ASX ANNOUNCEMENT

12 April 2018

NOTICE OF MEETING

Please find attached a Notice of Meeting in respect of the restructure transaction as previously announced.

As part of the transaction, the Company confirms that it has agreed with all holders of the 535,000 convertible notes (the full terms of which were announced in the Notice of Meeting dated 27 October 2017), to extend the maturity date of the convertible notes to 15 June 2018. This will allow for repayment or conversion with the Company's next capital raising as set out in the attached Notice of Meeting.

Black Mountain Resources Limited
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BLACK MOUNTAIN RESOURCES LIMITED

ACN 147 106 974

NOTICE OF GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 10:00am (WST)

DATE: 14 May 2018

PLACE: At the offices of Calder Roth
Level 2, 34 Colin Street, West Perth WA 6005

The business of the Meeting affects your shareholding and your vote is important.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

***The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at* 10:00am (WST) *on 12* May 2018.**

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 - APPROVE RESTRUCTURE HEADS OF AGREEMENT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 10.1 and ASX Listing Rule 11.2 and for all other purposes, Shareholders approve and authorise the Company to enter into a restructure heads of agreement with Richmond Partners Masters Limited (**RPML**) to dispose of its main undertaking in the Namekara Vermiculite Mine by transferring its interest in its subsidiary company, Namekara Mining Company Limited, to RPML."*

Expert's Report: Shareholders should carefully consider the Independent Expert's Report prepared by RSM Corporate Australia Pty Ltd for the purposes of the Shareholder approval required under ASX Listing Rule 10.1 which comments on the fairness and reasonableness of the transaction to the non-associated Shareholders in the Company.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a party to the transaction and a person who might obtain a benefit, except solely in the capacity of a holder of ordinary securities if the Resolution is passed or any associate of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

2. RESOLUTION 2 – ISSUE OF SHARES AND OPTIONS PURSUANT TO CONVERTIBLE LOAN FACILITY

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 27,500,000 Shares (and 13,750,000 free attaching Options) pursuant to a Convertible Loan Facility on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

3. RESOLUTION 3 – ISSUE OF SHORTFALL SHARES AND OPTIONS TO MAURICE FEILICH UNDER ENTITLEMENT ISSUE

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution:**

"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 5,250,000 Shares (at an

issue price of $0.02 per Share) to Maurice Feilich (or his nominee) resulting from participation in any shortfall under the Proposed Entitlement Issue, together with 1 free attaching Option for every 2 Shares, on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of Maurice Feilich (or his nominee) or any of his associates (**Resolution 3 Excluded Party**). However, the Company need not disregard a vote if it is cast by a **person** as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 3 Excluded Party, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:
A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:
(a) the proxy is either:
 (i) a member of the Key Management Personnel; or
 (ii) a Closely Related Party of such a member; and
(b) the appointment does not specify the way the proxy is to vote on this Resolution.
Provided the Chair is not a Resolution 3 Excluded Party, the above prohibition does not apply if:
(a) the proxy is the Chair; and
(b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

4. RESOLUTION 4 – ISSUE OF SHORTFALL SHARES AND OPTIONS TO SIMON GRANT-RENNICK UNDER ENTITLEMENT ISSUE

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution:**

"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 5,250,000 Shares (at an issue price of $0.02 per Share) to Simon Grant-Rennick (or his nominee) resulting from participation in any shortfall under the Proposed Entitlement Issue, together with 1 free attaching Option for every 2 Shares, on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of Simon Grant-Rennick(or his nominees) or any of his associates (**Resolution 4 Excluded Party**). However, the Company need not disregard a vote if it is cast by a **person** as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 4 Excluded Party, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:
A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:
(a) the proxy is either:
 (i) a member of the Key Management Personnel; or
 (ii) a Closely Related Party of such a member; and
(b) the appointment does not specify the way the proxy is to vote on this Resolution.
Provided the Chair is not a Resolution 3 Excluded Party, the above prohibition does not apply if:
(a) the proxy is the Chair; and

(b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

5. RESOLUTION 5 – CHANGE OF COMPANY NAME

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

> *"That, subject to completion of the Acquisition, for the purposes of section 157(1)(a) and for all other purposes, approval is given for the name of the Company to be changed to **Hipo Resources Limited."***

6. RESOLUTION 6 – NON-EXECUTIVE DIRECTORS' REMUNERATION

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

> *"That, for the purposes of clause 13.8 of the Constitution, ASX Listing Rule 10.17 and for all other purposes, Shareholders approve an increase of the maximum total aggregate amount of fees payable to non-executive Directors from $150,000 per annum to $300,000 per annum in accordance with the terms and conditions set out in the Explanatory Statement."*

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a Director or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement
A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:
(a) the proxy is either:
  (i) a member of the Key Management Personnel; or
  (ii) a Closely Related Party of such a member; and
(b) the appointment does not specify the way the proxy is to vote on this Resolution.
However, the above prohibition does not apply if:
(a) the proxy is the Chair; and
(b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Dated: 12 April 2018

By order of the Board

Maurice Feilich
Director

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9321 7277.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. BACKGROUND

1.1 Company Objectives and Current Projects

The Company's current principal activities relate to mineral exploration and identification of potential mining assets for acquisition and development (**Company Objectives**).

The Company currently owns:

(a) 100% of the Namekara Vermiculite Mine located in South Eastern Uganda (**Namekara Vermiculite Mine**);

(b) 100% of the Busumbu Phosphate advanced exploration project (**Busumbu Phosphate Project**) located on the same mining license as the Namekara Vermiculite Mine; and

(c) additional copper and rare earths exploration ground located on exploration licences directly adjacent to the Namekara Vermiculite Mine and Busumbu Phosphate Project (**Copper and Rare Earths Project**),

(together the **Projects**).

When the Company acquired the above Projects, it had a 3-stage development approach (**Staged Development**):

(a) obtain early cashflow with the small-scale Namekara Vermiculite Mine;

(b) advanced exploration and early stage development on the Busumbu Phosphate Project; and

(c) commence earlier stage exploration for larger targeted minerals of copper and rare earths.

Further details of each of these Projects are set out below.

1.2 Namekara Vermiculite Mine

The Namekara Vermiculite Mine is located in Eastern Uganda near the towns of Mbale and Tororo, approximately 190 km from the Uganda capital, Kampala and close to the border with Kenya.

It is situated on a major central African road and rail network and is 10 km from a rail spur that connects to the Kenyan port of Mombasa.

The Namekara Vermiculite deposit is hosted in the Bukusu Complex, one of a number of Carbonatites in the Uganda/Kenya border area and the only one known to host commercially viable vermiculite.

Namekara is the registered holder of Mining License ML 4651, upon which it operates the Namekara Vermiculite Mine and conducts exploration activities on the Busumbu Phosphate Project.

Namekara is also the registered holder of Exploration License EL 1534 that covers the majority of the Bukusu Complex and which is also considered prospective for vermiculite, phosphate, copper, iron, zircon and rare earths mineralisation.

Tenement	Interest	Area	Expiry Date	Other Conditions
Mining License ML 4651	100%	17.25 km^2	14/05/24	Option to extend up to a further 15 years
Exploration License EL 1534	100%	30.83 km^2	23/11/19	One option to extend for a further 2 years

1.3 Busumbu Phosphate Project

The Busumbu Phosphate Project is located on the Busumbu ridge approximately 3km east of the Namekara Vermiculite Mine and on the existing mining license held. A phosphate mine operated intermittently at Busumbu during the period from 1944 to 1963.

Exploration work was completed by ASX listed Gulf Industrials Limited (now Cassius Mining Limited) in 2011 and 2012. The work comprised soil sampling to delineate the potential mineralised target, followed by six diamond drill holes to test for depth extent, determine tenor of phosphate mineralisation and to identify phosphate minerals present. Analyses of the soil samples identified up to 3km of strike extent of phosphate mineralisation likely between Busumbu and the Namekara Vermiculite Mine. It also indicated a "substantial phosphate mineralisation footprint for future exploration".

The Company is proposing to complete further detailed exploration work at the Busumbu Phosphate Project including, resource definition drilling, preliminary mine planning and optimisation studies, broad sampling and metallurgical test work and preliminary processing plant optimisation studies. The Project is considered to be one of two "world-class" phosphate deposits in Uganda and is intended to be a key focus of the Company.

The Company intends to commence a pre-feasibility study in Q3 2018, upon completion of the initial resource drilling program Q1 2018 and anticipates completing this study late in 2018. Exploration for copper and rare earths mineralisation will also be pursued.

The Company considers the Busumbu Phosphate Project to be an attractive exploration and development asset which allows BMZ to move forward with a large portion of its existing project base whist at the same time extinguish a significant debt burden which was potentially going to have major repercussions for BMZ in early 2018. BMZ will also assess other exploration opportunities in Uganda and other countries to strengthen and diversify its asset base.

1.4 Copper and Rare Earths Project

The Bukusu Carbonatite complex, which hosts the Company's Projects, hosts the Namekara Vermiculite Mine, the Busumbu phosphate mine, the mapped and sampled Ngala hills copper prospect as well as identified anomalies for rare earths metals (**Bukusu Complex**). In addition to the initial work undertaken by the Company there is a significant database of historical work (drilling, soil sampling, geophysics, trenching etc) and data previously undertaken by Rio Tinto Resources and Gulf Industrial on Copper, Rare Earth Elements and Phosphate. Most of the work has been done on the Mining Lease, PL 1370, and minimal work was undertaken on the Exploration Lease, EL 4501.

The soil sampling on the mining lease gave an extensive display of copper and this is similar to the anomaly displayed north of the vermiculite pit mine in the Khabutoola town vicinity. The Namekara pit and the area of Khabutoola possess the similar geology and character on results shown by the geochemical soil sampling. A geophysicist will be outsourced to run further ground surveys. Drilling will be commissioned after the geochemical soil sampling results and a ground geophysical survey is completed, analysed and evaluated. In some areas pitting will be implemented, particularly where material is intercepted at shallow depths.

It is worth noting that significant geological synergies exist between the Bukusu Complex and the Palabora Complex in South Africa which is one of Africa's biggest developments for copper and phosphate.

The Palabora Mining complex is located near the town of Palabora in South Africa. Copper, Phosphate, Magnetite and Vermiculite have been mined from the complex since the early 1950's. It also mines and exports magnetite and vermiculite.

1.5 Proposed Disposal

The market conditions for consistent sales of vermiculite products have impacted on the Company's ability to achieve the intended cash flow from the Namekara Vermiculite Mine as intended under the Staged Development, and the Company has been unable to consistently service its debt obligations (without extensions). Given this, the Company Board has recently resolved to dispose of the Company's 100% interest in the Namekara Vermiculite Mine (**Proposed Disposal**).

The Board continue to progress key initiatives designed to strengthen the Company's balance sheet and to preserve and create value for the Company's shareholders and improve the Company's current position. The board believes that the Proposed Disposal will strengthen the Company's current position and provide funds to develop the Company's other Projects. The Proposed Disposal will allow the Company to move forward with a large portion of its existing Project base, whilst at the same time extinguishing a significant debt burden which was potentially going to have major repercussions for BMZ in early 2018 with creditor default events potentially occurring.

