ASX ANNOUNCEMENT

18 November 2016

COMPANY ACHIEVES FIRST PRODUCTION OF SALEABLE VERMICULITE PRODUCT

Saleable and bagged vermiculite product from the Namekara Mining and Processing Operations – November 2016

Black Mountain Resources Limited ("**Black Mountain**" or the "**Company**") is pleased to confirm that it has produced its first saleable vermiculite product following the acquisition of the Namakera Vermiculite Mine and Processing Operations in Uganda.

The Company, which completed the acquisition of 100% of the share capital in GLF Holdings Limited (**Gulf**) earlier this month, has assumed operating and financial control of Gulf's wholly owned subsidiary in Uganda, Namakera Mining Company Limited (**NMCL**), which is the registered holder of Mining License ML 4651, upon which it operates the Namakera Vermiculite Mine and conducts exploration activities on the Busumbu Phosphate Project.

The Company has commenced its capital investment program, with particular focus on process plant upgrade work and optimisation.

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Vermiculite mined from the shallow open pit mine using an owner-operator standard truck and shovel operation has this week been fed through the Namakera Processing Plant.

The Namakera Processing Plant - November 2016

The Namakera Processing Plant comprises a conventional beneficiation plant that was first commissioned in 2010. It comprises a, magnetic separation, air drying, two stage screening and a winnowing processing route.

Vermiculite from the open pit mine tipped directly into the Run of Mine Bin - November 2016

Material from the Namakera open pit has been feeding directly into the Run Of Mine (**ROM**) bin.

Vermiculite from ROM Bin conveyed to the magnetic separator - November 2016

Vermiculite ore from the ROM bin is then conveyed to a magnetic separator which separates magnetic minerals (predominantly magnetite) from the vermiculite-bearing non magnetics and is placed them on a separate waste stockpile.

Vermiculite is then fed into the rotary dryer to lower the moisture content - November 2016

The Namakera Processing Plant with Rotary Dryer centre - November 2016

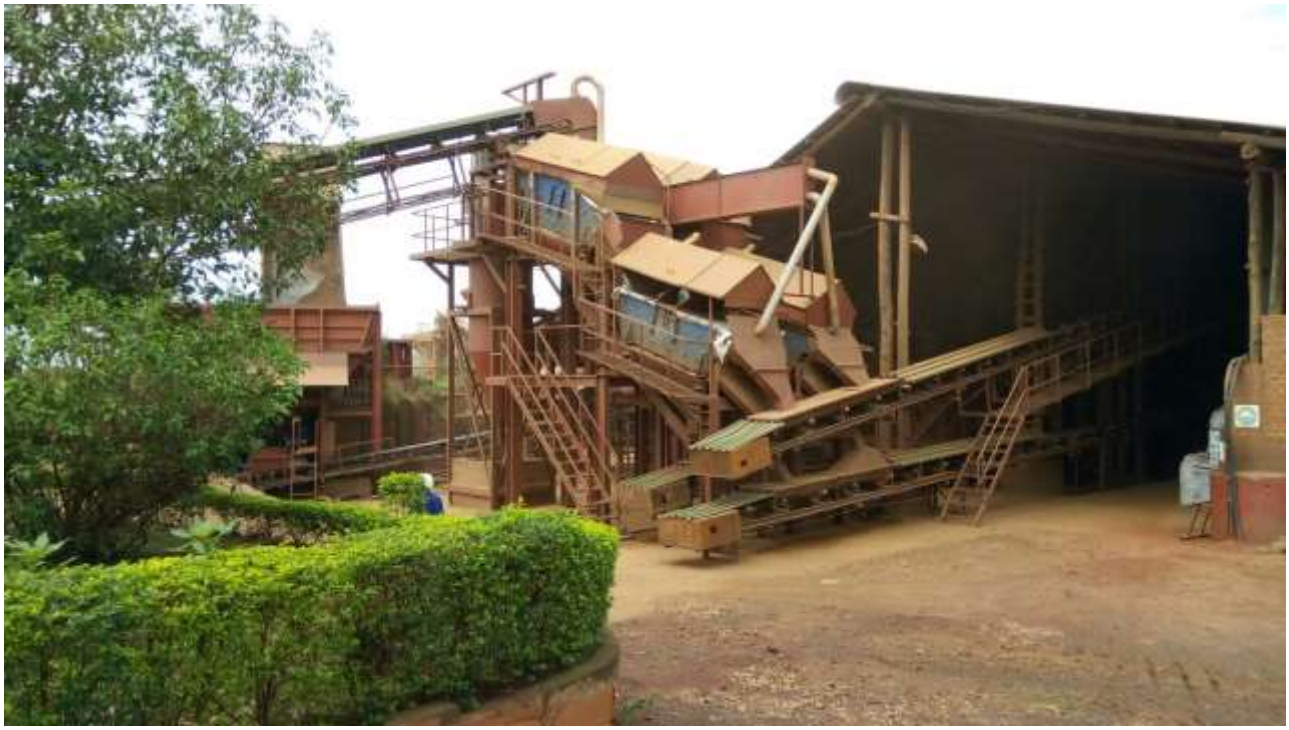
The non-magnetic, vermiculite-rich ore is then fed into a rotary dryer where the moisture content is lowered from an average +9% to less than 5%, which will allows the material to pass over screens without excessive blinding.

