

28 February 2018

ASX Announcement

Results for Announcement to the Market

Current reporting period:
6 months ended 31 December 2017

Previous corresponding reporting period:

6 months ended 31 December 2016

CONSOLIDATED RESULTS

	31 Dec 2017	31 Dec 2016*
	\$'000	\$'000
Revenue from gold and silver sales	50,153	-
Gross loss from operations before depreciation and amortisation	(829)	-
Gross loss from operations	(11,375)	-
(Loss)/profit after income tax expense for the period from continuing operations	(14,403)	3,233

* The commencement date of commercial production was 1 January 2017.

EXPLANATION OF THE RESULT

The Company recorded a loss for the half-year ended 31 December 2017 of \$14.4 million. The result was mostly impacted by low gold production at the Matilda-Wiluna Gold Project. Production and mill feed head grade was hampered by 43% of mill feed being sourced from low grade stockpiles.

The extensive waste stripping that occurred during the 2017 calendar year provided access to high grade zones in the M4 and Galaxy Pits late in the December 2017 quarter, enabling record monthly gold production of 6,498oz and a low stripping ratio of 3.6:1 (waste:ore) during January 2018. This resulted in achieving a record low monthly All In Sustaining Cost in January 2018 of A\$1,158/oz, in comparison to an average realised gold price during the month of A\$1,663/oz, demonstrating a clear step change in economics. Milled grade and gold production are expected to continue to improve throughout the March 2018 quarter.

Gold Production

	Sep17 quarter	Dec17 quarter	Half-year	Jan18 month	Forecast: Jan18 to Jun18
Total Milled (t)	379,400	443,272	822,672	163,104	875,000 - 900,000
Mill Feed Grade (g/t Au)	1.4	1.1	1.3	1.4	1.6 – 1.7
Overall Plant Recovery	91.5%	92.3%	91.8%	91.2%	92% - 93%
Gold Produced (Oz)	15,619	14,922	30,541	6,498	40,000 - 45,000
All-In Sustaining costs (\$/oz)	\$2,236	\$1,882	\$2,063	\$1,158	\$1,100 - \$1,200

For further information on Blackham please contact:

Milan Jerkovic

Bryan Dixon

Jim Malone

Executive Chairman

Managing Director

Investor Relations Manager

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BOARD OF DIRECTORS

Milan Jerkovic - Executive Chairman

Bryan Dixon - Managing Director

Greg Fitzgerald - Non-Executive Director

Greg Miles - Non-Executive Director

CORPORATE INFORMATION

1,265M Ordinary Shares

492M Listed Options

7.8M Unlisted Options

PRINCIPAL AND
REGISTERED OFFICE

L2, 38 Richardson Street

West Perth WA 6005

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BLACKHAM
Resources Limited

INTERIM FINANCIAL REPORT

**For the half-year ended
31 December 2017**

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Company Directory

DIRECTORS

Milan Jerkovic	(Executive Chairman)
Bryan Dixon	(Managing Director)
Greg Fitzgerald	(Non-Executive Director)
Greg Miles	(Non-Executive Director)

COMPANY SECRETARY

Mike Robbins

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Level 2, 38 Richardson Street
WEST PERTH WA 6005

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SHARE REGISTER

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SECURITIES EXCHANGE LISTING

Australian Securities Exchange
Code: BLK

SECURITIES ON ISSUE AT DATE OF THIS REPORT

Ordinary shares:	1,265,488,914
Listed options:	491,987,453
Unlisted options:	7,775,000

AUDITOR

RSM Australia Partners
Level 32, Exchange Tower
2 The Esplanade
PERTH WA 6000

BANKERS

National Australia Bank
100 St Georges Terrace
PERTH WA 6000

ABN: 18 119 887 606

Directors' Report

Your directors submit the financial report of Blackham Resources Limited ('Blackham' or the 'Company') and its controlled entities (the 'Group') for the half-year ended 31 December 2017.

DIRECTORS

The names of Directors who held office during or since the end of the half-year:

Milan Jerkovic	Executive Chairman	(Non-Executive Chairman to 21 January 2018)
Bryan Dixon	Managing Director	
Greg Fitzgerald	Non-Executive Director	(appointed 19 February 2018)
Greg Miles	Non-Executive Director	
Peter Rozenauers	Non-Executive Director	(resigned 19 September 2017)

The Company Secretary is Mike Robbins.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the half-year were:

- production of gold from the Matilda-Wiluna Gold Operation; and
- mineral exploration and development.