It is the Company's present intention to continue to meet the minimum expenditure commitments on its other Projects and to further develop these Projects. The Company has conditionally secured financial support for the Proposed Disposal and intends to focus on the other Projects on the basis of the Proposed Disposal proceeds. It is not the Company's intention to divest any of the Company's other Projects or in any way change the Company's Objectives of mineral exploration and identification of potential mining assets for acquisition and development.

2. RESOLUTION 1 – APPROVAL OF RESTRUCTURE HEADS OF AGREEMENT

2.1 Parties and Material Terms of the Agreement

(a) The Company has entered into a heads of agreement (**Agreement**) with Richmond Partners Masters Limited (**RPML**) pursuant to which, and subject to shareholder approval and the conditions set out in section 2.1(b):

(i) the Company will dispose of its interest in the Namekara Vermiculite Mine in exchange for the cancellation of circa A$5.5m of debt on the Company's balance sheet, extinguishment of any existing royalty obligations and transfer of interest in subsidiary company, Namekara Mining Company Limited (**NMCL**);

(ii) RPML will transfer its shareholding in the Company to third party financier to be identified and agreed contemporaneously with the obtaining of relevant shareholder approvals and formal documentation;

(iii) the Company will retain, subject to minimum expenditure obligation of US$1m per annum for 3 years, and a commitment to take the project into commercial production within another 2 years, a 75% interest in its existing Busumbu Phosphate Project as well as all other non-vermiculite minerals currently held by NMCL. NMCL is the registered holder of Mining License ML 4651 and the registered holder of five Exploration Licenses EL42, EL147, EL620, EL666, and EL713. The Mining and Exploration licenses extend over the majority of the Bukusu Complex, which is considered highly prospective for vermiculite, phosphate, copper, iron, zircon and rare earths mineralisation;

(iv) RPML will be free carried in respect of the residual 25% interest in respect of paragraph (c) above; and

(v) US$500,000 will be paid to LB International Limited on or before 31 March 2018 (can be extended by mutual agreement) subject to relevant approvals and sign offs referred to above,

(**Transaction**).

(b) Completion under the Agreement is subject to the following conditions precedent:

(i) completion by either party of all necessary due diligence investigations in respect of the Transaction and the Namekara Mining Project;

(ii) execution of formal agreements as may be necessary which shall be consistent with, but will be more expansive and precise than, the Agreement;

(iii) receipt of all necessary ministerial consent, government, regulatory, shareholder and third-party approvals, in respect of the Transaction; and

(iv) receipt of all applicable waivers of any applicable pre-emption or similar rights that have been obtained or have lapsed in respect of the transfer of any Interests in the project.

2.2 Shareholder Approval

Resolution 1 seeks Shareholder approval pursuant to ASX Listing Rules 10.1 and 11.2 for the Company to complete the Agreement, under which it will dispose of all its shares in its subsidiary company, Namekara Mining Company Limited, which owns the Namekara Vermiculite Mine (a main undertaking of the Company).

Further details with respect to ASX Listing Rules 10.1 and 11.2 are set out below.

The below sections also set out further information on the Proposed Disposal so that Shareholders can make an informed decision on how to vote on the Resolution.

2.3 Financial Effect of the Disposal and Use of Disposal Proceeds

Following the Proposed Disposal and Proposed Entitlement Issue (described further in section 3.1), the Company will have approximately $1.5m cash and no material creditors.

The Proposed Disposal will allow the Company to continue to develop its other projects, without the real possibility of the secured major creditor moving the Company into administration and/or liquidation. Alternatively, the Company would have to proceed with a highly dilutive equity raising (if possible) to retain an asset that is cash draining and underperforming and forms only part of the strategy in developing the Projects.

Without the Proposed Disposal, it is unlikely that the Company will be able to continue as a going concern.

An unaudited pro forma balance sheet of the Company following completion of the disposal is set out in Schedule 1.

2.4 Capital Structure and Related Party Issues

The Company's capital structure will not be directly affected by the Proposed Disposal, but it does intend to renegotiate its current funding agreements and proceed with a proposed Entitlement Issue to raise approximately $3.26 million (as described further in section 3.1), on terms to be announced around the date of this Notice of Meeting.

2.5 Changes to the Board

Given RPML is represented on the board by Luca Bechis, Mr Bechis intends to step down from the Company Board on completion of the Proposed Disposal.

Mr Sam Jarvis will join the Company Board as a Non-Executive Director. Mr Jarvis has over 20 years' experience in the resources, bulk commodities and energy sectors and Degrees in Economics and Engineering (Hons).

2.6 Timing

The expected timetable for completion of the Proposed Disposal is as follows:

Event	Date
Shareholder Meeting	14 May 2018
Satisfaction of the conditions precedent to the Agreement	21 May 2018
Completion of the Sale Agreement	23 May 2018

These are anticipated dates and are subject to change.

2.7 Advantages of the Disposal

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on the Resolution:

(a) the Proposed Disposal will result in the cancellation of circa A$5.5m of debt on the Company's balance;

(b) the Proposed Disposal will extinguish a number of royalty obligations;

(c) the Company will increase its cash resources;

(d) without the Proposed Disposal it is unlikely the Company could have continued operations past April 2018 given the Company's debt obligations which will be disposed of as part of the Transaction; and

(e) the Company will retain a very prospective exploration asset (subject to minimum expenditure obligations) which could result in new mining operations in a short period of time given previous work undertaken.

2.8 Disadvantages of the Disposal

The Proposed Disposal will result in Shareholders no longer having exposure to vermiculite as a commodity and to a production asset.

Given that the Board, despite reasonable efforts, could not refinance the debt obligations owing in respect of the Company, it does not believe there are any other material disadvantages in respect of the Proposed Disposal as administration would have to be the next step but for completion of the Proposed Disposal.

2.9 ASX Listing Rule 11.2

ASX Listing Rule 11.2 requires that a disposal of the main undertaking of a Company be approved by Shareholders. The proposed sale of its interest in the Namekara Vermiculite Mine constitutes the disposal of the main undertaking of the Company. Accordingly, this Resolution seeks the approval of Shareholders for the Proposed Disposal.

For the purposes of ASX Listing Rule 11.2, this Explanatory Memorandum sets out the effect of the Agreement on the Company and a voting exclusion statement is included in the Notice of Meeting.

2.10 ASX Listing Rule 10.1

ASX Listing Rule 10.1 provides that an entity must not acquire a substantial asset from, or dispose of a substantial asset to a related party.

For the purposes of ASX Listing Rule 10.1, RPML is considered to be a related party of the Company by virtue of Mr Luca Bechis being a Director of both the Company and a director of RPML and Mr Luca Bechis having control over RPML. A "substantial asset" is an asset valued at greater than 5% of the equity interests of a company. The value of the interest in Namekara Mining Company Limited is greater than 5% of the Company's equity interests on a consolidated basis as set out in the latest accounts given to ASX by the Company. As a result, the disposal of the interest in Namekara Mining Company Limited is considered to be a disposal of a substantial asset to a related party.

Accordingly, the Company is seeking shareholder approval for the purpose of ASX Listing Rule 10.1.

Independent Expert's Report

ASX Listing Rule 10.1 provides that shareholder approval sought for the purpose of ASX Listing Rule 10.1 must include a report on the proposed disposal from an independent expert.

Accompanying this Explanatory Statement is an Independent Expert's Report prepared by RSM Corporate Australia Pty Ltd concluding that the proposed disposal is **fair and reasonable** to the non-associated Shareholders.

Shareholders are urged to carefully read the Independent Expert's Report set out in Schedule 2 to understand the scope of the report, the methodology of the valuation and the sources of information and assumptions made.

2.11 Section 208 of the Corporations Act

Under Part 2E of the Corporations Act, a public company cannot give a "financial benefit" to a "related party" unless one of the exceptions to Section 208 applies or shareholders have in general meeting approved the giving of that financial benefit to the related party.

For the purposes of Part 2E of the Corporations Act, RPML is a related party of the Company by virtue of Mr Luca Bechis, being a director of both the Company and RPML and Mr Luca Bechis having control of RPML. Section 229(3) of the Corporations Act provides that selling an asset to a related party constitutes giving a financial benefit. Accordingly, under the terms of the Agreement, RPML will receive a financial benefit from the Company.

Section 208 of the Corporations Act provides that for a public company to give a financial benefit to a related party of that company, the public company must:

(a) obtain the approval of members in the way set out in Sections 217 to 227 of the Corporations Act; and

(b) give the benefit within 15 months after the approval is obtained,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Agreement for the Proposed Disposal as the Agreement was negotiated on an arm's length basis.

3. RESOLUTION 2 – ISSUE OF SHARES AND OPTIONS PURSUANT TO CONVERTIBLE LOAN FACILITY

3.1 Background

The Company has entered into a terms sheet in relation to a convertible loan facility with clients of Sanlam Private Wealth (**Lenders**) with an advance amount of $500,000 (**Facility**) (**Terms Sheet**).

The Company has received $500,000 under the Facility in consideration for the issue of a convertible note having a face value of $550,000 (**Face Value**).

The Company intends to undertake a 1 for 1 entitlement issue, with 1 free attaching Option for every 2 Shares issued, under the ASX Listing Rules in order to restructure and recapitalize the Company (**Proposed Entitlement Issue**). Subject to Shareholder approval, to satisfy repayment of the Face Value, the amount outstanding under the Facility will be converted into fully paid ordinary Shares in the Company, at the price per Share offered under the Proposed Entitlement Issue (which is proposed to be $0.02 per Share, with 1 free attaching Option for every 2 Shares). This conversion is to occur on completion of the Proposed Entitlement Issue.

If Shareholder approval is not obtained pursuant to this Resolution, upon conversion of the Facility the Company must issue that number of Shares up to the maximum permitted under the Company's ASX Listing Rule 7.1 placement capacity at that time.

The Facility will be interest free until the maturity date of the Facility (being 6 months from the date of the Terms Sheet). In the event that Shareholder approval for conversion of the Facility is not obtained, or the Proposed Entitlement Issue does not occur or there is an outstanding amount of the Facility requiring conversion following the issue of Shares pursuant to ASX Listing Rule 7.1, the Company must pay the Lender a penalty interest rate of 15% per annum on the value of the Facility outstanding.

Resolution 2 seeks Shareholder approval to issue Shares and Options to the Lenders pursuant to the terms of the Facility and the Proposed Entitlement Issue.

The expected timetable for completion of the Proposed Entitlement Issue is as follows:

Entitlement Issue	
Company Announces Entitlement Issue	12 April 2018
Lodgement of Prospectus with the ASIC	12 April 2018
Lodgement of Prospectus and Appendix 3B with ASX	12 April 2018
Notice sent to Optionholders	12 April 2018
Notice sent to Shareholders	13 April 2018

Entitlement Issue	
Ex date	16 April 2018
Record Date for determining Shareholder entitlements	17 April 2018
Prospectus sent out to Shareholders & Company announces this has been completed	20 April 2018
Last day to extend the Closing date	10 May 2018
Closing Date	15 May 2018
Securities quoted on a deferred settlement basis	16 May 2018
ASX notified of under subscriptions	18 May 2018
Issue date	22 May 2018
Quotation of Shares issued under the Entitlement Issue	23 May 2018

These above dates are anticipated dates and are subject to change.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12-month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 2 will be to allow the Company to issue these Shares during the period of 3 months after the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) without using the Company's 15% annual placement capacity set out in ASX Listing Rule 7.1.

