# MEDIA CLIPPING

Publication: MiningNews.net

Page: Online

Date: 8th April 2014

## Landmark deal sees production in sight

Tuesday, 8 April 2014

**AFTER a peer-beating 2013, Blackham Resources has opened 2014 with a game-changing deal that ensures low-cost, fast-tracked production at its prized Western Australian gold projects. By Anthony Barich - *RESOURCESTOCKS****

The Wiluna plant

Drilling at Matilda

Production is within sight for Blackham Resources after a landmark acquisition that unlocks the value of its multi-million ounce Matilda gold project.

The company is targeting a production rate of up to 100,000 ounces per annum of gold at Matilda.

With all deposits within 26km from the Wiluna gold plant Blackham acquired in January in a fire sale – a bargain $2 million acquisition (plus $2.6 million in deferred production payments) for a $150 million plant – Blackham managing director Bryan Dixon says the deal is a watershed moment for the company.

The 1.1-1.5 million tonne per annum processing plant is capable of treating oxide and refractory ores and, with little systematic regional exploration undertaken in the area in more than a decade, the potential for upside is significant.

"The acquisition means there is a very high chance of future exploration and development dollars ending up in a production scenario. That's because we have such a low capital opportunity to go into production," Dixon told *RESOURCESTOCKS*.

"The plant and infrastructure is a real game changer for us. There is a 350-man camp up there, which is really nice – tennis courts, swimming pool and weights gym. The plant is connected to the gas pipeline with a gas power station there – it has a fully permitted bore field for water and a fully sealed air field within 2km of the plant. So it's ready to go.

"Up until now we've only drilled the Matilda mine centre. We've increased the resource tenfold there over the last 18 months, it's now at 760,000 ounces and there are still a lot of opportunities along strike and downplunge.

"So far we've only put about 25,000m of drilling into the project and it'd be nice to put some serious drilling into the project this year. The geologists have been formulating some really good targets to enable us to do that.

"The missing part of the puzzle is we need to get in and drill the other priority deposits and targets and get them to reserve status. We will keep the mill on care and maintenance for at least 12 months while we do the drilling and feasibility work.

Then there's a six-month period from development decision to first gold pour. That makes it an 18 month-two-year timeline to first gold pour.

"What this does is that over the next year, as we improve the confidence in our orebodies, it really telegraphs to the market that we can turn this into a 100,000 ounce per annum producer and right now we have a market capitalisation of $20 million. So there are multiples of value to be added from here."

The combined Wiluna and Matilda assets gives Blackham JORC resources of 40 million tonnes at 3.3 grams per tonne for 4.3Moz of gold – a mix of open pit and high-grade underground ore, with a blue-sky 55km of mine strike.

And that's just the beginning for Blackham, a company that bucked the trend of gold juniors, many of which got hammered in 2013, a year that saw the gold price plunge twice, including a $200 per ounce sell-off in two trading sessions in April. Many gold stocks shed at least 60-70%, while Blackham was up 6% for the year and performed a lot better than many of its peer gold stocks.

Dixon says 2014 is a year in which the company can add fantastic value for its shareholders, as it has a large number of shallow targets and many of the existing deposits have not been drilled beyond 200m historically.

Of priority is the area around the Galaxy deposit, where high-grade intersections have been revealed at shallow depths – high-grade quartz vein style orebodies.

Golden Age historically was one of the better quartz vein orebodies in the belt, which produced 160,000oz at 9gpt gold. Golden Age had quite a small surface expression with the best of the deposit occurring greater than 200m below surface.

Galaxy is the most advanced of these style of high-grade quartz reef deposits, however, Golden Age North, Monarch, Derwent, Brothers, Republic and the 3km long Caledonia trend all deserve further attention.

To the south, the Williamson, Williamson South, Carroll and Prior deposits have big tonnage orebodies that should ensure the plant runs at capacity. All this activity has the potential to turn the Williamson area into a new mining centre.

The area is ripe for oxide discoveries, as Blackham's ground at Williamson includes more than 6km of mineralised strike with multiple structures and geochemical auger anomalies that are yet to be tested.

"The Williamson orebody is free milling in the primary ore and was mined about eight years ago," Dixon said.

"There is 2km of strike, then 4km of strike along the Carroll-Prior structure, which has been drilled on about 80m sections and so far we don't have a resource over it but it has the potential for some big tonnages.

"Basically we're looking to get in excess of 700,000 ounces in reserves at a good margin as quickly as possible. That's what the aim is for 2014. There's an opportunity to turn this into a really big project.

"We have 4.3 million ounces at 3.3 grams per tonne. We need to get about 15% of that into reserves, so we're not lifting the bar too high. And we think there are more orebodies there from the drilling we've seen that aren't even sitting in the resource category at the moment.

"There has been 4Moz of production out of this combined project.

"That 4Moz happened over a 3km by 3km area. The orebodies there go down over 1km deep."

Blackham is funded for the acquisition and its immediate drilling requirements, having done a deal with chairman Joseph Gutnick.

Dixon said the benefits of having Gutnick as chairman went far beyond the financial.

"If you look at where we are, he used to own many of the mines in the district, including Plutonic, which was sold to Northern Star," Dixon said of his chairman.

"He's an experienced campaigner and is really excited about getting involved in the Yilgarn again.

"He has an amazing amount of experience and knowledge in the industry and particularly in this region.

"He's a fantastic chairman to have for this company."

Gutnick himself did not hide his excitement at the news of Blackham's acquisition of the Wiluna gold plant.

"The acquisition of the Wiluna plant and infrastructure is a major step towards bringing the Matilda gold project further towards production," Gutnick said.

"The acquisition of the plant saves Blackham millions of dollars in development costs for the Matilda gold project and will slash years off our development timetable, both of which should be a significant win to Blackham's shareholder returns going forward."

The company is well-equipped to take advantage of the Yilgarn's potential.

Blackham's technical team has focused very much in the Yilgarn in gold, while executive director Alan Thom was involved in feasibility work at Bronzewing ( more than 4Moz) and Jundee ( more than 6.5Moz).

Blackham's geologists also cut their teeth on gold in the Yilgarn. Dixon himself has plenty of experience in gold in WA, Africa and Indonesia.

***A version of this report, first published in the March 2014 edition of *RESOURCESTOCKS* magazine, was commissioned by Blackham Resources.**