REVIEW AND RESULTS OF OPERATIONS

Open Pit Mining

The extensive waste stripping that occurred during the 2017 calendar year has provided access to high grade zones in both the Galaxy and M4 pits, in November and December respectively, with consistent high grade ore expected to be mined from those two pits over the next six months. At M4, 1km of strike is now being mined at widths of up to 40m. Mining at M4 and Galaxy is expected to underpin strong operational cashflows in 2018.

Open Pit Mining

	Sep17 quarter	Dec17 quarter	Half-year	Jan18 month
Ore moved (BCM)	91,447	160,064	251,511	125,352
Waste moved (BCM)	2,449,383	1,636,519	4,085,902	451,430
Material moved (BCM)	2,540,830	1,796,583	4,337,413	576,782
Stripping ratio (BCM/BCM)	26.8	10.2	16.2	3.6
Ore mined (t)	212,440	341,522	553,962	268,241
Mined grade (g/t)	1.2	1.2	1.2	1.2
Contained Ounces (Oz)	8,368	13,512	21,880	10,436

During January 2018, mining of ore tonnes and contained ounces increased significantly on prior months and the stripping ratio reduced to 3.6, significantly, reducing mining costs and improving the operations economics.

Underground Mining

The Golden Age underground mine was cash flow positive for the half-year, which is expected to continue.

Blackham successfully switched to an owner operator air leg mining method to mine the Golden Age orebody, which has resulted in lower tonnes of ore being mined at a higher grade. Air leg mining is considered a lower risk mining method for Golden Age due to the pinching, swelling and nuggetty nature of the orebody.

Underground Mining

	Sep17 quarter	Dec17 quarter	Half- year	Jan18 month
Ore Mined – Dev (t)	1,756	-	1,756	299
Ore Mined – Stope (t)	39,564	15,565	55,129	2,162
Ore Mined (t)	41,320	15,565	56,885	2,461
Au Grade Mined (g/t)	4.7	5.3	4.9	10.0
Mined Metal (Oz)	6,302	2,664	8,966	791

During December 2017 and January 2018, the Golden Age underground grade mined increased significantly to 9.2 g/t and 10.0 g/t respectively.

Gold Production and Plant Performance

Record mill throughput was achieved through the plant, during the December quarter, with throughput increasing 17% from the September quarter. Both the crushing and milling circuits achieved record throughput during the month of January 2018.

Gold Production

	Sep17 quarter	Dec17 quarter	Half-year	Jan18 month
Total Milled (t)	379,400	443,272	822,672	163,104
Mill Feed Grade (g/t Au)	1.4	1.1	1.3	1.4
Overall Plant Recovery	91.5%	92.3%	91.8%	91.2%
Gold Produced (Oz)	15,619	14,922	30,541	6,498
All-In Sustaining costs (\$/oz)	\$2,236	\$1,882	\$2,063	\$1,158

Mill feed head grade was hampered by 43% of mill feed being sourced from low grade stockpiles. However, access to high grade zones in the M4 and Galaxy pits was achieved late in the half-year, which resulted in record monthly gold production of 6,498oz being achieved during January 2018.

Gold production is expected to increase to 40,000-45,000 ounces during the second half of FY18 and beyond, due to high grade ore from the M4 and Galaxy open pits being available to feed the process plant on a continuous basis, followed by the M1 and M2 open pits coming into production.

Reserve and Exploration Drilling

Resources increased to 65Mt @ 3.1g/t Au for 6.5 million ounces during the half-year.

Reserves increased to 15Mt @ 2.5g/t Au for 1.2 million ounces, which is an increase of 115% in one year.

Expansion Study

The Expansion Preliminary Feasibility Study (Expansion PFS) published on 30 August 2017 confirmed the robust economics for a +200kozpa long mine life operation. Key outcomes were LOM All-in sustaining costs of A\$1,058/oz, IRR of 123%, NPV of 8% and A\$360 million before tax @ a gold price of A\$1,600/oz.

The Expansion Definitive Feasibility Study (Expansion DFS) is well advanced with the bulk of expenditure already incurred. Mining and processing optimisation studies continue with a view to further de-risking the expansion opportunity, whilst the corporate balance sheet improvement, and increasing the free milling mine life, remains the short-term focus of the Company.

