

# Blackham Resources Ltd.

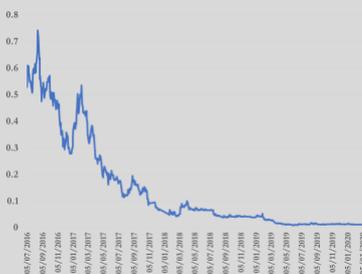
## I SEE IT BUT I DON'T BELIEVE IT!!!!

### Blackham Resources Ltd.

Ticker: BLK:ASX  
 Share price: A\$0.008  
 Market cap: A\$79.4m\*  
 Cash & Equivalents: A\$32.6m\*  
 Enterprise Value: A\$46.8m\*  
 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  
 30 March 2020

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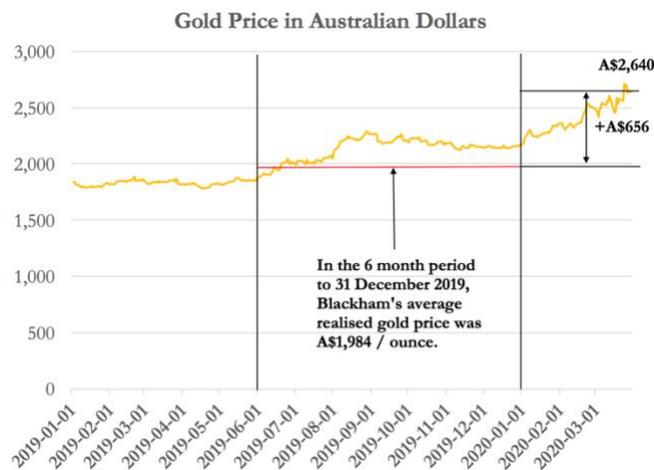
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Blackham Resources is a high cost, over-leveraged west Aussie gold producer that goes bust every few years; RIGHT?

WRONG!! Look again. Everything just changed.

30 March 2020 is a **RED LETTER-DAY** for Blackham. Blackham has just raised A\$52 million new equity – A\$26 million from an equity placement to far-sighted global institutions plus an additional A\$26 million from a rights issue underwritten by Delphi AG of Germany. Blackham now has pro-forma NET CASH of A\$33 million.

The A\$650 per ounce Aussie dollar gold price increase in 2020 has also added over A\$40 million to Blackham's 2020 pro-forma cash-flow:



Today, Blackham's balance sheet is the envy of most of its peers with zero debt, over A\$30 million of cash with approximately A\$50 million EBITDA at spot ~ A\$2,640 per ounce gold prices.

Put another way, you can buy Blackham at AUD 1 cent at less than 1.5 times cash flow and you get the other 1.3 million ounces of reserves and 6.3 million ounces of resources for FREE. Blackham previously signalled it was arranging A\$40 million of debt to go with its equity raise. That was assuming an A\$2,050 gold price. We calculate that at A\$3,080 per ounce Blackham needs zero debt and has an additional cash buffer of A\$20 million preferred by management. **Milan Jerkovic and his team can now focus on the Stage 1 expansion which should see production expanding over 50% to approximately 120,000 ounces per annum at lower costs from 2021/22.**

## Exploration

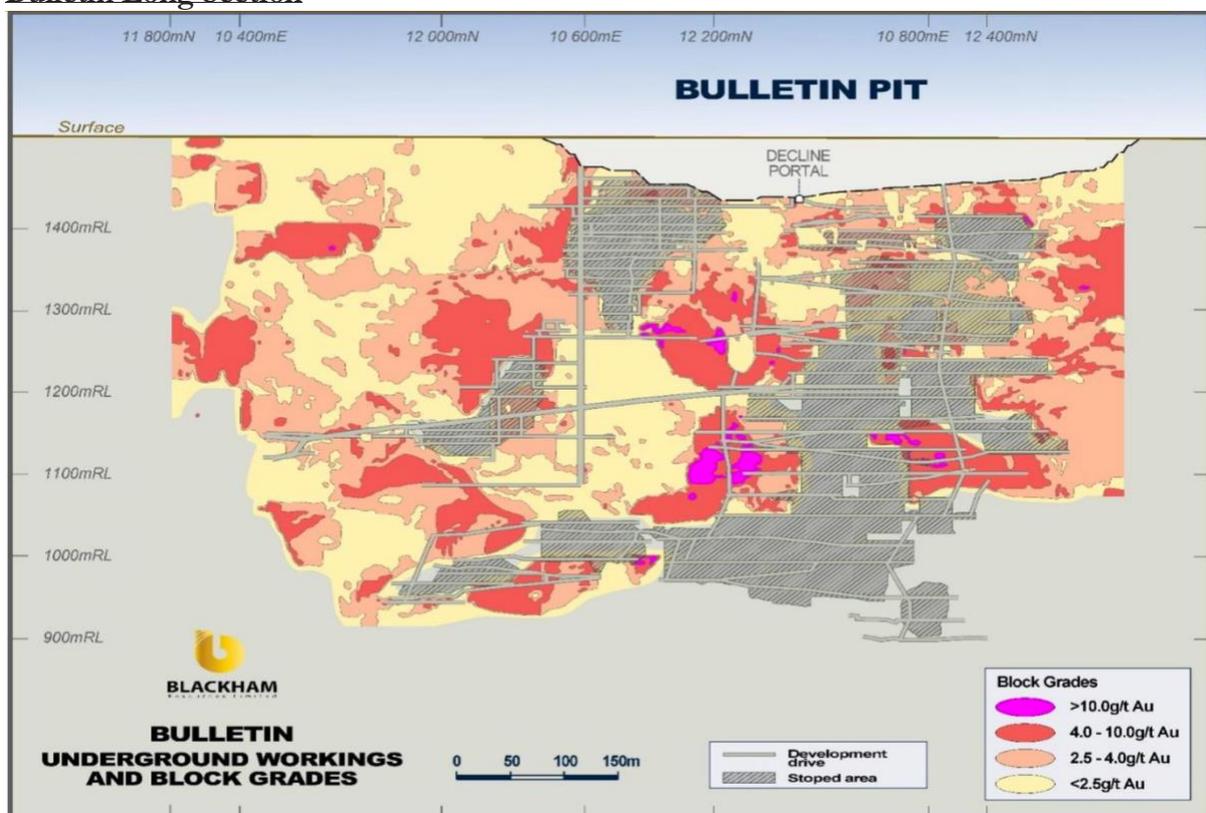
The giant exploration potential.

