15 March 2019

31 December 2018
Half Year Financial Results

Blackham Resources Limited ("Blackham") reports its financial results for the half-year ended 31 December 2018.

Summary financial results:

	Half-year ended Dec 2018 ($'000)	Half-year ended Dec 2017 ($'000)	Change (%)
Revenue from gold & silver sales	62,351	50,153	24%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	1,999	(1,337)	N/A
Total comprehensive loss for the half-year, net of tax	(10,264)	(14,403)	29%
Net cash flows from operating activities	7,908	(2,079)	N/A
Gold production (ounces)	38,065	30,541	25%
Gold sales price achieved (A$/oz)	1,640	1,615	2%
All-in sustaining cost (A$/oz)	1,597	2,063	23%

EXPLANATION OF HALF YEAR RESULTS

- The Company recorded a loss for the half-year ended 31 December 2018 of $10.3 million, which was impacted by unrealised treasury losses of $5.2m and non-cash depreciation and amortisation charges of $9.5m.
- Operationally, the Company had gross profits from operations of $5.3m (before non-cash depreciation and amortisation charges), compared to a loss of $0.8m for the corresponding December 2017 half-year.
- Cash used in financing activities was $11.3m including the repayment of debt ($18.2m) offset by net proceeds from new facilities ($7.1m).

A review of the Company's operations is provided in the Directors' Report in the Half Year Financial Report.

For further information on Blackham please contact:

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Managing Director
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Jim Malone
Investor Relations Manager
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BLACKHAM
Resources Limited

INTERIM FINANCIAL REPORT

For the half-year ended
31 December 2018

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Company Directory

DIRECTORS

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

COMPANY SECRETARY

Anthony Rechichi

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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WEST PERTH WA 6005

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SHARE REGISTER

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Fax: +61 2 9287 0303

SECURITIES EXCHANGE LISTING

Australian Securities Exchange
Code: BLK

SECURITIES ON ISSUE AT DATE OF THIS REPORT

Ordinary shares:	1,376,733,667
Unlisted options:	75,200,000
Zero Exercise Price Options:	42,686,684

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 2018.

DIRECTORS

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

Milan Jerkovic	Executive Chairman	
Bryan Dixon	Managing Director	
Greg Fitzgerald	Non-Executive Director	
Anthony James	Non-Executive Director	
Geoffrey Jones	Non-Executive Director	(appointed 1 August 2018, resigned 21 December 2018)

COMPANY SECRETARY

Anthony Rechichi – appointed 17 September 2018

Mike Robbins – resigned 17 September 2018

PRINCIPAL ACTIVITIES

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

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

REVIEW AND RESULTS OF OPERATIONS

Highlights

- Safety: there were no LTI's during the 2018 calendar year, TRIFR below industry average
- 6-month gold production of 38,065oz
- All in Sustaining Costs per ounce ('AISC') for the 6 months of A$1,597/oz
- Operating cash flow of $7.9 million for the half-year
- Wiluna open pit mining re-commenced for the first time in over 10 years
- FY19 production guidance of 72-80koz @ an AISC of A$1,500- A$1,700/oz
- Blackham total Ore reserves increased by 27% to 26Mt @ 1.8g/t for 1.53Moz
- Drilling continued to focus on higher grade options to increase and improve gold production
- Golden Age underground mine plan was extended by a further 6 months to June 2019, boosting high grade ore in the back half of FY19
- Golden Age Lower high-grade extensions confirmed below current mining area
- Golden Age North (Upper) successfully extended over 600m of strike with high grades in fresh rock
- Lake Way drilling confirms large mineralised gold system

Gold Production

Mill feed grade of 1.3g/t decreased from the previous six month period (1.5g/t) predominantly due to an increase in reliance on low grade stockpiles processed during the half.

During the half year, total open pit material movement was 4.2 million BCM. Higher material movement at a lower strip ratio of 7.6, resulted in 1,041Kt of ore mined. Total stockpiles at 31 December 2018 were 401kt @ 0.82g/t for a total of 10.6koz.