Corporate

As at 31 December 2017, the Company had \$10.3 million in cash and bullion (30 June 2017 - \$20.3 million including bank guarantees).

Gold sold during the half-year was 30,999oz @ A\$1,615/oz. No forward hedge contracts were in place at 31 December 2017.

In January 2018, Milan Jerkovic commenced the role of Executive Chairman to focus on the successful implementation of the recapitalisation strategy and delivery of near-term mine plan.

In addition, Mr Greg Fitzgerald was appointed to the Board on 19 February 2018. Mr Fitzgerald is a Chartered Accountant with over 30 years of gold mining and resources related experience, along with extensive executive experience in managing finance and administrative matters for listed companies. For more than 15 years he held the positions of Chief Financial Officer and Company Secretary for Resolute Mining Limited, an ASX 200 Company, until his resignation in 2017.

Results

The loss after tax for the half-year ended 31 December 2017 was \$14,403,000 (December 2016: \$3,233,000 profit). The Group's net assets at 31 December 2017 were \$74,370,000 (December 2016: \$62,455,000).

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Group during the half-year.

EVENTS SUBSEQUENT TO REPORTING DATE**Debt Refinancing**

As announced to the ASX on 15 January 2018, the Company refinanced its Orion Non-Amortising Term Loan via a new, secured \$14.3 million financing arrangement with its key mining contractor, MACA Limited, allowing Blackham to satisfy the maturity repayment date of the Non-Amortising Term Loan, whilst not having any principal repayment obligations under the MACA Loan until March 2019. The interest rate under the MACA Loan is initially 10% per annum.

Upon completion of the Entitlements Offer, the Company repaid \$2.3 million toward the \$23 million Project Financing Facility in place with Orion, and a further \$0.2 million of that facility was converted to equity.

Entitlements Offer

As announced to the ASX on 19 February 2018, the Company's fully underwritten, renounceable pro-rata entitlement offer closed on 12 February 2018. Under the Entitlement Offer, the Company issued 897,670,820 New Shares on the basis of five (5) New Shares for every two (2) Blackham Shares held on the record date at an issue price of \$0.04 per New Share to raise approximately \$36 million (before costs, together with one (1) free attaching option (exercisable at \$0.08 on or before 31 January 2019 ("New Option") for every two (2) New Shares subscribed for.

Other financing

The Australian Special Opportunity Fund (ASOF) facility was terminated on 17 January 2018. A total of \$2,600,000 was drawn down over the term of the facility.

Except as disclosed above, there have been no events subsequent to reporting date that would significantly affect the amounts reported in the consolidated financial statements as at and for the half-year ended 31 December 2017.

ROUNDING

The company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/91 and in accordance with that class order, amounts in the financial statements have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the period ended 31 December 2017 has been received and is included within this financial report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Board of Directors.

Bryan Dixon
Managing Director
Perth, 28 February 2018

Competent Persons Statement

The information contained in the report that relates to Mineral Resources is based on information compiled or reviewed by Mr Marcus Osiejak, who is a full-time employee of the Company. Mr Osiejak, is a Member of the Australian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Osiejak has given consent to the inclusion in the report of the matters based on this information in the form and context in which it appears. With regard to the Operations Mineral Resources, the Company is not aware of any new information or data that materially affects the information included in this report and that all material assumptions and parameters underpinning Mineral Resource Estimates as reported in the market announcements dated 12 October 2017 continue to apply and have not materially changed.

The information contained in the report that relates to Ore Reserves for the underground mines at the Operation is based on information compiled or reviewed by Matthew Keenan. Mr Keenan confirmed that he has read and understood the requirements of the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012 JORC Edition). He is a Competent Person as defined by the JORC Code 2012 Edition, having more than five years' experience which is relevant to the style of mineralisation and type of deposit described in the Report, and to the activity for which he is accepting responsibility. Mr Keenan is a Member of The Australasian Institute of Mining and Metallurgy, has reviewed the Report to which this consent statement applies and is a full time employee working for Entech Pty Ltd having been engaged by Blackham Resources Ltd to prepare the documentation for the Operation on which the Report is based, for the period ended 30 June 2017. He disclosed to the reporting company the full nature of the relationship between himself and the company, including any issue that could be perceived by investors as a conflict of interest. Mr Keenan verifies that the Report is based on and fairly and accurately reflects in the form and context in which it appears, the information in his supporting documentation relating to Ore Reserves.