3.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 2:

(a) the maximum number of Shares and Options to be issued under the Facility is:

(i) Shares: 27,500,000; and

(ii) Options: 13,750,000.

(b) the Shares and Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same date;

(c) the Share issue price is proposed to be $0.02, the Options are 'free-attaching';

(d) the Shares and Options will be issued to the Lenders or nominees of the Lenders, none of which are related parties of the Company;

(e) the Shares issued, and the Shares resulting from exercise of the Options, will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and

(f) the Company intends to use the funds raised from the Proposed Entitlement Issue towards general working capital including to complete restructure of Ugandan assets.

4. RESOLUTION 3 – ISSUE OF SHORTFALL SHARES AND OPTIONS TO MAURICE FEILICH UNDER ENTITLEMENT ISSUE

4.1 General

As detailed under section 3.1 above, the Company intends to undertake the Proposed Entitlement Issue.

The Company may, subject to obtaining Shareholder approval, issue up to a maximum of 5,250,000 Shares (at an issue price of $0.02 per Share) to Maurice Feilich (or his nominee), resulting from his participation in the shortfall under the Proposed Entitlement Issue (**Shortfall Shares**), together with 1 free attaching Option for every 2 Shares (**Shortfall Offer**). Under the terms of the proposed Shortfall Offer, Mr Feilich may elect to offset fees owing by the Company to Mr Feilich in lieu of Mr Feilich paying cash consideration for Shortfall Shares under the Shortfall Offer. Mr Feilich has indicated that he will elect to offset fees in payment of his subscription monies for the Shortfall Shares.

The Company confirms that it currently owes Mr Feilich an amount of $105,000 in fees for managing the Company (as the only Director in an executive capacity for the last 9 months) and covers all operational, corporate and capital raising matters of the Company (**Feilich Outstanding Fee**).

Any Shortfall Shares issued to Mr Feilich will be offset against the Feilich Outstanding Fee at a share value of $0.02 (being the issue price under the Proposed Entitlement Issue).

Resolution 3 seeks Shareholder approval for the issue of the Shortfall Shares in reduction of the Feilich Outstanding Fee.

4.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

(a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and

(b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of the Shares to Mr Feilich constitutes giving a financial benefit and Mr Feilich is a related party of the Company by virtue of being a Director.

The Directors (other than Mr Feilich who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Shares and Options because the Shares and Options will be issued to Mr Feilich on the same terms as those Shares and Options to be issued to other Shareholders under the Proposed Entitlement Issue and as such the giving of the financial benefit is on arm's length terms.

4.3 ASX Listing Rule 10.11

In addition, ASX Listing Rule 10.11 also requires Shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the issue of securities is to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

4.4 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolution 3:

(a) the Shares and Options will be issued to Mr Feilich (or his nominee);

(b) the maximum number of Shares and Options to be issued to Mr Feilich (or his nominee):

Shares	5,250,000
Options	2,625,000

(c) the Shares and Options will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);

(d) the Shares and Options will be issued for nil cash consideration, accordingly no funds will be raised;

(e) the Shares issued, and the Shares issued upon exercise of the Options, will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.

Approval pursuant to ASX Listing Rule 7.1 is not required for the grant of the Shares and Options as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Shares and Options to Maurice Feilich (or his nominee) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

5. RESOLUTION 4 – ISSUE OF SHORTFALL SHARES AND OPTIONS TO SIMON GRANT-RENNICK UNDER ENTITLEMENT ISSUE

5.1 General

As detailed under section 3.1 above, the Company intends to undertake the Proposed Entitlement Issue.

The Company may, subject to obtaining Shareholder approval, issue up to a maximum of 5,250,000Shares (at an issue price of $0.02 per Share) to Simon Grant-Rennick (or his nominee), resulting from his participation in the shortfall under the Proposed Entitlement Issue (**Shortfall Shares**), together with 1 free attaching Option for every 2 Shares (**Shortfall Offer**). Under the terms of the proposed Shortfall Offer, Simon Grant-Rennick may elect to offset fees owing by the Company to Simon Grant-Rennick in lieu of Mr Grant-Rennick paying cash consideration for Shortfall Shares under the Shortfall Offer. Mr Grant-Rennick has indicated that he will elect to offset fees in payment of his subscription monies for the Shortfall Shares.

The Company confirms that it currently owes Mr Grant-Rennick an amount of $105,000 in fees in respect of an outstanding debt owed to him for his executive role as head of sales and marketing during 2016/2017 and includes travel and other expenses accrued by Mr Grant-Rennick in this role (**Rennick Outstanding Fee**).

Any Shortfall Shares issued to Mr Grant-Rennick will be offset against the Rennick Outstanding Fee at a share value of $0.02 (being the issue price under the Proposed Entitlement Issue).

Resolution 4 seeks Shareholder approval for the issue of the Shortfall Shares in reduction of the Rennick Outstanding Fee.

5.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

(a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and

(b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of the Shares to Mr Grant-Rennick constitutes giving a financial benefit and Mr Grant-Rennick is a related party of the Company by virtue of being a Director.

The Directors (other than Mr Grant-Rennick who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Shares and Options because the Shares and Options will be issued to Mr Grant-Rennick on the same terms as those Shares and Options to be issued to other Shareholders under the Proposed Entitlement Issue and as such the giving of the financial benefit is on arm's length terms.

5.3 ASX Listing Rule 10.11

In addition, ASX Listing Rule 10.11 also requires Shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the issue of securities is to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

5.4 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolution 3:

(a) the Shares and Options will be issued to Mr Grant-Rennick (or his nominee);

(b) the maximum number of Shares and Options to be issued to Mr Grant-Rennick (or his nominee):

Shares	5,250,0007
Options	2,625,000

(c) the Shares and Options will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);

(d) the Shares and Options will be issued for nil cash consideration, accordingly no funds will be raised; and

(e) the Shares issued, and the Shares issued upon conversion of the Options, will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.

Approval pursuant to ASX Listing Rule 7.1 is not required for the grant of the Shares and Options as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Shares and Options to Simon Grant-Rennick (or his nominee) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

6. RESOLUTION 5 – CHANGE OF COMPANY NAME

Section 157(1)(a) of the Corporations Act provides that a company may change its name if the company passes a special resolution adopting a new name.

Resolution 5 seeks the approval of Shareholders for the Company to change its name to Hipo Resources Limited.

If Resolution 5 is passed, the change of name will take effect when ASIC alters the details of the Company's registration.

The proposed name has been reserved by the Company and if Resolution 5 is passed, the Company will lodge a copy of the special resolution with ASIC following the Meeting in order to effect the change.

7. RESOLUTION 6 – NON-EXECUTIVE DIRECTORS' REMUNERATION

ASX Listing Rule 10.17 provides that an entity must not increase the total aggregate amount of directors' fees payable to all of its non-executive directors without the approval of holders of its ordinary securities.

Clause 13.8 of the Constitution also requires that remuneration payable to the non-executive Directors will not exceed the sum initially set by the Constitution and subsequently increase by ordinary resolution of Shareholders in general meeting.

The maximum aggregate amount of fees payable to all of the non-executive Directors is currently set at $150,000. Resolution 6 seeks Shareholder approval to increase this figure from $150,000 to $300,000.

This amount includes superannuation contributions made by the Company for the benefit of non-executive Directors and any fees which a non-executive Director agrees to sacrifice for other benefits. It does not include reimbursement of genuine out of pocket expenses, genuine "special exertion" fees paid in accordance with the Constitution, or securities issued to a non-executive Director under ASX Listing Rule 10.11 or 10.14 with approval of Shareholders.

The maximum aggregate amount of fees proposed to be paid to the non-executive Directors per annum has been determined after reviewing similar companies listed on ASX and the Directors believe that this level of remuneration is in line with corporate remuneration of similar companies.

Whilst it is not envisaged that the maximum amount sought will be utilised immediately, the proposed limit is requested to ensure that the Company:

(a) maintains its capacity to remunerate both existing and any new non-executive directors joining the Board;

(b) remunerates its non-executive Directors appropriately for the expectations placed upon them both by the Company and the regulatory environment in which it operates; and

(c) has the ability to attract and retain non-executive directors whose skills and qualifications are appropriate for a company of the size and nature of the Company.

In the past 3 years, the Company has issued non-executive Directors an aggregate of 28,543,727securities with prior Shareholder approval under ASX Listing Rules 10.11 and 10.14 as per the below table.

Director	Securities Issued
Lucha Bechis (including his related parties)	28,543,727 Shares[1]

Notes:

1 Refer to Notice of Meeting dated 13 July 2016

Given the interest of the non-executive Directors in this Resolution, the Board makes no recommendation to Shareholders regarding this Resolution.

8. ENQUIRIES

Shareholders are required to contact Susan Hunter on (+61 8) 9321 7277 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

$ means Australian dollars.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Company means Black Mountain Resources Limited (ACN 147 106 974).

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by the Notice.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share and having the terms and conditions set out in Schedule 3.

Proposed Entitlement Issue means the proposed Entitlement Issue described in section 3.1.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – UNAUDITED PRO-FORMA BALANCE SHEET

Consolidated Statement of Financial Position	Audited 30/06/2017 AU$	Adjustment Asset Impairment AU$	Audited excl 30/06/2017 AU$	Adjustments Reverse AU$	Reverse AU$	Convertible	$3.26m AU$	Other AU$	Adjustment Total AU$	Proforma 15/01/2018 AU$
ASSETS										
Current Assets										
Cash and cash equivalents	$57,277		$57,277	($38,934)			$3,260,000	$22	$3,221,088	$3,278,365
Trade and other receivables	$344,335		$344,335	($325,884)				($7,969)	($333,853)	$10,482
Inventories	$658,458		$658,458	($658,458)					($658,458)	-
Other assets	$46,217		$46,217	($46,217)					($46,217)	-
Total Current Assets	**$1,106,287**		**$1,106,287**							**$3,288,847**
Non-Current Assets										
Plant and equipment	$675,568		$675,568	($675,568)					($675,568)	-
Exploration and evaluation expenditure	$363,795		$363,795	($363,795)					($363,795)	-
Mine properties	$2,999,604		$2,999,604	($2,999,604)					($2,999,604)	-
Other assets	-		-							-
Total Non-Current Assets	**$4,038,967**		**$4,038,967**							-
TOTAL ASSETS	**$5,145,254**		**$5,145,254**							**$3,288,847**
LIABILITIES										
Current Liabilities										
Trade and other payables	$3,414,643	$84,085	$3,330,558	$773,890	$1,596,186			$462,068	$2,832,143	$498,415
Borrowings	$1,502,509		$1,502,509	$982,284		$520,225			$1,502,509	$0
Total Current Liabilities	**$4,917,152**		**$4,833,067**							**$498,415**
Non-Current Liabilities										
Trade and other payables	$2,861,487		$2,861,487		$2,822,751				$2,822,751	$38,736
Provisions	$69,735		$69,735	$69,735					$69,735	-
Total Non-Current Liabilities	**$2,931,222**		**$2,931,222**							**$38,736**
TOTAL LIABILITIES	**$7,848,374**		**$7,764,289**							**$537,151**
NET (LIABILITIES)	**($2,703,120)**		**($2,619,035)**							**$2,751,696**
EQUITY										
Issued capital	$34,227,750		$34,227,750			($520,225)	($2,500,000)	($600,000)	($3,620,225)	$37,847,975
Reserves	$2,838,757	$1,846,194	$992,563	$2,680,995					$2,680,995	($1,688,432)
Accumulated losses	($36,454,458)	$1,384,890	($37,839,348)	$601,557	($4,418,937)			$145,879	($3,671,501)	($34,167,847)
Parent interest	**$612,049**		**($2,619,035)**							**$1,991,696**
Non-controlling interest	($3,315,169)	($3,315,169)	-							-
TOTAL EQUITY	**($2,703,120)**		**($2,619,035)**							**$1,991,696**
Balance Check	-	-	-	-	-		$760,000	-	$760,000	$760,000