Production from Golden Age Underground was 20,240 tonnes @ 6.5g/t. The Golden Age underground has been cash flow positive for the last 18 months. Over this period, Blackham has consistently extended the mine life. As announced on 12 December 2018, Blackham's enhanced geological understanding of the high grade Golden Age mineralisation has enabled the mine plan to be extended into Golden Age Lower, being a fresh mining area.

Production & Cost Summary

		SEP18 QTR	DEC18 QTR	FY19 YTD
Production	**Unit**			
Open Pit Mining				
Total Mining	bcm	1,890,930	2,356,346	4,247,275
Strip Ratio	w:o	8.0	7.3	7.6
Ore Mined	t	442,740	598,448	1,041,188
Mined Grade	g/t	1.1	1.2	1.1
Underground Mining				
Total UG lateral development	m	149	84	233
Ore Mined	t	9,407	10,833	20,240
Mined Grade	g/t	7.4	5.6	6.5
Total Ore Mined	t	452,147	609,281	1,061,428
Total Mined Grade	g/t	1.3	1.2	1.2
Total OP & UG Contained Gold	oz	18,362	24,219	42,581
Processing				
Tonnes Processed	t	555,677	487,401	1,043,078
Grade Processed	g/t	1.2	1.4	1.3
Recovery	%	91%	87%	89%
Gold Produced	**oz**	**19,049**	**19,016**	**38,065**
Gold Sold	oz	18,332	19,980	38,312
Costs	**Unit**			
Mining	A$/oz	1,003	1,113	1,058
Processing	A$/oz	419	443	431
Site Administration	A$/oz	85	90	87
Pre-production mining costs capitalised	A$/oz	(156)	(160)	(158)
Stockpile movements	A$/oz	107	(126)	(10)
Royalties, refining costs & silver sales	A$/oz	81	109	96
Sustaining capital expenditure	A$/oz	27	117	72
Overhead costs	A$/oz	22	20	21
All - In - Sustaining Costs Per Ounce	**A$/oz**	**1,588**	**1,606**	**1,597**

Expansion Study
The Expansion Definitive Feasibility Study is well advanced with processing studies continuing with a view to further de-risking the expansion of the operation. With mining having now commenced in the Wiluna oxide starter pits, geology and mining factors are being further de-risked well ahead of the Company electing to commit further capital to the Sulphide Project. The mine plan is currently in the process of being amended to bring forward the underground ore earlier in the schedule.

Work in the half-year has focused on the optimisation of the processing flowsheet with the comminution circuit with detailed test work to refine capital and operating costs. The location of the expanded Tailings Storage Facility has been selected and sterilised with designs close to finalization.

Corporate
As at 31 December 2018, the Company had $6.8 million in cash and bullion (cash of $1.5 million, bank guarantees of $0.6 million and bullion of $4.7 million) (30 June 2018 - $23.4 million) and a receivable of $2.8 million from the sale of 20% of the Wiluna Cobalt-Nickel Project (which was received in January 2019).

Net debt at 31 December 2018 was $13.9 million. Loan liabilities increased to $20.7 million as the final repayment to Orion JV Fund Limited was offset by the proceeds of the new Convertible security issued to Lind Partners valued at $6 million. Debt as at 31 December 2018 was comprised of the loan payable to MACA (face value of $14.3 million), Lind Convertible Security ($6.0 million) and leases ($0.4 million).

Gold sold during the half-year was 38,312oz @ A$1,640/oz. There were 30,675oz of forward gold sales contracts in place at 31 December 2018, at an average price of $1,692/oz, maturing over the next 8 months.

Blackham received an additional A$2.8 million cash in January 2019 from sale of 20% interest in the Wiluna Cobalt-Nickel Project.

Salt Lake Potash (ASX: S04) received approvals and commenced the construction of the Lake Way Ponds for brine storage with planned dewatering of Blackham's Williamson Open Pit in advance of mining recommencing in 2019.

A Binding Heads of Agreement was executed in November 2018 for the establishment of a Joint Venture for the development, mining and processing of gold resources from the GWR Group Limited ("GWR") Wiluna West Gold Project (Blackham 65%, GWR 35%).