The information contained in the report that relates to Ore Reserves for the Operations Open Pits is based on information compiled or reviewed by Steve O'Grady. Mr O'Grady confirmed that he has read and understood the requirements of the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012 JORC Edition). He is a Competent Person as defined by the JORC Code 2012 Edition, having more than five years' experience which is relevant to the style of mineralisation and type of deposit described in the Report, and to the activity for which he is accepting responsibility. Mr O'Grady is a Member of The Australasian Institute of Mining and Metallurgy, has reviewed the Report to which this consent statement applies and is a full time employee working for Interline Engineering Consultants having been engaged by Blackham Resources Ltd to prepare the documentation for the Operation on which the Report is based, for the period ended 30 June 2017. He disclosed to the reporting company the full nature of the relationship between himself and the company, including any issue that could be perceived by investors as a conflict of interest. Mr O'Grady verifies that the Report is based on and fairly and accurately reflects in the form and context in which it appears, the information in his supporting documentation relating to Ore Reserves.

The information contained in the report that relates to Ore Reserves for the Golden Age Underground is based on information compiled or reviewed by Richard Boffey. Mr Boffey confirmed that he has read and understood the requirements of the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012 JORC Edition). He is a Competent Person as defined by the JORC Code 2012 Edition, having more than five years' experience which is relevant to the style of mineralisation and type of deposit described in the Report, and to the activity for which he is accepting responsibility. Mr Boffey is a Member of The Australasian Institute of Mining and Metallurgy, has reviewed the Report to which this consent statement applies and is a full time employee working for Blackham Resources Limited and prepared and reviewed the documentation for the Golden Age Underground area at the Operation on which the Report is based, for the period ended 30 June 2017. He disclosed to the reporting company the full nature of the relationship between himself and the company, including any issue that could be perceived by investors as a conflict of interest. Mr Boffey verifies that the Report is based on and fairly and accurately reflects in the form and context in which it appears, the information in his supporting documentation relating to Ore Reserves.

RSM Australia Partners

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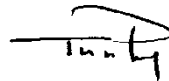
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Blackham Resources Limited for the half-year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 28 February 2018

Consolidated Statement of Comprehensive Income

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Note	Consolidated	
		31 December 2017 \$'000	31 December 2016 \$'000
Continuing operations			
Revenue from gold and silver sales	1	50,153	-
Cost of production relating to gold sales	2	(50,982)	-
Gross loss before depreciation and amortisation		(829)	-
Depreciation and amortisation relating to gold sales	2	(10,546)	-
Gross loss from operations		(11,375)	-
Administration expenses		(2,325)	(1,889)
Non-capital exploration expenditure		(147)	(6)
Depreciation of non-mine-site assets		(25)	(121)
Share-based payments		(489)	(979)
Finance costs		(2,495)	(262)
Other income		713	185
Treasury – realised gain		3,007	6,324
Treasury – unrealised loss		(1,267)	(19)
(Loss)/profit before income tax expense for the period from continuing operations		(14,403)	3,233
Income tax expense		-	-
(Loss)/profit after income tax expense for the period from continuing operations		(14,403)	3,233
Other comprehensive income		-	-
Total comprehensive (loss)/profit for the period, net of tax		(14,403)	3,233
Basic (loss)/profit per share attributable to ordinary equity holders of the parent (cents per share)		(4.14)	1.17
Diluted (loss)/profit per share attributable to ordinary equity holders of the parent (cents per share)		(4.14)	1.09

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2017

	Note	Consolidated	
		31 December 2017 \$'000	30 June 2017 \$'000
Current assets			
Cash and cash equivalents		6,690	18,470
Gold bullion awaiting settlement		3,194	1,191
Trade and other receivables		1,724	1,647
Inventories		9,586	12,804
Financial assets		18	1,278
Total current assets		21,212	35,390
Non-current assets			
Other receivables		400	350
Inventories		1,504	1,504
Plant and equipment		50,432	49,922
Mine properties – areas in production		90,107	87,863
Mine properties – areas in development		2,837	1,206
Exploration and evaluation expenditure		13,449	10,662
Total non-current assets		158,729	151,507
Total assets		179,941	186,897
Current liabilities			
Trade and other payables		41,738	36,015
Interest-bearing liabilities	5	38,313	16,240
Total current liabilities		80,051	52,255
Non-current liabilities			
Interest-bearing liabilities	5	254	23,383
Provisions		25,266	24,934
Total non-current liabilities		25,520	48,317
Total liabilities		105,571	100,572
Net assets		74,370	86,325
Equity			
Issued capital	6	112,556	109,960
Reserves	7	6,162	6,310
Accumulated losses		(44,348)	(29,945)
Total equity		74,370	86,325