SCHEDULE 2 – EXPERT REPORT

BLACK MOUNTAIN RESOURCES LIMITED

Financial Services Guide and Independent Expert's Report

29 March 2018

We have concluded that the Proposed Transaction is fair and reasonable to Non-Associated Shareholders

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM

FINANCIAL SERVICES GUIDE

29 March 2018

RSM Corporate Australia Pty Ltd ABN 82 050 508 024 ("RSM Corporate Australia Pty Ltd" or "we" or "us" or "ours" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ("FSG"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the financial services that we will be providing you under our Australian Financial Services Licence, Licence No 255847;
- remuneration that we and/or our staff and any associates receive in connection with the financial services that we will be providing to you;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

Financial services we will provide

For the purposes of our report and this FSG, the financial service we will be providing to you is the provision of general financial product advice in relation to securities.

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

General Financial Product Advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

Benefits that we may receive

We charge various fees for providing different financial services. However, in respect of the financial service being provided to you by us, fees will be agreed, and paid by, the person who engages us to provide the report and such fees will be agreed on either a fixed fee or time cost basis. You will not pay to us any fees for our services; the Company will pay our fees. These fees are disclosed in the Report.

Except for the fees referred to above, neither RSM Corporate Australia Pty Ltd, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees

All our employees receive a salary.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Associations and relationships

RSM Corporate Australia Pty Ltd is beneficially owned by the partners of RSM Australia, a large national firm of chartered accountants and business advisers. Our directors are partners of RSM Australia Partners.

From time to time, RSM Corporate Australia Pty Ltd, RSM Australia Partners, RSM Australia and / or RSM Australia related entities may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints should be directed to The Complaints Officer, RSM Corporate Australia Pty Ltd, P O Box R1253, Perth, WA, 6844.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service ("FOS"). FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website or by contacting them directly via the details set out below.

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001

Toll Free:	1300 78 08 08
Facsimile:	(03) 9613 6399
Email:	info@fos.org.au

Contact details

You may contact us using the details set out at the top of our letterhead on page 5 of this report.

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Appendices

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www.rsm.com.au

29 March 2018

The Directors
Black Mountain Resources Limited
Level 2 34 Colin Street
WEST PERTH WA 6005

Dear Directors

INDEPENDENT EXPERT'S REPORT ("REPORT")

1. Introduction

1.1 This Independent Expert's Report (the "Report" or "IER") has been prepared to accompany the Notice of General Meeting and Explanatory Statement ("Notice") to be provided to shareholders for a General Meeting of Black Mountain Resources Limited ("Black Mountain" or "the Company") to be held on or around [Date], at which shareholder approval will be sought for (among other things) the disposal of its interest in the Namekara Vermiculite Mine ("Namekara") to Richmond Partners Masters Limited ("RPML") ("Proposed Transaction").

1.2 Non-Associated Shareholders have been asked to vote on the Proposed Transaction in Resolution 1 of the Notice:-

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:-

"That for the purposes of ASX Listing Rule 10.1, ASX Listing Rule 11.2 and Section 208 of the Corporations Act and for all other purposes, Shareholders approve and authorise the Company to enter into a restructure heads of agreement with Richmond Partners Masters Limited ("RPML") to dispose of its main undertaking in the Namekara Vermiculite Mine by transferring its interest in its subsidiary company, Namekara Mining Company Limited to RPML."

1.3 The Directors of the Company have requested that RSM Corporate Australia Pty Ltd ("RSM"), being independent and qualified for the purpose, express an opinion as to whether the Proposed Transaction is fair and reasonable to shareholders not associated with the Proposed Transaction ("Non-Associated Shareholders").

1.4 The ultimate decision whether to approve the Proposed Transaction should be based on each Shareholder's assessment of their circumstances, including their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. If in doubt as to the action they should take with regard to the Proposed Transaction, or the matters dealt with in this Report, Shareholders should seek independent professional advice.

2. Summary and Conclusion

Opinion

2.1 In our opinion, and for the reasons set out in Sections 11 and 12 of this Report, the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders of Black Mountain.

Approach

2.2 ASX Listing Rule 10.1 states that an entity must ensure that neither it, nor any of its child entities, acquires a substantial asset from, or disposes of a substantial asset to a related party or relevant substantial shareholder or any of its associates without the approval of holders of the entity's ordinary securities.

2.3 An asset is considered substantial "if its value; or the value of the consideration for it is, or in the ASX's opinion is, 5% or more of the equity interests of the entity as set out in the latest accounts given to the ASX".

2.4 ASX Listing Rule 10.10.2 sets out the requirement for the inclusion of an independent expert's report opining on whether the transaction is fair and reasonable.

2.5 We have considered whether or not the Proposed Transaction is "fair" to the Non-Associated Shareholders by assessing and comparing:

- The Fair Market Value of the assets being disposed of including Black Mountain's 100% interest in Namekara Mining Company Limited ('NMCL'); with
- The Fair Market Value of the consideration to be paid by RPML,

and, considered whether the Proposed Transaction is "reasonable" to the Non-Associated Shareholders by undertaking an analysis of the other factors relating to the Proposed Transaction which are likely to be relevant to the Non-Associated Shareholders in their decision of whether or not to approve the Proposed Transaction.

2.6 Further information of the approach we have employed in assessing whether the Proposed Transaction is "fair" and "reasonable" is set out at Section 4 of this Report.

Fairness

2.7 Our assessed values of the assets being disposed of and the consideration payable by RPML or its related parties are summarised in the table below.

Table 1 Assessment of fairness

Assessment of fairness	Ref	Value per Share Low $	High $	Preferred $
Assessed Fair Value of Assets disposed of	11.4	2,822,747	3,440,747	3,131,747
Assessed Fair Value of the Consideration	10.3	5,607,289	5,607,289	5,607,289

Source: RSM analysis

2.8 In accordance with the guidance set out in ASIC RG 111, and in the absence of any other relevant information, for the purposes of ASX Listing Rule 10.1, we consider the Proposed Transaction to be fair to the Non-Associated Shareholders of Black Mountain as the value of the Consideration is greater than the value of the assets being disposed of.

Reasonableness

2.9 RG 111 establishes that an offer is reasonable if it is fair. It might also be reasonable if, despite not being fair, there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the offer closes. As such, we have also considered the following factors in relation to the reasonableness aspects of the Proposed Transaction:

- The future prospects of the Company if the Proposed Transaction does not proceed; and
- Any other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding.

2.10 If the Proposed Transaction does not proceed the Company will have difficulty in meeting its financial obligations and being able to continue as a going concern.

2.11 The key advantages of the Proposed Transaction are:

- The Proposed Transaction is Fair.
- The Company's debt burden and liability position will be significantly reduced.
- The Company will be able to continue operations with a large portion of its existing project base.
- The reduced debt burden will improve the ability of the Company to raise equity funds in the future.

2.12 The key disadvantage of the Proposed Transaction is:

- As a result of the Proposed Transaction the Company will be longer be exposed to the vermiculite market.

2.13 In our opinion, the position of the Non-Associated Shareholders of Black Mountain if the Proposed Transaction is approved is more advantageous than if the Proposed Transaction is not approved. Therefore, in the absence of any other relevant information and/or a superior offer, we consider that the Proposed Transaction is reasonable for the Non-Associated Shareholders of Black Mountain.

3. Summary of Proposed Transaction

Overview

3.1 Black Mountain has entered into a Restructure Heads of Agreement with RPML dated 7 February 2018 whereby:

- The Company is to dispose of its 100% interest in Namekara Vermiculite Mine to RPML in exchange for the cancellation of circa A$5.5 million of debt on its balance sheet, extinguishment of any existing royalty obligations to RPML and transfer to RPML of Black Mountain's interest in its subsidiary company, NMCL (Proposed Transaction);
- RPML is to transfer its shareholding in Black Mountain to third party financier which is to be identified and agreed contemporaneously with the obtaining of relevant shareholder approvals and formal documentation;
- The Company will retain a 75% interest in its existing Busumbu Project as well as all other non-vermiculite minerals currently held by NMCL, subject to a minimum expenditure obligation of US$1 million per annum for three years, and a commitment to take the project to commercial production within another 2 years;
- RPML will be free carried in respect of the residual 25% interest in the Busumbu Project; and
- US$500,000 will be paid by Black Mountain to LB International Limited on or before 31 March 2018 subject to relevant approvals and regulatory signoffs.

3.2 Completion of the restructure is conditional upon the satisfaction of a number of conditions precedent, including:-:

- Completion by either party of all necessary due diligence investigations in respect of the restructure;
- Execution of Formal Agreements as may be necessary;
- Receipt of all necessary ministerial consent, government, regulatory, shareholder and third party approvals; and
- Receipt of all applicable waivers of any applicable pre-exemption or similar rights that may have been obtained or have lapsed in respect of the transfer of any interests arising out of the restructure.

Rationale for the Proposed Transaction

3.3 Market conditions for vermiculite products have impacted the Company's ability to achieve sufficient cashflow from the Namekara Vermiculite Mine to consistently service its debt obligations (without extensions to existing facilities).

3.4 The Proposed Transaction will allow the Company to continue operating with a large portion of its existing project base, whilst at the same time extinguishing a significant debt which if not appropriately dealt with could result in the Company defaulting on payments to creditors.

4. Scope of the Report

ASX Listing Rules

4.1 ASX Listing Rule 10.1 states that an entity must ensure that neither it, nor any of its child entities, acquires a substantial asset from, or disposes of a substantial asset to, a substantial shareholder, a related party or any of its associates without the approval of holders of the entity's ordinary securities.

4.2 For the purposes of ASX Listing Rule 10.1, RPML is considered to be a related party of the Company by virtue of Mr Luca Bechis being a director of both the Company and a director of RPML and Mr Bechis having control over RPML. Although Mr Bechis will step down as a Director of the Company, under Section 228(5) of the Corporations Act, RPML will still be deemed to be a related party within 6 months from Mr Bechis' resignation.

4.3 An asset is considered substantial "if its value; or the value of the consideration for it is, or in the ASX's opinion is 5% or more of the equity interest of the entity as set out in the latest financial statements given to the ASX".

