



ASX ANNOUNCEMENT

20th April 2017

BLACK MOUNTAIN CONFIRMS FIRST SALE TO NORTH AMERICA AND GROWTH IN REPEAT ORDERS

- **First order secured for North America, the world's largest vermiculite market – material dispatched**
- **Repeat orders to contracted customers in UK, Europe and Japan**
- **Strong demand coming from Australia**
- **Strategic stockpiles established in Uganda and Europe with a sales value of AUD\$0.9 million**
- **Higher than expected percentage of large and medium size grade being produced at Namekara**

Black Mountain Resources Limited (ASX: **BMZ**) (**Black Mountain** or the **Company**) is pleased to provide an update on the progress and success of the Marketing, Sales and Logistics program that its 100%-owned subsidiary Namekara Mining Company Limited (NMCL) has implemented.

First North American order secured

Black Mountain is pleased to announce that it has secured its first sale into North America, the world's largest vermiculite market. This is a very important development for the Company and provides excellent validation of the Namekara product in a very large market. The sale is made up of all four grades of Namekara's premium product. Black Mountain expects to gain further market share in North America, especially through the supply of large and medium sized grades. The Company is potentially the only vermiculite producer in the world that can significantly expand production and supply of these grades.

Repeat orders from existing customers

NMCL has entered into five supply contracts, which run for 12 months, for supply of material into the UK, Europe and Japan. Customers in all of these markets have placed repeat orders for more material, either for different grades for testing, or for additional material in current grades due to increased demand. Since resuming operations at Namekara in November 2016, the Company has grown its customer base to over 10 customers on five continents.

The sales team plan to meet with as many of these customers at the International Vermiculite Association annual gathering in mid-May to further strengthen the Company's sales pipeline.

Australian market enquiry is growing

NMCL have received strong enquiry from potential customers in Australia, and the sales team plan to meet the various parties this month to convert these enquiries into firm orders.

Strategic stockpiles established

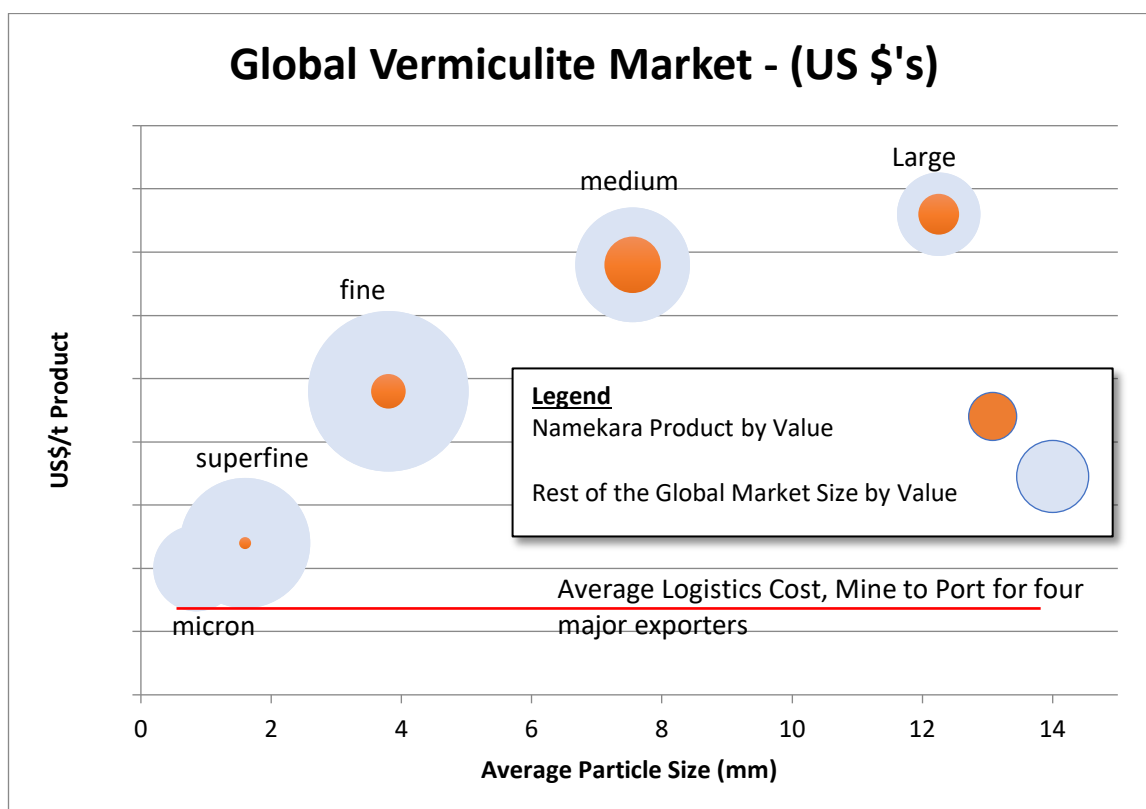
NMCL is pleased to again confirm that vermiculite stockpiles have been established in Uganda, at the Port of Mombasa, and at a secure warehouse facility in Europe. The total realised sales value of these stockpiles currently stands at \$AUD 0.9

million. Establishing these stockpiles is an important customer requirement for the industrial minerals market. Additional strategic stockpiles in other regions are being considered and as is various options for stockpile financing.

Increase in percentage of expected large and medium grade being produced at Namekara

Higher than expected production of large and medium grade size vermiculite product has confirmed the potential of the Namekara deposit as the only known and current producing vermiculite operation that can significantly ratchet up supply of large and medium material to meet market demand, and replace declining large and medium grade product from other suppliers.

The budgeted proportional particle size distribution (“PSD”) for Namekara is three quarters large and medium flake size and this proportion is 7% over budget. This is a significant development, allowing for better average prices and marketing flexibility. It is widely recognised that the world has an oversupply of micron super fine material whereas the world supply of medium and large size vermiculite is in deficit.



MANAGEMENT COMMENTARY

Black Mountain’s Chairman and Chief Executive Officer Julian Ford commented: “Black Mountain is establishing a reputation as a reliable supplier of large and medium grade vermiculite, and our product is achieving excellent visibility among a growing customer base and new potential customers.

“The first order into North America is particularly encouraging and it demonstrates that we can deliver product into the world’s largest vermiculite market cost effectively and reliably.

“The solid progress made on sales confirms our belief that the Namekara project has the potential to become the premier vermiculite mine globally, and the value of Namekara continues to grow. We are in a unique position to expand our large and medium supplies without affecting the oversupplied micron and super-fines markets.”

-ENDS-

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