blackham to simplify the capital structure to a net cash position helping the investment case. Current free-milling operations have the potential to generate significant additional cash flow helping to provide protection while the stage 1 expansion gets under way. This is a reinvigorated Company with a large opportunity to create significant value for shareholders.

REPORT END

Copyright and risk warnings

Blackham Resources Limited (“**Blackham**” or the “Company”) is a corporate client of Arlington Group Asset Management Limited (“Arlington”). Arlington will receive compensation for providing fundraising, and other services to the Company including the publication and dissemination of marketing material from time to time.

This note reflects the objective views of Arlington. However, the Company covered in this note pays Arlington a fee, commission or other remuneration in order that this research may be made available. This note meets the requirements of an acceptable minor non-monetary benefit under COBS 2.3A.19 R (5)(b).

This note is a marketing communication and NOT independent research. As such, it has not been prepared in accordance with legal requirements designed to promote the independence of investment research and this note is NOT subject to the prohibition on dealing ahead of the dissemination of investment research.

Not an offer to buy or sell:

Under no circumstances is this note to be construed to be an offer to buy or sell or deal in any security and/or derivative instruments. It is not an initiation or an inducement to engage in investment activity under section 21 of the Financial Services and Markets Act 2000.

Note prepared in good faith and in reliance on publicly available information:

Comments made in this note have been arrived at in good faith and are based, at least in part, on current public information that Arlington considers reliable, but which it does not represent to be accurate or complete, and it should not be relied on as such. The information, opinions, forecasts and estimates contained in this document are current as of the date of this document and are subject to change without prior notification. No representation or warranty either actual or implied is made as to the accuracy, precision, completeness or correctness of the statements, opinions and judgements contained in this document.

Arlington’s and related interests:

The approved persons who produced this note may be directors, employees and/or associates of Arlington. Arlington and/or its employees and/or directors and associates may or may not hold shares, warrants, options, other derivative instruments or other financial interests in **Blackham Resources Ltd.** and reserve the right to acquire, hold or dispose of such positions in the future and without prior notification to **Blackham Resources Ltd.** or any other person.

Information purposes only:

This document is intended to be for background information purposes only and should be treated as such. This note is furnished on the basis and understanding that Arlington is under no responsibility or liability whatsoever in respect thereof, to **Blackham**, or any other person.

Investment Risk Warning:

The value of any potential investment made in relation to companies mentioned in this document may rise or fall and sums realised may be less than those originally invested. Any reference to past performance should not be construed as being a guide to future performance.

Investment in small companies, and especially mineral exploration companies, carries a high degree of risk and investment in the companies or minerals mentioned in this document may be affected by related currency variations. Changes in the pricing of related currencies and or commodities mentioned in this document may have an adverse effect on the value, price or income of the investment.

Distribution:

This note is not for public distribution, nor for distribution to, or to be used by, or to be relied upon by any person other than the Company. Without limiting the foregoing, this note may not be distributed to any persons (or groups of persons), to whom such distribution would contravene the UK Financial Services and Markets Act 2000 or would constitute a contravention of the corresponding statute or statutory instrument in any other jurisdiction.

Disclaimer

This report has been forwarded to you solely for information and should not be considered as an offer or solicitation of an offer to sell, buy or subscribe to any securities or any derivative instrument or any other rights pertaining thereto (“financial instruments”). This report is intended for use by professional and business investors only. This report may not be reproduced without the consent of Arlington Group Asset Management Limited.

The information and opinions expressed in this report have been compiled from sources believed to be reliable but, neither Arlington Group Asset Management Limited, nor any of its directors, officers, or employees accepts liability from any loss arising from the use hereof or makes any representations as to its accuracy and completeness. Any opinions, forecasts or estimates herein constitute a judgement as at the date of this report. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or estimates. Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied is made regarding future performance. This information is subject to change without notice, its accuracy is not guaranteed, it may be incomplete or condensed and it may not contain all material information concerning the company and its subsidiaries. Arlington is not agreeing to nor is it required to update the opinions, forecasts or estimates contained herein.

The value of any securities or financial instruments mentioned in this report can fall as well as rise. Foreign currency denominated securities and financial instruments are subject to fluctuations in exchange rates that may have a positive or adverse effect on the value, price or income of such securities or financial instruments. Certain transactions, including those involving futures, options and other derivative instruments, can give rise to substantial risk and are not suitable for all investors. This report does not have regard to the specific instrument objectives, financial situation and the particular needs of any specific person who may receive this report.

The value of any securities or financial instruments mentioned in this report can fall as well as rise. Foreign currency denominated securities and financial instruments are subject to fluctuations in exchange rates that may have a positive or adverse effect on the value, price or income of such securities or financial instruments. Certain transactions, including those involving futures, options & other derivative instruments, can give rise to substantial risk & are not suitable for all investors. This report does not have regard to the specific instrument objectives, financial situation and the particular needs of any specific person who may receive this report. Investors should seek financial advice regarding the appropriateness of investing in any securities, financial instrument or investment strategies discussed in this report.

Arlington Group Asset Management Limited (or its directors, officers or employees) may, to the extent permitted by law, own or have a position in the securities or financial instruments (including derivative instruments or any other rights pertaining thereto) of any company or related company referred to herein, and may add to or dispose of any such position or may make a market or act as principle in any transaction in such securities or financial instruments. Directors of Arlington Group Asset Management Limited may also be directors of any of the companies mentioned in this report. Arlington Group Asset Management Limited may from time to time provide or solicit investment banking or other financial services to, for or from any company referred to herein. Arlington Group Asset Management Limited (or its directors, officers or employees) may, to the extent permitted by law, act upon or use the information or opinions presented herein, or research or analysis on which they are based prior to the material being published.

To our readers in the United Kingdom, this report has been issued by Arlington Group Asset Management Limited, a firm authorised and regulated by the Financial Conduct Authority. This report is not for distribution to private customers.

This report is not intended for use by, or distribution to, US corporations that do not meet the definition of a major US institutional investor in the United States or for use by any citizen or resident of the United States.

This publication is confidential for the information of the addressee only and may not be reproduced in whole or in part, copies circulated, or disclosed to another party, without the prior written consent of Arlington Group Asset Management Limited. Securities referred to in this research report may not be eligible for sale in those jurisdictions where Arlington Group Asset Management Limited is not authorised or permitted by local law to do so. In particular, Arlington Group Asset Management Limited does not allow the redistribution of this report to non-professional investors and cannot be held responsible in any way for third parties who affect such redistribution. © 2020