4.4 The equity interest of Black Mountain as at 31 December 2017 was negative. As such the value of the assets being disposed of will exceed 5% of the value of equity.

4.5 ASX Listing Rule 10.10 states that the notice for the shareholders' meeting required under ASX Listing Rule 10.1 must include a report on the transaction from an independent expert. The report must state whether, in the expert's opinion, the transaction is fair and reasonable to the Non-Associated Shareholders.

4.6 Accordingly, Black Mountain is to hold a meeting of its Shareholders where it will seek approval for the Proposed Transaction and the Company has engaged RSM to prepare a report which sets out our opinion as to whether the Proposed Transaction is fair and reasonable to Non-Associated Shareholders.

Basis of evaluation

4.7 In determining whether the Proposed Transaction is "fair" and "reasonable" we have given regard to the views expressed by ASIC in RG 111.

4.8 RG 111 provides ASIC's views on how an expert can help security holders make informed decisions about transactions. Specifically, it gives guidance to experts on how to evaluate whether or not a proposed transaction is fair and reasonable.

4.9 RG 111 states that the expert's report should focus on:

- the issues facing the security holders for whom the report is being prepared: and
- the substance of the transaction rather than the legal mechanism used to achieve it.

4.10 RG 111 states that in relation to a related party transaction the expert's assessment of fair and reasonable should not be applied as a composite test – that is, there should be a separate assessment of whether the transaction is "fair" and "reasonable" as in a control transaction.

4.11 Consistent with the guidelines in RG 111, in assessing whether the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders, the analysis undertaken is as follows:

- whether the value of the consideration is less than the value of the assets being disposed of - fairness; and
- a review of other significant factors which Non-Associated Shareholders might consider prior to approving the Proposed Transaction – reasonableness.

4.12 The other significant factors to be considered include:

- the future prospects of the Company if the Proposed Transaction does not proceed; and
- any other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding.

4.13 Our assessment of the Proposed Transaction is based on economic, market and other conditions prevailing at the date of this Report.

5. Profile of Black Mountain Resources Limited

Background

5.1 Black Mountain is an Australian public company listed on the ASX. Its principal activities has been the mining of vermiculite in Uganda and resource mineral exploration and exploitation. As at 20 March 2018, Black Mountain had a market capitalisation of approximately $2.28 million.

5.2 On 11 November 2016 Black Mountain acquired 100% of the ordinary shares of GLF Holdings Ltd for a total consideration of $3,352,253. The consideration comprised cash of $33,215 and the issue of 33,190,380 shares in Black Mountain. GLF Holdings Ltd was the 100% owner of NMCL which operates a vermiculite mine in Uganda.

5.3 The Company currently owns:-

- 100% of the Namekara Vermiculite Mine in South Eastern Uganda;
- 100% of the Busumbu Phosphate Project located on the same mining lease as the Namekara Vermiculite Mine; and
- Additional copper and rare earth exploration ground located in exploration licences directly adjacent to the Namekara Vermiculite Mine and Busumbu Phosphate Project.

Namekara Vermiculite Mine

5.4 The Namekara Vermiculite deposit is located in the Busumbu Complex, one of a number of carbonatites in the Uganda / Kenya border area.

5.5 NMCL is the registered holder of Mining Lease ML 4651, upon which it operates the Namekara Vermiculite Mine and conducts exploration activities on the Busumbu Phosphate Project. The lease expires on 14 May 2025 but there is an option to extend up to a further 15 years.

5.6 Namekara is also the registered holder of Exploration Licence EL 1534 that covers the majority of the Busumbu Complex and which is also considered prospective for vermiculite, phosphate, copper, iron, zinc and rare earth mineralisation.

Busumbu Phosphate Project

5.7 The Busumbu Phosphate Project is located on the Busumbu ridge approximately 3 km east of the Namekara Vermiculite Mine and on the existing mining license held. A phosphate mine operated intermittently at Busumbu during the period from 1944 to 1963.

5.8 Exploration work was completed by ASX listed Gulf Industrial Limited (now Cassius Mining Limited) in 2011 and 2012. The Company is proposing to complete further detailed exploration work on the Project and is considered to be one of two “world-class” phosphate deposits in Uganda.

5.9 Further details on both the Namekara Vermiculite Mine and the Busumbu Phosphate Project are provided in the report prepared by Varndell & Associates at Appendix D.

Copper and Rare Earths Project

5.10 Included in the Busumbu carbonite complex is the mapped and sampled Ngala Hills copper prospect as well as identified anomalies for rare earths metals. In addition to the initial work undertaken by the Company there is a significant database of historical work (drilling, soil sampling. Geophysics, trenching, etc) and data previously undertaken by Rio Tinto Resources and Gulf Industrial on copper, rare earth elements and phosphate. Most of the work has been done on the Mining Lease.

Directors

5.11 The directors of Black Mountain are summarised in the table below.

Table 2 Black Mountain Directors

	Title	Experience
Mr Simon Grant-Renwick	Executive-Director and Interim Chairman	Mr Grant-Rennick has been Executive Director at Black Mountain Resources Ltd since November 10, 2016. Mr. Grant-Rennick is a mining engineer with over 38 years' experience in exploration, mining and mining geology specialising in industrial minerals. He previously owned and managed vermiculite mining and marketing operations in Montana and California in the United States.
Mr Luca Bechis	Non-Executive Director	Mr Bechis serves as the Founding Partner, Chief Executive Officer and Advisor at Richmond Capital LLP. He has experience in international finance and international capital markets with 25 years' experience. He has been Non-Executive Director at Black Mountain Resources Ltd. since November 10, 2016. Mr. Bechis has a Master's in Business Administration with Honours and a Business Administration Degree with Honours from Universita' Bocconi.
Mr Maurice Feilich	Non-Executive Director	Mr Maurice Feilich has been Non-Executive Director at Black Mountain Resources Ltd since 1 July 2017. Mr Feilich has had 30 years' experience in investment markets and has provided capital markets and funding support to Black Mountain since the Company's relisting in November 2016.

Source: Company

Financial information of Black Mountain

5.12 The information in the following section provides a summary of the financial performance of Black Mountain for the years ended 30 June 2016, 30 June 2017 and half year ended 31 December 2017 extracted from the audited financial statements of the Company for the years ended 30 June 2016 and 30 June 2017 and from the reviewed financial statements for the half year ended 31 December 2017.

5.13 The auditor of Black Mountain, RSM, issued an unqualified audit opinion on the financial statements for the year ended 30 June 2016, but included an emphasis of matter with regard to the Company's ability to operate as a going concern. For the year ended 30 June 2017 the auditor of Black Mountain issued an audit opinion qualified as to the auditor being able to obtain sufficient information to support the carrying amount of the provision for environmental make good and an emphasis of matter with regard to the Company's ability to operate as a going concern. The Independent Auditor's Review Report for the half year ended 31 December 2017 is qualified for the provision for environmental make good and an emphasis of matter regarding going concern.

Financial performance

5.14 The following table sets out a summary of the financial performance of Black Mountain for the years ended 30 June 2016, 30 June 2017 and half year ended 31 December 2017.

Table 3 Black Mountain historical financial performance

A$	Ref	31-Dec-17 Reviewed	30-Jun-17 Audited	30-Jun-16 Audited
Revenue from continuing operations	5.16	1,076,020	1,228,591	-
Cost of sales		(1,298,729)	(1,381,478)	-
Other income	5.17	665,487	1,144,258	1,337,627
Profit from disposal of subsidiaries	5.18	10,879	-	-
Gross Profit		**453,657**	**991,371**	**1,337,627**
Expenses				
Other operating costs		(13,568)	(247,431)	-
Finance costs		(261,220)	(742,883)	(386,071)
Employee and director benefits expense		(171,481)	(1,143,254)	(206,425)
Financial and company secretarial management expenses		(17,559)	(122,758)	(468,080)
Corporate advisory	5.19	(23,238)	(5,703,417)	-
Capital Investment Fee	5.19	-	(328,835)	-
ASX and share registry fees		(28,425)	(61,588)	(83,778)
Consultants and travel		(18,675)	(475,666)	(388,149)
Depreciation and amortisation		(147,447)	(200,977)	(10,871)
Exploration cost written off		-	-	(79,265)
Other expenses		(251,650)	(732,696)	(123,199)
Unrealised foreign currency gain/(loss)		69,234	51,818	-
Loss before income tax expense		**(410,372)**	**(8,716,316)**	**(408,211)**
Income tax expense		-	-	-
Net loss for the year		**(410,372)**	**(8,716,316)**	**(408,211)**
Foreign currency translation differences		(208,827)	(687,906)	39,869
Total Comprehensive Loss for the year		**(619,199)**	**(9,404,222)**	**(368,342)**

Source: Company Financials

5.15 The Company has generated losses for the two years and six month period to 31 December 2017.

5.16 Revenue of $1.08 million for the half year ended 31 December 2017 comprises entirely of income generated from Namekara Verminculite Mine operations.

5.17 Other income comprises primarily of waiver of debts, gain on forfeiture of entitlements and gain on derecognition of creditors.

5.18 Profit from sale of subsidiaries relates to the disposal of the Company's US silver projects.

5.19 Corporate advisory and capital investment fee relate to costs incurred or committed as a result of the acquisition of GLF Holdings Ltd which owned the Namekara Vermiculite Mine.

Financial position

5.20 The table below sets out a summary of the financial position of Black Mountain as at 30 June 2016, 30 June 2017 and 31 December 2017.

Table 4 Black Mountain historical financial position

	Ref	31-Dec-17 Reviewed	30-Jun-17 Audited	30-Jun-16 Audited
Assets				
Cash and cash equivalents		29,758	57,277	(5)
Trade and other receivables - current	5.22	120,224	344,335	8,160
Inventories	5.22	698,517	658,458	-
Other assets		35,129	46,217	-
Total current assets		**883,628**	**1,106,287**	**8,155**
Property, plant and equipment	5.22	606,279	675,568	-
Exploration and evaluation		352,475	363,795	-
Mine properties	5.22	2,884,390	2,999,604	-
Other assets		-	-	283,196
Total non-current assets		**3,843,144**	**4,038,967**	**283,196**
Total assets		**4,726,772**	**5,145,254**	**291,351**
Liabilities				
Trade and other payables		1,505,843	3,414,643	1,088,185
Borrowings	5.23	1,598,778	1,502,509	3,233,338
Total current liabilities		3,104,621	4,917,152	4,321,523
Trade and other payables	5.27	4,493,305	2,861,487	-
Provisions	5.22	71,960	69,735	-
Total non-current liabilities		**4,565,265**	**2,931,222**	**-**
Total liabilities		**7,669,886**	**7,848,374**	**4,321,523**
NET ASSETS		**(2,943,114)**	**(2,703,120)**	**(4,030,172)**
Equity				
Issued capital		34,606,955	34,227,750	23,627,095
Reserves		780,530	2,838,757	3,505,847
Accumulated losses		(38,330,599)	(36,454,458)	(27,687,613)
Non-controlling interest		-	(3,315,169)	(3,475,501)
Total equity		**(2,943,114)**	**(2,703,120)**	**(4,030,172)**

Source: Company Financial Statements

5.21 As at 31 December 2017 Black Mountain had net liabilities of approximately $2.9 million and a net working capital deficit (current assets less current liabilities) of $2.2 million.