Results
The loss after tax for the half-year ended 31 December 2018 was $10,264,000 (December 2017: $14,403,000). The Group's net assets at 31 December 2018 were $96,228,000 (June 2018: $103,126,000).

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

Financing
On 15 March 2019, the securities of Blackham Resources Limited were placed in voluntary suspension at the request of the Company, pending it releasing an announcement regarding an update on its funding arrangements.

Joint Venture
The Joint Venture Agreement between the Company and A-Cap Energy Limited ("A-Cap") is now binding, following the receipt of $2.8 million from A-Cap in January 2019. A-Cap now has an initial 20% interest in the Wilconi Project with an additional 55% available to be earnt.

Hedging transaction
As announced on 6 March 2019, the Company hedged an additional 20,000 ounces of gold production at a forward price of A$1,836/oz. The revised gold forward sales contracts position is for the delivery of 38,123oz at an average price of A$1,773/oz over the next 10 months. This represents approximately 6 months of gold production price protection.

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 2018.

Ordinary Shares issued after balance date

On 15 February 2019, the Company issued 27,777,778 fully paid ordinary shares pursuant to the Lind Funding Agreement, as announced to the ASX on 25 September 2018, and as approved by shareholders by ordinary resolution at the Company's Annual General Meeting on 30 November 2018.

On 15 February 2019, the Company issued 6,423,474 fully paid ordinary shares pursuant to the Controlled Placement Agreement as disclosed in the Company's June 2018 Quarterly Report dated 30 July 2018.

ROUNDING

The company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191 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 2018 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.

Milan Jerkovic
Director
Perth, 15 March 2019

Competent Persons Statement

The information contained in the report that relates to Exploration Targets and Exploration Results at the Wiluna Gold Project is based on information compiled or reviewed by Mr Jonathan Lea, who is a full-time employee and security holder of the Company. Mr Lea 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 Lea 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.

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 and security holder 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 Matilda-Wiluna Gold Operation 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 13 September 2018 continue to apply and have not materially changed.

The information contained in the report that relates to Ore Reserves for the Wiluna underground mines are 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 Matilda Gold Project 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 Open Pits at the Wiluna Gold Operation 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 Intermine Engineering Consultants having been engaged by Blackham Resources Ltd to prepare the documentation for the Matilda Gold Project 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 relating to the Ore Reserve estimate was reported to the ASX on the 31st October 2018. 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 the estimates have not materially changed.

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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 2018, 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

RSM AUSTRALIA PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 15 March 2019

BLACKHAM
Resources Limited

Consolidated Statement of Comprehensive Income

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

		Consolidated	
	Note	31 December 2018 $'000	31 December 2017 $'000
Continuing operations			
Revenue from gold and silver sales	1	62,351	50,153
Cost of production relating to gold sales	2	(57,059)	(50,982)
Gross profit/(loss) before depreciation and amortisation		**5,292**	**(829)**
Depreciation and amortisation relating to gold sales	2	(9,462)	(10,546)
Gross loss from operations		**(4,170)**	**(11,375)**
Administration expenses		(2,379)	(2,325)
Non-capital exploration expenditure		(856)	(147)
Depreciation of non-mine-site assets		(32)	(25)
Share-based payments		(204)	(489)
Finance costs		(2,769)	(2,495)
Other income		2,917	713
Other expenses		(12)	-
Treasury – realised gain		2,460	3,007
Treasury – unrealised loss		(5,219)	(1,267)
Loss before income tax expense for the period from continuing operations		**(10,264)**	**(14,403)**
Income tax expense		-	-
Loss after income tax expense for the period from continuing operations		**(10,264)**	**(14,403)**
Other comprehensive income		-	-
Total comprehensive loss for the period, net of tax		**(10,264)**	**(14,403)**
Basic loss per share attributable to ordinary equity holders of the parent (cents per share)		(0.79)	(4.14)
Diluted loss per share attributable to ordinary equity holders of the parent (cents per share)		(0.79)	(4.14)