The resultant dry ore then passes through a bank of screens where dust is removed from the stream of ore before the ore is passed onto a circuit of screens that separates the ore into the different size fractions according to their particle size as per the table below.

Particle Size Range		Large	Medium	Fine	Superfine
Min. % by weight retained in size range indicated	11.2mm - 4.75mm	80%	-	-	-
	4.75mm - 2.00mm	-	80%	-	-
	2.80mm – 1.00mm	-	-	80%	-
	1.70mm – 0.3mm	-	-	-	80%

The separated, different sized ore fractions are then passed through winnowers to separate the vermiculite from the none-vermiculite grit particles.

A winnowing process then increases the concentration of vermiculite in the product to a minimum of 95% vermiculite. Large fractions that are not saleable are recirculated through a granulator where they are reduced in size and fed back into the sizing circuit.



Vermiculite passes through a bank of screens to separates the ore into the different size fractions - November 2016

The separated, different sized ore fractions are then passed through winnowers - November 2016

The output from the winnowers is then screened for the final time to remove remaining dust before the ore is packed in bulk bags.

The vermiculite product is then packed into 1.1 tonne bulk bags for all grades of vermiculite product, for storage and dispatching to clients

Vermiculite product bagged for storage and despatch to the Company's existing customers - November 2016

The Company and its consultants have commenced its capital investment program, with particular focus on process plant upgrade work and optimisation to be funded form the Company's recently completed capital raising.

The initial focus of this work is targeting feed preparation, with an upgrade to the rotary dryer planned to increase efficiency and reduce fuel consumption. The program will also investigate reducing the volume of oversize rejects. Dust extraction units are to be upgraded across the site incorporating the primary screening, air separation and resizing areas as well as the final product and bagging area of the plant.

Subsequent work by the Company will be focused on the implementation of wet screening on the ROM pad to optimise feed to the dryer, building a dry product stockpile to allow optimisation of plant feed, increasing the screening capacity and increasing the on-site storage capacity.

The Company will continue to update the market and its shareholders on the progress of its capital investment into NMCL and the operating and financial performance of the Namakera Vermiculite Mine.

END

Mr Julian Ford
Chairman
Black Mountain Resources Ltd

Forward looking statements

Information included in this release constitutes forward-looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as “may”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “continue”, and “guidance”, or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production outputs.

Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licences and permits and diminishing quantities or grades of reserves, political and social risks, changes to the regulatory framework within which the company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation.

Forward looking statements are based on the Company and its management’s good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the Company’s business and operations in the future. The Company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the Company’s business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the Company or management or beyond the Company’s control.

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