The most attractive part about Blackham to us has always been the exploration upside. Because Blackham has been under-capitalised and the gold price much lower for the past 20 years, exploration has been a low priority.

The last few owners of the Wiluna Gold Mine were too busy surviving to go looking for the next multi-million-ounce gold discovery.

Consider the possibility of finding another **Bulletin shoot – 900,000 ounces at 8 gpt**. As illustrated below by the stoped areas in grey, Bulletin is a relatively narrow structure that never reached surface:

### Bulletin Long Section



Source: Blackham Resources Presentation January 2017.

We expect Blackham to significantly ramp up current exploration expenditure with a current budget of A\$9 million for reserve and shallow shoot expansion implying 45,000 metres of drilling at A\$200 per metre during the ‘Stage 1 Expansion’.

An early indication of Wiluna’s prospectivity was released by Blackham on 21 February when it announced **26 metres at 16gpt** at the shallow Essex shoot planned for development and production next year.

The following historical data shows that 1.9 million ounces of refractory ore was produced between 1931-1947 at a grade of 8.6 gpt.

#### HISTORICAL MINING of the MAJOR WILUNA LODE-GOLD DEPOSITS

		Early Years Oxide Ore			Underground Mines Refractory Ore			
		Tonnes	Rec. Grade (g/t Au)	Ounces	Tonnes	Head Grade** (g/t Au)	Ounces	
East Lode	1905-1924	107,000	12.8	44,034	1931-1946	3,300,000	6.7	719,853
West Lode	1902-1924	187,000	12.1	72,747	1932-1946	2,500,000	8.6	691,241
Moonlight	1900-1922	27,600	8.5	7,543	1935-1945*	770,000	10.4	257,463
Happy Jack	1909-1926	8,500	16.7	4,564	1940-1947	320,000	9.7	99,796
Bulletin	1907-1926	15,000	9.3	4,485	1936-1943	530,000	7.5	127,792
<b>Totals</b>		<b>345,100</b>	<b>11.9</b>	<b>133,373</b>		<b>7,420,000</b>	<b>8.6</b>	<b>1,896,145</b>

#### Notes:

*In addition, a total of 1,900 tonnes antimony and 3,500 tonnes antimony concentrate have been produced. Recoveries from refractory ores averaged approximately 78%.*

*These are estimates only and do not agree exactly with other compilations.*

Data Source: P Downes 1990, Doc: 390/90

page 64 of 64 reports others 10APPEX Oct.1997 mailin

Blackham's geological team believe that drilling in the upper 300m has been constrained to known mining areas, leaving the possibility for multiple high-grade undiscovered structures (i.e. more Bulletin structures), hence the 'shallow shoots' exploration program.

Blackham was budgeting a gold price of A\$2,050 per ounce when its 2020/21 financing plans were made, compared to today's gold price some A\$600 per ounce higher at A\$2,640 per ounce of gold. We expect the incremental A\$42 million of cash-flow (70,000 ounces annual production x A\$600 oz), **could lead to a doubling or even a tripling of the exploration budget with the company's incremental cash-flow.**

Blackham has reinvented its balance sheet with a transformational equity issue that doubles its market capitalisation and shares issued. We expect that the virtuous circle of record Aussie gold prices driving Blackham's cash-flow significantly higher than budgeted will lead to a historic increase in Blackham's exploration budget.

**Watch the Blackham drill bit, this is going to be exciting.**

REPORT END

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