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

BLACKHAM Resources Limited

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2018

		Consolidated	
		31 December 2018	30 June 2018
	Note	$'000	$'000
Current assets			
Cash and cash equivalents		1,513	20,742
Gold bullion awaiting settlement		4,722	2,713
Trade and other receivables		5,747	2,132
Inventories		11,949	11,870
Financial assets		14	965
Total current assets		**23,945**	**38,422**
Non-current assets			
Inventories		1,504	1,504
Plant and equipment		57,683	55,264
Mine properties – areas in production		73,675	77,508
Mine properties – areas in development		5,056	3,348
Exploration and evaluation expenditure		18,205	15,733
Total non-current assets		**156,123**	**153,357**
Total assets		**180,068**	**191,779**
Current liabilities			
Trade and other payables		33,355	29,399
Provisions		986	844
Financial liabilities		4,270	-
Interest-bearing liabilities	5	15,007	21,823
Total current liabilities		**53,618**	**52,066**
Non-current liabilities			
Interest-bearing liabilities	5	3,770	10,478
Provisions		26,452	26,109
Total non-current liabilities		**30,222**	**36,587**
Total liabilities		**83,840**	**88,653**
Net assets		**96,228**	**103,126**
Equity			
Issued capital	6	147,694	145,459
Reserves	7	5,752	4,621
Accumulated losses		(57,218)	(46,954)
Total equity		**96,228**	**103,126**

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 2018

	Consolidated			
	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Total $'000
At 1 July 2018	145,459	4,621	(46,954)	103,126
Loss for the period	-	-	(10,264)	(10,264)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive loss for the period	-	-	(10,264)	(10,264)
Transactions with owners in their capacity as owners:				
Share based payments expense	-	1,131	-	1,131
Shares issued, net of transactions costs	2,235	-	-	2,235
At 31 December 2018	**147,694**	**5,752**	**(57,218)**	**96,228**
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**

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

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BLACKHAM
Resources Limited

Consolidated Statement of Cash Flows

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Consolidated	
	31 December 2018 $'000	31 December 2017 $'000
Cash flows from operating activities		
Proceeds from gold and silver sales	60,341	48,066
Payments to suppliers and employees	(53,943)	(53,243)
Interest received	40	35
Interest paid	(1,190)	(632)
Hedge premium income	2,460	3,007
Other	200	688
Net cash from/(used in) operating activities	**7,908**	**(2,079)**
Cash flows from investing activities		
Purchase of plant and equipment	(4,598)	(1,661)
Payments for exploration and evaluation	(4,450)	(3,431)
Payments for mine properties	(7,355)	(4,286)
Proceeds from pre-production gold sales	571	-
Other	4	(4)
Net cash used in investing activities	**(15,828)**	**(9,382)**
Cash flows from financing activities		
Proceeds from issue of equities	1	2,417
Payment of share issue costs	(32)	(23)
Proceeds from loan, net of fees	7,086	-
Repayment of loans	(18,169)	(2,807)
Repayment of finance lease	(79)	(73)
Change in bank guarantees	(116)	167
Net cash used in financing activities	**(11,309)**	**(319)**
Net decrease in cash held	(19,229)	(11,780)
Cash and cash equivalents at beginning of the period	20,742	18,470
Cash and cash equivalents at end of the period	**1,513**	**6,690**

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 2018

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 2018 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 the new, revised and amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period.

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

The following Accounting Standards and Interpretations are most relevant to the Group:

AASB 9 Financial Instruments

The Group has adopted AASB 9 from 1 January 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

AASB 15 Revenue from Contracts with Customers

The Group has adopted AASB 15 from 1 January 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

Impact of adoption
AASB 9 and AASB 15 were adopted using the modified retrospective approach and as such comparatives have not been restated. There is no impact on adoption of AASB 9 and AASB 15.

Revenue recognition
The Group recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

Sale of goods
Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Interest
Interest revenue is recognised as interest accrues using the effective interest method.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income include equity investments which the Group intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets
The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

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 the discharge of liabilities in the normal course of business.

In the six months to 31 December 2018 the consolidated entity incurred a loss of $10.3m, despite the positive net cash inflows from operating activities of $7.9m. As at that date, the consolidated entity had net current liabilities of $29.7m. Notwithstanding those amounts, the Group had net assets of $96.2m.