The above statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Consolidated			
	Issued capital	Reserves	Accumulated losses	Total
	\$'000	\$'000	\$'000	\$'000
At 1 July 2017	109,960	6,310	(29,945)	86,325
Loss for the period	-	-	(14,403)	(14,403)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive loss for the period	-	-	(14,403)	(14,403)
Transactions with owners in their capacity as owners:				
Share based payments expense	-	359	-	359
Expiry of performance rights	-	(507)	-	(507)
Shares issued, net of transactions costs	2,596	-	-	2,596
At 31 December 2017	112,556	6,162	(44,348)	74,370
At 1 July 2016	52,356	4,854	(23,101)	34,109
Profit for the period	-	-	3,233	3,233
Other comprehensive income	-	-	-	-
Total comprehensive profit for the period	-	-	3,233	3,233
Transactions with owners in their capacity as owners:				
Share based payments expense	61	918	-	979
Shares issued, net of transactions costs	24,134	-	-	24,134
At 31 December 2016	76,551	5,772	(19,868)	62,455

The above statement of changes in equity should be read in conjunction with the accompanying notes

Consolidated Statement of Cash Flows

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Note	Consolidated	
		31 December 2017 \$'000	31 December 2016 \$'000
Cash flows from operating activities			
Proceeds from gold sales		48,066	-
Payments to suppliers and employees		(53,243)	(1,951)
Interest received		35	180
Interest paid		(632)	(21)
Hedge premium income		3,007	6,324
Other		688	4
Net cash (used in)/from operating activities		(2,079)	4,536
Cash flows from investing activities			
Purchase of plant and equipment		(1,661)	(3,569)
Proceeds from disposal of plant and equipment		2	1
Payments for exploration and evaluation		(3,431)	(7,201)
Payments for mine properties		(4,286)	(56,117)
Proceeds from pre-production gold sales		-	10,965
Payments for financial assets		(6)	-
Net cash used in investing activities		(9,382)	(55,921)
Cash flows from financing activities			
Proceeds from issue of equities		2,417	25,742
Payment of share issue costs		(23)	(1,547)
Proceeds from loan, net of fees		-	6,479
Repayment of loans		(2,807)	-
Repayment of finance lease		(73)	(75)
Change in bank guarantees		167	(467)
Net cash (used in)/provided by financing activities		(319)	30,132
Net decrease in cash held		(11,780)	(21,253)
Cash and cash equivalents at beginning of the period		18,470	31,942
Cash and cash equivalents at end of the period		6,690	10,689

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

Basis of preparation

These consolidated interim financial statements and notes represent those of Blackham Resources Limited (the 'Company' or 'Blackham') and its controlled entities (the 'Group').

The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

This financial report is a general purpose financial report which:

- has been prepared in accordance with AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.
- has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'), International Financial Reporting Standards ('IFRS') and the *Corporations Act 2001*;

CHANGES IN ACCOUNTING POLICIES

The Group has adopted all of the new, revised and amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position in this financial report.

Any new, revised or amended Accounting Standards and Interpretations that are not yet mandatory have not been early adopted by the Group.

GOING CONCERN

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the consolidated entity incurred a loss of \$14,403,000 and had net cash outflows from operating and investing activities of \$2,079,000 and \$9,382,000 respectively for the half-year ended 31 December 2017. As at that date, the consolidated entity had net current liabilities of \$58,839,000.

Notwithstanding the above, the Group had net assets of \$74,370,000 at 31 December 2017.