5.22 Trade and other receivables, inventories, property, plant and equipment, mine properties and the provisions (environmental make good) relate to the Namekara Vermiculite Mine.

5.23 Borrowings as at 31 December 2017 comprise:-

Table 5 Borrowings as at 31 December 2017

	Ref	$
Loan – LB International	5.24	1,091,703
Convertible notes – at fair value	5.25	307,075
Investmet	5.26	200,000
Total borrowings		**1,598,778**

Source: Company Financial Statements

5.24 On 4 March 2017 LB International Ltd (an entity controlled by Non-Executive Director Luca Bechis) provided the Company a US$750,000 unsecured loan facility to fund production growth at the Namekara Vermiculite Mine. Interest was payable on the loan at the rate of 10% per annum and the facility had an original maturity date 6 months from the date of issue, ie 6 September 2017. The terms of the loan have been extended but interest has been charged at a penalty rate of 2% per month since the maturity date.

5.25 On 5 April 2017 the Company issued 535,000 unsecured convertible notes to existing shareholders with a face value of $1 and expiry date of 18 March 2018. Interest is payable on the convertible notes at 10% per annum, compounded and paid on a quarterly basis. The convertible notes automatically convert on the expiry date to ordinary shares if not converted prior to that date. The convertible notes were revalued as at 31 December 2017.

5.26 On 21 June 2017 the Company announced that it had raised $1 million through the placement of 25,000,000 fully paid ordinary shares at $0.05 per share to a new cornerstone investor, Investmet Ltd ("Investmet"). Ultimately the placement raised $400,000 being 10,000,000 shares at $0.04 per share and a further loan to the Company of $200,000.

5.27 Non current trade and other payables comprise:-

Table 6 Non Current Trade and Other Payables as at 31 December 2017

	$
LB International – Advisory fees	4,210,213
LB International – Capital Investment fee	283,092
Total	**4,493,305**

Source: Company Financial Statements

5.28 The amounts due above to LB International of $4,493,305 plus the current borrowings of $1,091,703 total $5,585,008.

Contingent Liability

5.29 As disclosed in the 30 June 2017 Annual Report, the Company has noted a contingent liability of $1,267,176 in relation to Mr Landau and his associated entities, Doull Holdings Pty Ltd and Okap Ventures Pty Ltd.

Capital structure

5.30 The Company has 163.2 million ordinary shares on issue. The top 20 shareholders of Black Mountain as at 16 March 2018 held 65.6% of the issued shares as set out below.

Table 7 Black Mountain Top 20 shareholders

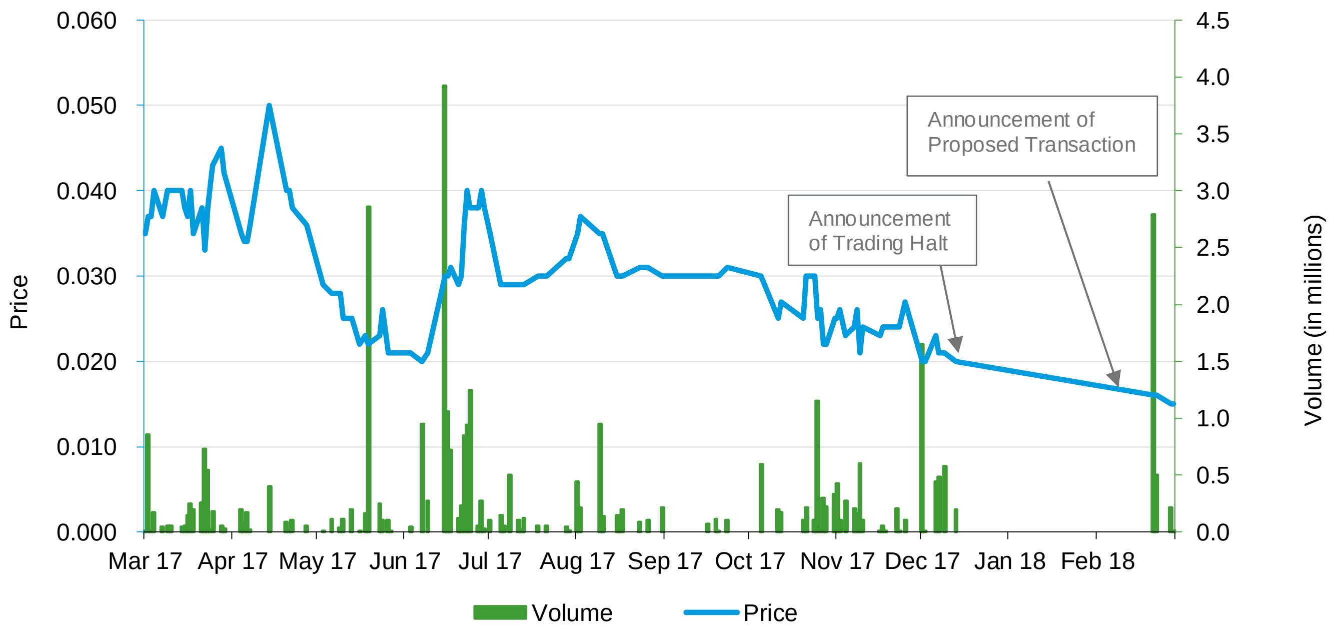
Rank	Name	Total Units	% Issued Share Capital
1	RICHMOND PARTNERS MASTERS LIMITED	27,973,727	17.14%
2	CITICORP NOMINEES PTY LTD	9,489,312	5.82%
3	INVESTMENT LIMITED	6,875,000	4.21%
4	2428 PTY LTD	6,499,800	3.98%
5	COLAB THEORY PTY LTD	5,500,000	3.37%
6	JBCM CONSULTING PTY LTD (JC A/C)	5,500,000	3.37%
7	MR NG ENG TIONG	4,967,723	3.04%
8	JONAH RESOURCES HOLDINGS LTD	4,646,653	2.85%
9	GERARD C TOSCAN MANAGEMENT PTY LTD <GERARD C TOSCAN FAM NO 2 A/C>	4,000,000	2.45%
10	NAZDALL PTY LTD	4,000,000	2.45%
11	OSIRIS CAPITAL INVESTMENTS PTY LTD	4,000,000	2.45%
12	PURE STEEL LIMITED	3,669,265	2.25%
13	DELTA RESOURCE MANAGEMENT PTY LTD	3,125,000	1.92%
14	TARNEY HOLDINGS PTY LTD <DP & FL WADDELL FAMILY A/C>	3,000,000	1.84%
15	TYCHE INVESTMENTS PTY LTD	2,602,500	1.59%
16	DAVY CORP PTY LIMITED	2,500,000	1.53%
17	TARNEY HOLDINGS PTY LTD <DP & FL WADDELL FAMILY A/C>	2,500,000	1.53%
18	LEET INVESTMENTS PTY LIMITED	2,250,000	1.38%
19	MR PETAR SEAT	2,000,000	1.23%
20	MR MICHAEL SHIRLEY	2,000,000	1.23%
	Total Top 20 Shareholding	**107,098,980**	**65.64%**
	Others	56,068,748	34.36%
	Total Issued Capital	**163,167,728**	**100.0%**

Source: Company

Share price performance

5.31 The figure below sets out a summary of Black Mountain closing share prices and traded volumes for the 12 months to 7 March 2018.

Figure 1 Black Mountain daily closing share price and traded volumes



Source: S&P Capital IQ/ ASX

5.32 The shares of the Company have reflected irregular trading during the 12 months to 7 March 2018. Shares have traded in the range of A$0.05 to A$0.14 over the year.

5.33 On 21 December 2017 the ASX announced that Black Mountain would be placed in a trading halt pending a release of an announcement by the Company. This was followed by an additional announcement on 27 December 2017 relating to a voluntary suspension of trading by the Company pending a release of an announcement regarding the Proposed Transaction.

5.34 On 9 February 2018 an announcement regarding the Proposed Transaction was released by the ASX along with the reinstatement to official quotation.

6. Overview of Namekara Mining Company Limited

Background

6.1 NMCL is a wholly owned subsidiary of Black Mountain. It holds the Ugandan assets including the Namekara Vermiculite Mine (referred to in Section 5 of this report) and the Ugandan liabilities.

Financial Information

6.2 The management accounts for the six months ended 31 December 2017 which formed part of the audited consolidated financial statements for Black Mountain recorded a loss before tax of $1,239,653. The assets and liabilities extracted from the balance sheet comprised the following:-

Table 8 Black Mountain historical financial position

	As at 31-Dec-17 $
Current assets	
Cash	2,310
Trade debtors	120,224
Inventories	698,517
Prepayments	35,129
Total current assets	**856,180**
Non current assets	
Property, plant and equipment	606,279
Exploration and evaluation	352,475
Mine properties	2,884,390
Total non-current assets	**3,843,144**
Total assets	**4,699,324**
Liabilities	
Trade and other payables	750,680
Duties and taxes	13,265
Payroll liabilities	206,764
LB International Loan	1,091,703
Total liabilities	**2,062,412**
Net Assets of NMCL	**2,636,912**

Source: NMCL Management Accounts

7. Vermiculite Industry Overview

7.1 Vermiculite is similar to mica in appearance and is a magnesium aluminium iron silicate that is mined in various geographic locations, namely, China, USA, South Africa, Brazil and Russia. Vermiculite is generally formed via the weathering of other minerals and majority of the mineral forms generally within 100 meters of the surface with quality tending to decline with depth in a mine, however, there is an exception of the Libby deposit in Montana USA. Vermiculite is Bronze and tallow in colour with pale yellow streaks running through the mineral.

Mining of Vermiculite

7.2 Vermiculite mining operations are conducted in open pit surface mines where the ore is processed to remove contaminates by using a sequence of crushers, windowers and screens which subsequently grade the mined vermiculite into different flake and crystal sizes. Generally, larger flakes are sold for higher prices.

Production of Vermiculite

7.3 Vermiculite is a mineral that can be heated quickly in furnaces between 540ºC and 810ºC, in an expansion process called exfoliation to produce a light weight product that is odourless and non-conductive. During the heating process, water within the vermiculite layers is converted into steam which forces the plate layers open and into worm-like pieces. When heated, vermiculite can increase its volume by 8 to 12 times its original size.

Use of Vermiculite

7.4 The majority of vermiculite is used in its exfoliated form and has historically been used for over the past 80 years in multiple markets including industrial, construction, agriculture and horticulture. It provides fire protection, is used as thermal insulation in light weight plaster and concrete and is used in packing material. Vermiculite is a versatile mineral, however, there are also readily available substitutes such as perlite.

7.5 When used in horticulture, vermiculite is often combined with organic material such as compost and peat to promote the growth of plants extensively. Its use enhances drainage in plants, acts as a permanent soil conditioner and improves aeration. When vermiculite is grounded into a fine powder, it can be used as a filler in paints, inks, plastics and other materials. In an industrial setting, vermiculite is often used for its fireproofing attributes.

8. Valuation approach

Basis of Valuation

8.1 The valuation of the assets being disposed of and the consideration payable has been prepared on the basis of Fair Market Value being the value that should be agreed in a hypothetical transaction between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller, acting at arm's length.