There would be inherent uncertainties regarding the Group's ability to continue as a going concern if the Group did not:
1. achieve its forecasted production quantities; and
2. fund a forecasted short-term working capital deficiency during a time of significant mine development of open pit mining locations, whilst concurrently making debt repayment to its financiers.

Despite this, the Directors believe that the going concern basis of preparation of the financial report remains appropriate, after consideration of the following mitigating factors:

- Subsequent to the half-year end, the Company signed an agreement with corporate advisors to effect a solution to its funding requirements, with the expectation that sufficient additional funding will be secured in the June 2019 Quarter. Part of the new funding proceeds received will provide the Group with adequate funding to meet its short-term working capital deficiency; and
- The Group’s mining operation has generated positive operating cash flows since the Group’s capital restructure in early 2018, and the Group has forecasted to continue to achieve positive cash flows from its operations which, following the headroom created by the new funds received, will generate sufficient cash inflows to meet the repayment of trade debts when they become due and payable.

Accordingly, the Directors believe that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the Group does not continue as a going concern.

Performance for the year

1. REVENUE FROM GOLD AND SILVER SALES

	Consolidated	
	31 December 2018 $'000	31 December 2017 $'000
Gold and silver sales		
- Gold sales at spot	63,537	50,513
- Loss on gold forward contracts	(1,293)	(444)
Total gold sales	**62,244**	**50,069**
- Silver sales	107	84
Total gold and silver sales	**62,351**	**50,153**

2. COST OF GOODS SOLD

	Consolidated	
	31 December 2018 $'000	31 December 2017 $'000
Cost of goods sold		
Costs of production	53,585	56,479
Royalties	3,606	2,928
Depreciation of mine plant and equipment	1,285	991
Amortisation of mine properties	8,177	9,555
Open pit waste removal movements	(186)	(11,495)
Underground costs capitalised	-	(253)
Stockpile movements (build up)/draw down	(374)	2,897
Gold in circuit draw down	428	426
Total	**66,521**	**61,528**

3. OPERATING SEGMENT INFORMATION

The Group had one reportable segment, which is gold production, in the half-year ended 31 December 2018 (31 December 2017: gold production). 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 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.

5. INTEREST-BEARING LIABILITIES

	Consolidated	
	As at 31 December 2018 $'000	As at 30 June 2018 $'000
Current interest-bearing liabilities		
Convertible note, net of fees & collateral shares	4,837	-
Secured loan – MACA, net of fees	10,000	6,173
Secured loan – Orion	-	15,500
Finance lease liabilities	170	150
	15,007	**21,823**
Non-current interest-bearing liabilities		
Secured loan – MACA, net of fees	3,563	10,300
Finance lease liabilities	207	178
	3,770	**10,478**

INTEREST-BEARING LIABILITIES

SECURED CONVERTIBLE NOTE - LIND PARTNERS ("LIND")

As announced on 25 September 2018, the Company executed an agreement with an entity managed by The Lind Partners, a New York based institutional fund manager, for up to A$23 million in total capital.

The initial funding commitment of A$7.5 million was provided as a Secured Convertible Note ("Convertible Note 1") with a 24 month term, the proceeds of which were used to fully repay the short term secured debt owed to Orion Fund JV Limited. The Funding Agreement includes repayment provisions that allow for conversion into Blackham shares, optional cash payments or early repayment, at the Company's sole discretion, at any time. A lock-up provision restricts conversion of debt into shares for four and a half months until 14 February 2019.

50 million collateral shares were issued to Lind on execution of the funding agreement. The value of these shares on the date of issue ($2.25 million) has been offset against the face value of the convertible note.

SECURED LOANS – MACA LIMITED ("MACA")

At balance date, the Group had a loan outstanding with MACA Mining Limited with a face value of $14.3 million (June 2018: face value of $17.0 million), having a maturity repayment date of 31 May 2020, secured against the Group's assets. The facility attracted an interest rate of 10% per annum in the current year (2018: 10%).

Repayment dates are:
- $1,000,000 monthly from March 2019 to April 2020
- $300,000 on 31 May 2020

In addition to the MACA loan amount of $14.3 million face value, there were $14.5 million of mining contractor costs included in trade payables, which is also secured against the Group's assets.