The Directors believe that it is reasonably foreseeable that the consolidated entity will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following:

- Recent operations have demonstrated a turnaround with record processing plant throughput and gold production (December 2017 to February 2018 inclusive). Since late December 2017, there has been a step-change in project economics by way of a significantly lower overall waste material stripping ratio, with higher mined ore grades, and a build-up of high grade stockpiles to mitigate the risks of lower gold production caused by unforeseen mining interruptions. Operations are forecast to be cash flow positive and able to generate sufficient cash inflow to meet the repayment of debts when they become due and payable;
- As announced to the ASX on 19 February 2018, the Company's fully underwritten, renounceable pro-rata entitlement offer closed on 12 February 2018. Under the Entitlement Offer, the Company issued 897,670,820 New Shares on the basis of five (5) New Shares for every two (2) Blackham Shares held on the record date at an issue price of \$0.04 per New Share to raise approximately \$36 million before costs, together with one (1) free attaching option (exercisable at \$0.08 on or before 31 January 2019 ("New Option") for every two (2) New Shares subscribed for;
- As announced to the ASX on 15 January 2018, the Company refinanced its Orion Non-Amortising Term Loan via a new, secured \$14.3 million financing arrangement with its key mining contractor, MACA Limited, ("MACA Loan") allowing Blackham to satisfy the repayment of the Non-Amortising Term Loan, whilst not having any principal repayment obligations under the new MACA Loan until March 2019. The interest rate under the MACA Loan is initially 10% per annum; and
- Upon completion of the Entitlements Offer, the Company repaid \$2.3 million toward the \$23 million Project Financing Facility in place with Orion, and a further \$0.2 million of that facility was converted to equity.

Performance for the year

1. REVENUE FROM GOLD AND SILVER SALES

	Consolidated	
	31 December 2017 \$'000	31 December 2016 \$'000
<i>Gold and silver sales</i>		
- Gold sales at spot	50,513	-
- Loss on gold forward contracts	(444)	-
Total gold sales	50,069	-
- Silver sales	84	-
Total gold and silver sales	50,153	-

2. COST OF GOODS SOLD

	Consolidated	
	31 December 2017 \$'000	31 December 2016 \$'000
<i>Cost of goods sold</i>		
Costs of production	56,479	-
Royalties	2,928	-
Open pit waste removal movements	(11,495)	-
Underground costs capitalised	(253)	-
Stockpile movements	2,897	-
Gold in circuit movements	426	-
Depreciation of mine plant and equipment	991	-
Amortisation of mine properties	9,555	-
Total	61,528	-

3. OPERATING SEGMENT INFORMATION

The Group has one reportable segment, which is gold production, for the half-year ended 31 December 2017 (31 December 2016: exploration and development). The commencement date of commercial production was 1 January 2017. The Chief Operating Decision Makers are the Board of Directors and the management of the Group. There is currently one operating segment identified, being the operating of the of the Matilda-Wiluna Gold Operation based on internal reports reviewed by the Chief Operating Decision Maker in assessing performance and allocation of resources.

4. DIVIDENDS PAID OR PROVIDED FOR

There were no dividends paid or provided for during the period.

Cash, debt and capital

5. INTEREST-BEARING LIABILITIES

	Consolidated	
	As at 31 December 2017 \$'000	As at 30 June 2017 \$'000
<i>Current interest-bearing liabilities</i>		
(a) Secured loan – non-amortising	14,093	16,063
(a) Secured loan – project finance facility	23,580	-
Finance lease liabilities	640	177
Total current interest-bearing liabilities	38,313	16,240
<i>Non-current interest-bearing liabilities</i>		
(a) Secured loan – project finance facility	-	23,000
Finance lease liabilities	254	383
Total non-current interest-bearing liabilities	254	23,383

INTEREST-BEARING LIABILITIES

(A) SECURED LOANS – ORION FUND JV LIMITED (“ORION”)

As announced to the ASX on 15 January 2018, the Company refinanced its Orion Non-Amortising Term Loan via a new, secured \$14.3 million financing arrangement with its key mining contractor, MACA Limited, allowing Blackham to satisfy the maturity repayment date of the Non-Amortising Term Loan, whilst not having any principal repayment obligations under the MACA Loan until March 2019. The interest rate under the MACA Loan is initially 10% per annum.

Upon completion of the Entitlements Offer, the Company repaid \$2.3 million toward the \$23 million Project Financing Facility in place with Orion, and a further \$0.2 million of that facility was converted to equity.