Valuation methodologies

8.2 In assessing the Fair Market Value of both the assets being disposed of and the consideration payable, we have considered a range of valuation methodologies. RG 111 proposes that it is generally appropriate for an expert to consider using the following methodologies:

- the discounted cash flow ("DCF") method and the estimated realisable value of any surplus assets;
- the application of earnings multiples to the estimated future maintainable earnings or cash flows added to the estimated realisable value of any surplus assets;
- the amount which would be available for distribution on an orderly realisation of assets;
- the quoted price for listed securities; and
- any recent genuine offers received.

8.3 We consider that the valuation methodologies proposed by RG 111 can be split into three valuation methodology categories, as follows.

Market based methods

8.4 Market based methods estimate the Fair Market Value by considering the market value of a company's securities or the market value of comparable companies. Market based methods include;

- The quoted price for listed securities; and
- Industry specific methods.

8.5 The recent quoted price for listed securities method provides evidence of the fair market value of a company's securities where they are publicly traded in an informed and liquid market.

8.6 Industry specific methods usually involve the use of industry rules of thumb to estimate the fair market value of a company and its securities. Generally rules of thumb provide less persuasive evidence of the fair market value of a company than other market based valuation methods because they may not account for company specific risks and factors.

Income based methods

8.7 Income based methods estimate value by calculating the present value of a company's estimated future stream of earnings or cash flows. Income based methods include:-

8.8 The capitalisation of earnings methodology is generally considered a short form DCF, where an estimation of the Future Maintainable Earnings ("FME") of the business, rather than a stream of cash flows is capitalised based on an appropriate capitalisation multiple. Multiples are derived from the analysis of transactions involving comparable companies and the trading multiples of comparable companies.

8.9 The DCF technique has a strong theoretical basis, valuing a business on the net present value of its future cash flows. It requires an analysis of future cash flows, the capital structure and costs of capital and an assessment of the residual value or the terminal value of the company's cash flows at the end of the forecast period. This method of valuation is appropriate when valuing companies where future cash flow projections can be made with a reasonable degree of confidence.

Asset based methods

8.10 Asset based methodologies estimate the Fair Value of a company's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- orderly realisation of assets method;
- liquidation of assets method; and
- net assets on a going concern basis.

8.11 The value achievable in an orderly realisation of assets is estimated by determining the net realisable value of the assets of a company which would be distributed to security holders after payment of all liabilities, including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner. This technique is particularly appropriate for businesses with relatively high asset values compared to earnings and cash flows.

8.12 The liquidation of assets method is similar to the orderly realisation of assets method except the liquidation method assumes that the assets are sold in a shorter time frame. The liquidation of assets method will result in a value that is lower than the orderly realisation of assets method, and is appropriate for companies in financial distress or where a company is not valued on a going concern basis.

8.13 The net assets on a going concern method estimates the market values of the net assets of a company but unlike the orderly realisation of assets method it does not take into account realisation costs. Asset based methods are appropriate when companies are not profitable, a significant proportion of the company's assets are liquid, or for asset holding companies.

Selection of valuation methodologies

Valuation of Assets being disposed of

8.14 In assessing the value of the assets being disposed of, we have utilised the sum of parts basis of valuation in that:-

- The exploration and mine property assets have been independently valued by Varndell & Associates (discussed in paragraph 8.15); and
- For all other assets and liabilities on the basis of net assets on a going concern basis.

8.15 We have instructed Varndell & Associates ("Varndell") to act as an independent specialist to value the mineral assets of Black Mountain (owned by NMCL) in the Republic of Uganda. Varndell adopted the Multiple of Exploration Expenditure valuation methodology in determining a range of values for the relevant assets.

8.16 Further information of Varndell's adopted methodologies and valuation can be found in its full report included at Appendix D.

8.17 The FME methodology is not appropriate as NMCL is currently generating losses.

8.18 Similarly, the DCF methodology is not appropriate as NMCL is currently generating losses and future revenue and expenses cannot be forecast with sufficient reasonable basis to meet the requirements of RG111.

8.19 As NMCL is not listed on a stock exchange we are unable to utilise the quoted market price of securities as a basis of valuation.

Valuation of the Consideration

8.20 The consideration comprises the retirement of debt which is due and payable.

8.21 Given the nature of the consideration, we have valued it at the book value of the liability (net assets on a going concern). We do not consider there to be an appropriate alternative basis of valuation.

9. Valuation of Namekara Mining Company Limited

9.1 As stated at paragraph 8.14 we have assessed the value of NMCL on a sum of parts basis.

Sum of parts valuation

9.2 We have assessed the value of NMCL to be in the range of $2,184,047 to $2,802,047 with a preferred value of $2,493,047 as summarised in the table below:-

Table 9 Valuation of NMCL

	Ref.	Low $	Value High $	Preferred $
Net assets as at 31 December 2017	6.2	2,636,912	2,636,912	2,636,912
Adjustments:-				
Add: Mineral assets at valuation	9.4	2,784,000	3,402,000	3,093,000
Less: Mine properties at book value	9.4	(2,884,390)	(2,884,390)	(2,884,390)
Exploration and evaluation at book value	9.4	(352,475)	(352,475)	(352,475)
Net assets (sum of parts)		**2,184,047**	**2,802,047**	**2,493,047**

Source: RSM analysis

9.3 In order to assess the current market value we have made a number of adjustments to the carrying value of the assets included in the Statement of Financial Position. These adjustments are set out below:-

Mineral assets

9.4 We have replaced the book value of the mineral assets of NMCL, comprising Mine Properties and Exploration and Evaluation assets, with the independently assessed value provided by Varndell.

9.5 Varndell valued the assets of the basis of a multiple of Exploration Expenditure (MEE"). The valuation is stated to be performed in accordance with the Valmin Code.

9.6 In considering the basis of valuation, Varndell was unable to use any of the other recognised bases for reasons set out in the report at Appendix D. The terms of this Proposed Transaction could not be used as a measure of value as it is not an arms length transaction.

9.7 In our opinion the basis of valuation adopted by Varndell is appropriate for the assets being valued.

10. Valuation of the Consideration

10.1 The consideration payable by RPML and its related parties to Black Mountain, in accordance with the Restructure Heads of Agreement, comprise the following:-

- Retirement of circa A$5.5 million of debt; and
- Extinguishment of any existing royalty obligations to RPML.

10.2 We have assessed the value of the consideration based on their recorded book values as at 31 December 2017. All the amounts are due and payable.

Table 9 Valuation of Consideration

	Ref	$
Debt to be retired -		
Black Mountain – LB International – Advisory fee	5.27	4,210,213
Black Mountain – LB International – Capital Investment fee	5.27	283,092
NMCL – LB International loan	5.23	1,091,703
Total debt retirement		**5,585,008**
Royalty liability – LB International		22,281
Total consideration		**5,607,289**

10.3 Based on the above we have assessed the consideration payable to be $5,607,289.

11. Is the Proposed Transaction Fair to the Non-Associated Shareholders of the Company?

Proposed Transaction

11.1 Under the terms of the Proposed Transaction, Black Mountain is transferring its interest in NMCL to RPML and paying LB International US$500,000 the consideration for which is the retirement of approximately $5.5 million of debt due to LB International and the extinguishment of any existing royalty obligations.

11.2 In addition, the Company will retain a 75% interest in its existing Busumbu Project as well as all other non-vermiculite minerals currently held by NMCL subject to a minimum expenditure obligation of US$1 million per annum for three years and a commitment to take the project to commercial production within another 2 years.

11.3 In assessing whether the Proposed Transaction is fair we have compared the fair market value of the assets being disposed of by Black Mountain with the fair market value of the consideration.

Fair Market Value of Assets Disposed of

11.4 We have assessed the fair market value of the assets to be disposed of to be in the range of $2,822,747 to $3,440,747 with a preferred value of $3,131,747 as summarised in the table below:-

Table 11 Fair Market Value of Assets Disposed of

A$	Ref.	Value Low $	High $	Preferred $
NMCL at valuation	9.2	2,184,047	2,802,047	2,493,047
Payment of US$500,000	11.5	638,700	638,700	638,700
Busumbu Project	11.6	-	-	-
Value of Assets disposed of		**2,822,747**	**3,440,747**	**3,131,747**

Source: RSM analysis

11.5 We have restated the payment to LB International of US$500,000 into Australian dollars (A$638,700) utilising an exchange rate of US$1:A$1.2774 being the exchange rate at 21 March 2018.

11.6 The Varndell Report (Appendix D) only ascribed value to the vermiculite asset of NMCL. Varndell stated that:-

"The current level of data available at the Busumbu phosphate deposit is considered inadequate for any production scheduling, consequently additional exploration expenditure needs to be incurred before any value can be assigned to this phosphate deposit."

11.7 Accordingly we have valued the retained interest in the Busumbu asset at nil.

Value of Consideration

11.8 As set out at Section 10 we have assessed the value of the consideration at $5,607,289.

Is the Proposed Transaction Fair?

11.9 Our assessed values of the assets being disposed of and the consideration payable for the Proposed Transaction are set out below:-

Table 12 Assessment of fairness

Assessment of fairness	Ref	Value per Share Low $	High $	Preferred $
Assessed Fair market value of assets disposed of	11	2,822,747	3,440,747	3,131,747
Assessed fair market value of the consideration	10	5,607,289	5,607,289	5,607,289

Source: RSM analysis

11.10 In accordance with the guidance set out in ASIC RG111 and in the absence of any relevant information, we consider the Proposed Transaction to be fair to the Non-Associated Shareholders as the value of the consideration is greater than the value of the assets being disposed of by Black Mountain.

12. Is the Proposed Transaction Reasonable to Non-Associated Shareholders?

12.1 RG111 establishes that an offer is reasonable if it is fair. If an offer is not fair it may still be reasonable after considering the specific circumstances applicable to the offer. In our assessment of the reasonableness of the Proposed Transaction, we have given consideration to:

- The future prospects of Black Mountain if the Proposed Transaction does not proceed; and
- Other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding.

Future prospects of Black Mountain if the Proposed Transaction does not proceed

12.2 If the Proposed Transaction does not proceed the Company will have difficulty in meeting its financial obligations and being able to continue as a going concern given that it has a net working capital deficit of approximately $2.2 million and net liabilities of approximately $2.9 million:

12.3 In such circumstances, the Company would likely have to proceed with a highly dilutive equity raising (if possible).

Advantages and disadvantages

12.4 In assessing whether the Non-Associated Shareholders are likely to be better off if the Proposed Transaction proceed, than if it does not, we have also considered various advantages and disadvantages that are likely to accrue to the Non-Associated Shareholders.

Advantages of approving the Proposed Transaction

Advantage 1 – The Proposed Transaction is fair

12.5 RG111 states that a transaction is reasonable if it is fair.

Advantage 2 – Improvement to Black Mountain's financial position

12.6 The Proposed Transaction will significantly reduce the debt burden and net liability position of the Company. Based on the balance sheet as at 31 December 2017 and the terms of the Proposed Transaction net liabilities will decrease by $[ ]

Advantage 3 – Retain Significant Interest in Other Projects

12.7 The proposed disposal of the Namekara Vermiculite Mine will allow the Company to move forward with a large portion of its existing project base.