The Group has entered into a general security deed to secure the Group's obligations under the relevant documents encompassing the MACA Debt Facility. The securities granted to MACA are first ranking and are pari pasu with Lind.

6. ISSUED CAPITAL

	Consolidated	
	Half-year ended 31 December 2018	
	Number ('000s)	$'000
Movement in ordinary shares on issue		
On issue at 1 July 2018	1,265,519	145,459
Issued on exercise of options	1,621	1
Issued as collateral shares – Lind facility	50,000	2,250
Issued as collateral shares – CPA facility	25,000	-
Issued in lieu of payment	392	16
Transaction costs	-	(32)
On issue at 31 December 2018	**1,342,532**	**147,694**

7. RESERVES

	Consolidated	
	As at 31 December 2018 $'000	As at 30 June 2018 $'000
Share-based payments reserve consist of:		
Share options	4,342	3,211
Performance rights	1,410	1,410
	5,752	**4,621**
	Number (000's)	**Number (000's)**
At beginning of reporting period	589,627	33,342
Options issued	72,000	588,057
Options exercised	(1,621)	(98)
Options forfeited	(6,340)	(875)
Options expired	(400)	(26,649)
Rights converted	-	(550)
Rights expired	-	(3600)
At closing of reporting period	**653,266**	**589,627**

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
Lind Partners	72,000,000	$0.026	90%	13 February 2024	$0.08	$0.043	2.26%

Other disclosures

8. COMMITMENTS AND CONTINGENCIES

Operating Leases
Operating lease commitments include contracted amounts for offices and supply of electricity to the Matilda-Wiluna Gold Operation under non-cancellable operating leases expiring within three to four years. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Future minimum rentals payable under non-cancellable operating leases at 31 December are as follows:

	Consolidated	
	As at 31 December 2018 $'000	**As at 30 June 2018 $'000**
Not longer than one year	2,262	1,976
Longer than one year, but not longer than five years	4,685	4,940
	6,947	**6,916**

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 2018, at the current contract price, the Group had commitments to purchase gas for the remaining term of $291,000 (30 June 2018: $1,040,000).

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

Financing
On 15 March 2019, the securities of Blackham Resources Limited were placed in voluntary suspension at the request of the Company, pending it releasing an announcement regarding an update on its funding arrangements.

Joint Venture
The Joint Venture Agreement between the Company and A-Cap Energy Limited ("A-Cap") is now binding, following the receipt of $2.8 million from A-Cap in January 2019. A-Cap now has an initial 20% interest in the Wilconi Project with an additional 55% available to be earnt.

Hedging transaction
As announced on 6 March 2019, the Company hedged an additional 20,000 ounces of gold production at a forward price of A$1,836/oz. The revised gold forward sales contracts position is for the delivery of 38,123oz at an average price of A$1,773/oz over the next 10 months. This represents approximately 6 months of gold production price protection.

Ordinary Shares issued after balance date
On 15 February 2019, the Company issued 27,777,778 fully paid ordinary shares pursuant to the Lind Funding Agreement, as announced to the ASX on 25 September 2018, and as approved by shareholders by ordinary resolution at the Company's Annual General Meeting on 30 November 2018.

On 15 February 2019, the Company issued 6,423,474 fully paid ordinary shares pursuant to the Controlled Placement Agreement as disclosed in the Company's June 2018 Quarterly Report dated 30 July 2018.

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 2018.

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 2018 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

Milan Jerkovic
Director
Perth, 15 March 2019

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Blackham Resources Limited, which comprises the statement of financial position as at 31 December 2018, 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 2018 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.

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 2018 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*.

Material Uncertainty Related to Going Concern

We draw attention to the going concern note in the Basis of Preparation section contained within the notes to the consolidated financial statements, which indicates that the consolidated entity incurred a loss of $10,264,000 for the half-year ended 31 December 2018 and, as of that date, the consolidated entity had net current liabilities of $29,673,000. As stated in the going concern note, these events or conditions, along with other matters as set forth in the going concern note, indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

RSM

RSM AUSTRALIA PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 15 March 2019