6. ISSUED CAPITAL

	Consolidated	
	Half-year ended 31 December 2017	
	Number (‘000s)	\$'000
<i>Movement in ordinary shares on issue</i>		
On issue at 1 July 2017	338,928	109,960
Issued on exercise of options	68	17
Issued on conversion of performance rights	550	-
Placement	15,540	2,400
Issued to ASOF Facility – Commitment fee	3,250	-
Issued in lieu of payment	732	200
Transaction costs	-	(21)
On issue at 31 December 2017	359,068	112,556

7. SHARE-BASED PAYMENTS RESERVE

	Consolidated	
	As at 31 December 2017 \$'000	As at 30 June 2017 \$'000
	No. 000's	No. 000's
<i>Share-based payments reserve consist of:</i>		
Share options	4,752	4,428
Performance rights	1,410	1,882
	6,162	6,310
Options on issue		
Balance at 1 July	29,192	33,632
Options issued	175	2,425
Options exercised	-	(4,365)
Options forfeited	(150)	(100)
Options expired	(21,917)	(2,400)
	7,300	29,192
Performance rights on issue		
Balance at 1 July 2017	4,150	8,500
Rights issued	-	400
Rights exercised	(550)	(4,750)
Rights expired	(3,600)	-
	-	4,150

Options and performance rights are issued to suppliers, directors, employees and consultants. The options and performance rights issued may be subject to performance criteria, and are issued to directors and employees of the Company to increase goal congruence between executives, directors and shareholders. Options and performance rights granted carry no dividend or voting rights.

Summary of Options Granted during the half year

Allottee	No. of options issued	Fair value at grant date	Estimated volatility	Expiry date	Exercise price	Share price	Risk free interest rate
Employees and consultants	2,000,000	\$0.1322	90%	29 Feb 2020	\$0.308	\$0.265	1.98%

Other disclosures**8. COMMITMENTS AND CONTINGENCIES****Contractual Commitments**

On 5 December 2017, the Group entered into an agreement with Synergy for the supply of gas to the Matilda-Wiluna Gold Operation. The terms of this agreement commit the Group to purchasing a minimum amount of gas for the term of the contract. As at 31 December 2017, at the current contract price, the Group had commitments to purchase gas for the remaining term of \$1,850,000 (30 June 2017: \$689,000)

Contingent Assets and Liabilities

There has been no change in contingent assets or liabilities or contingent assets since the last annual reporting date.

9. SUBSEQUENT EVENTS**Debt Refinancing**

As announced to the ASX on 15 January 2018, the Company refinanced its Orion Non-Amortising Term Loan via a new, secured \$14.3 million financing arrangement with its key mining contractor, MACA Limited, allowing Blackham to satisfy the maturity repayment date of the Non-Amortising Term Loan, whilst not having any principal repayment obligations under the MACA Loan until March 2019. The interest rate under the MACA Loan is initially 10% per annum.

Upon completion of the Entitlements Offer, the Company repaid \$2.3 million toward the \$23 million Project Financing Facility in place with Orion, and a further \$0.2 million of that facility was converted to equity.

Entitlements Offer

As announced to the ASX on 19 February 2018, the Company's fully underwritten, renounceable pro-rata entitlement offer closed on 12 February 2018. Under the Entitlement Offer, the Company issued 897,670,820 New Shares on the basis of five (5) New Shares for every two (2) Blackham Shares held on the record date at an issue price of \$0.04 per New Share to raise approximately \$36 million (before costs, together with one (1) free attaching option (exercisable at \$0.08 on or before 31 January 2019 ("New Option") for every two (2) New Shares subscribed for.

Other financing

The ASOF facility was terminated on 17 January 2018. A total of \$2,600,000 was drawn down over the term of the facility.

Except as disclosed above, there have been no events subsequent to reporting date that would significantly affect the amounts reported in the consolidated financial statements as at and for the half-year ended 31 December 2017.

Directors' Declaration

In the opinion of the directors:

- a) the financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the Group's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and
 - ii. complying with Accounting Standard AASB 134: "Interim Financial Reporting" and the *Corporations Regulations 2001*.
- b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the board

Bryan Dixon
Managing Director
Perth, 28 February 2018



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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
BLACKHAM RESOURCES LIMITED**

We have reviewed the accompanying half-year financial report of Blackham Resources Limited which comprises the statement of financial position as at 31 December 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Blackham Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Blackham Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

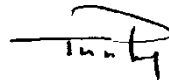
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Blackham Resources Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

RSM

RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 28 February 2018