Advantage 4 – Improved Prospects for Raising Additional Equity

12.8 The reduction of the significant debt burden will improve the ability of Black Mountain to raise equity funds in the future.

Disadvantages of approving the Proposed Transaction

Disadvantage 1 – Change in nature and scale of activities

12.9 As a result of the Proposed Transaction the Company will no longer be exposed to the vermiculite market.

Conclusion on Reasonableness

12.10 In our opinion, the position of the Non-Associated Shareholders if the Proposed Transaction is approved is more advantageous than the position if it is not approved. Therefore, in the absence of any other relevant information and/or a superior offer, we consider that the Proposed Transaction is **reasonable** for the Non-Associated Shareholders of Black Mountain.

12.11 An individual shareholder's decision in relation to the Proposed Transaction may be influenced by his or her individual circumstances. If in doubt, shareholders should consult an independent advisor.

Yours faithfully

Andrew Gilmour

A GILMOUR
Director

N MARKE
Director

RSM CORPORATE AUSTRALIA PTY LTD

APPENDICES

A. DECLARATIONS AND DISCLAIMERS

Declarations and Disclosures

RSM Corporate Australia Pty Ltd holds Australian Financial Services Licence 255847 issued by ASIC pursuant to which they are licensed to prepare reports for the purpose of advising clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate reconstructions or share issues.

Qualifications

Our report has been prepared in accordance with professional standard APES 225 “Valuation Services” issued by the Accounting Professional & Ethical Standards Board.

RSM Corporate Australia Pty Ltd is beneficially owned by the partners of RSM Australia Pty Ltd (RSM) a large national firm of chartered accountants and business advisors.

Mr. Andrew Gilmour and Ms Nadine Marke are directors of RSM Corporate Australia Pty Ltd. Both Mr Gilmour and Ms Marke are Chartered Accountants with extensive experience in the field of corporate valuations and the provision of independent expert’s reports for transactions involving publicly listed and unlisted companies in Australia.

Reliance on this Report

This report has been prepared solely for the purpose of assisting Shareholders of the Company in considering the Proposed Transaction. We do not assume any responsibility or liability to any party as a result of reliance on this report for any other purpose.

Reliance on Information

Statements and opinions contained in this report are given in good faith. In the preparation of this report, we have relied upon information provided by the Directors and management of Black Mountain Resources Limited and we have no reason to believe that this information was inaccurate, misleading or incomplete. RSM Corporate Australia Pty Ltd does not imply, nor should it be construed that it has carried out any form of audit or verification on the information and records supplied to us.

The opinion of RSM Corporate Australia Pty Ltd is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

In addition, we have considered publicly available information which we believe to be reliable. We have not, however, sought to independently verify any of the publicly available information which we have utilised for the purposes of this report.

We assume no responsibility or liability for any loss suffered by any party as a result of our reliance on information supplied to us.

Disclosure of Interest

At the date of this report, none of RSM Corporate Australia Pty Ltd, RSM, Andrew Gilmour, Nadine Marke, nor any other member, director, partner or employee of RSM Corporate Australia Pty Ltd and RSM has any interest in the outcome of the Proposed Transaction, except that RSM Corporate Australia Pty Ltd are expected to receive a fee of approximately $20,000 based on time occupied at normal professional rates for the preparation of this report. The fees are payable regardless of Black Mountain Resources Limited receives Shareholder approval for the Proposed Transaction, or otherwise.

Consents

RSM Corporate Australia Pty Ltd consents to the inclusion of this report in the form and context in which it is included with the Notice of Extraordinary General Meeting and Explanatory Memorandum to be issued to Shareholders. Other than this report, none of RSM Corporate Australia Pty Ltd or RSM Australia Pty Ltd or has been involved in the preparation of the Notice of Extraordinary General Meeting and Explanatory Memorandum. Accordingly, we take no responsibility for the content of the Notice of General Meeting and Explanatory Statement.

B. SOURCES OF INFORMATION

In preparing this Report we have relied upon the following principal sources of information:

- Drafts and final copies of the Notice of Meeting;
- Audited financial statements for Black Mountain for the years ended 30 June 2015, 30 June 2016 and 30 June 2017 and reviewed financial statements for the 6 months ended 31 December 2017;
- ASX announcements of Black Mountain;
- S&P Capital IQ database;
- Discussions with Directors, Management and staff of Black Mountain;
- Independent Technical Valuation of Black Mountain's financial assets in Uganda prepared by Varndell & Associates; and
- Financial statements of Namekara Mining Company Limited for the six months ended 31 December 2017.

C. GLOSSARY OF TERMS

Term or Abbreviation	Definition
$	Australian dollar
Act	Corporations Act 2001 (Cth)
APES	Accounting Professional & Ethical Standards Board
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
ASX Listing Rules	The listing rules of ASX as amended from time to time
Black Mountain	Black Mountain Resources Limited
Company	Black Mountain Resources Limited
Control basis	As assessment of the Fair Value on an equity interest, which assumes the holder or holders have control of the entity in which the equity is held
Directors	Directors of the Company
Explanatory Statement	The explanatory statement accompanying the Notice
Fair Value	The amount at which an asset could be exchanged between a knowledgeable and willing but not anxious seller and a knowledgeable and willing but not anxious buyer, both acting at arm's length
FME	Future Maintainable Earnings
FOS	Financial Ombudsman Service
FSG	Financial Services Guide
IER	This Independent Expert Report
NMCL	Namekara Mining Company Limited
Non-Associated Shareholders	Shareholders who are not a party, or associated to a party, to the Proposed Transaction
Notice	The notice of meeting to vote on, inter alia, the Proposed Transaction
Option or Options	Unlisted options to acquire Shares with varying vesting conditions
Proposed Transaction	Disposal of Black Mountain's interest in the Namekara Vermiculite Mine and related assets to RPML
Report	This Independent Expert's Report prepared by RSM dated [insert]
Resolution	The resolutions set out in the Notice
RG 111	ASIC Regulatory Guide 111 Content of Expert Reports
RPML	Richmond Partners Masters Limited
RSM	RSM Corporate Australia Pty Ltd
S&P Capital IQ	An entity of Standard and Poors which is a third party provider of company and other financial information
Share or Black Mountain Share	Ordinary fully paid share in the capital of the Company
Shareholder	A holder of Share
VALMIN Code	Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (2015)

VWAP	Volume weighted average share price

D. INDEPENDENT TECHNICAL SPECIALIST’S REPORT

We have concluded that the Proposed Transaction is fair and reasonable to Non-Associated Shareholders

Varndell & ASSOCIATES

Consulting Geologists

(ABN 58 824 685 779)

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		Australian & International Exploration & Evaluation of Mineral Properties

INDEPENDENT TECHNICAL VALUATION

of

Black Mountain Resources Limited's

MINERAL ASSETS

Located in the Republic of Uganda

PREPARED FOR

RSM CORPORATE AUSTRALIA PTY LTD

Authors: Brian J Varndell BSc(SpecHonsGeol), FAusIMM

Company: Varndell & Associates Pty Ltd

Date: 15th March, 2018

EXECUTIVE SUMMARY

Namekara Carbonatite - Vermiculite Project, Uganda

The Namekara Carbonatite Project comprises two tenements located in the vicinity of Namekara, Manafwa Province, SE Uganda prospective for vermiculite at Namekara and phosphate at Busumbu (Figs1 & 2). The majority of the available project data was generated by Rio Tinto Mining and Exploration Limited ("Rio") including exploration work and Mineral Resource estimates completed on the vermiculite potential. Later SRK Consulting – Eastern Africa (Pty) Limited ["SRK-EA"] were engaged by previous holder Gulf Industrials Limited ("Gulf") to conduct a site visit with a review and comment on a resource statement in 2009. The project area is currently held by Black Mountain Resources Ltd (ASX:BMZ).

The Vermiculite mineralisation at Namekara is closely associated with the occurrence of alkali and carbonatite intrusives in ultramafic rock. Rio stated that vermiculite formation is predominantly attributable to the weathering and alteration of primary biotite and phlogopite in mica-rich rocks by chemical reaction with downward percolating surface water. The best vermiculite development occurred down to a depth of >50 m below surface. The overburden in the Namekara area averages 6.5 m thickness and up to 12 m.

Exploration work completed indicated that vermiculite occurs in near-surface, flat lying zones which contain sub-vertical, coarse-grained, high grade zones. It was concluded that an area of over 1.0 km^2 within ML4651 contains an average thickness of 31 m containing >10% vermiculite, free of phlogopite, from a depth of 10 m to 53 m below surface. This vermiculite rich zone may extend for over another ±2 km towards the north, although probably at reduced grade.

In the pre-existing open pit operation, enriched, very coarse-grained vermiculite zones developed containing ±80% vermiculite as compared with a consistent ±25% elsewhere. An additional deposit of high concentration, coarse grade vermiculite, with a low strip ratio also occurs to the ESE of the present open pit.

When previously exploited, only coarser-grained, higher grade material was processed by disaggregating large or premium grade feed due to the market requirement to yield the medium grade product. As a result, the waste generated characteristically contained ±35% vermiculite. Approximately 15 – 20% of this waste is medium grade.

SRK-EA was engaged by Gulf Resources Ltd to review the exploration work and Mineral resource estimates completed by Rio on the vermiculite potential of the Namekara project. Their site visit was undertaken by SRK-EA between 16-18 May 2009.

A JORC Code 2005 Mineral Resource Estimate for the Namekara projects as reported by Rio is presented in Table 1. No material change has occurred since that estimate thus no update to JORC Code 2012 guidelines has been prepared.

Classification	Mt	180_V (%)	425_V (%)
Inferred	54.9	26.7	18.8

Table 1: JORC Code 2005 Mineral Resource for the Namekara Project based on a 15% vermiculite (180_V) cut-off.

Grade Tonnage curves calculated by SRK support the Mineral Resource inventory reported by Rio. Uncertainties in the data quality support the SRK decision to classify the Namekara estimates into the JORC Code Inferred category. SRK also made several suggestions pertaining to collection of additional data in order to upgrade the resource category.

Figure 1: Namekara Carbonatite Prospect Location.

The Busumbu Phosphate deposit is located 1 km to the SE of the Namekara vermiculite mine as a residual fluoro-apatite deposit overlying a carbonatite lithology which is presumed to be the source of the phosphate. The deposit contains both hard and soft rock categories. Soft rock refers to the phosphate in residual soils and saprolite and has a grade of 5-15% P_2O_5. The hard rock refers to a re-cemented deposit where the cement is of secondary phosphate minerals. The primary and secondary apatite differs slightly in composition with the primary hard rock apatite being of higher grade; 25-35% P_2O_5. The reported grade has been confirmed by Gulf when a grab sample from this unit assayed 31% P_2O_5.

The deposit has been studied in detail by a number of researchers. A large number of pits were dug, sampled and mapped and a resource estimated (not differentiated between hard rock and soft rock) of 3 Mt at a grade of 11% P_2O_5 in the soil and 5.5 Mt at a grade of 15% P_2O_5 in the saprolite to a depth of 6 m. Any resource present in the underlying carbonatite was ignored.

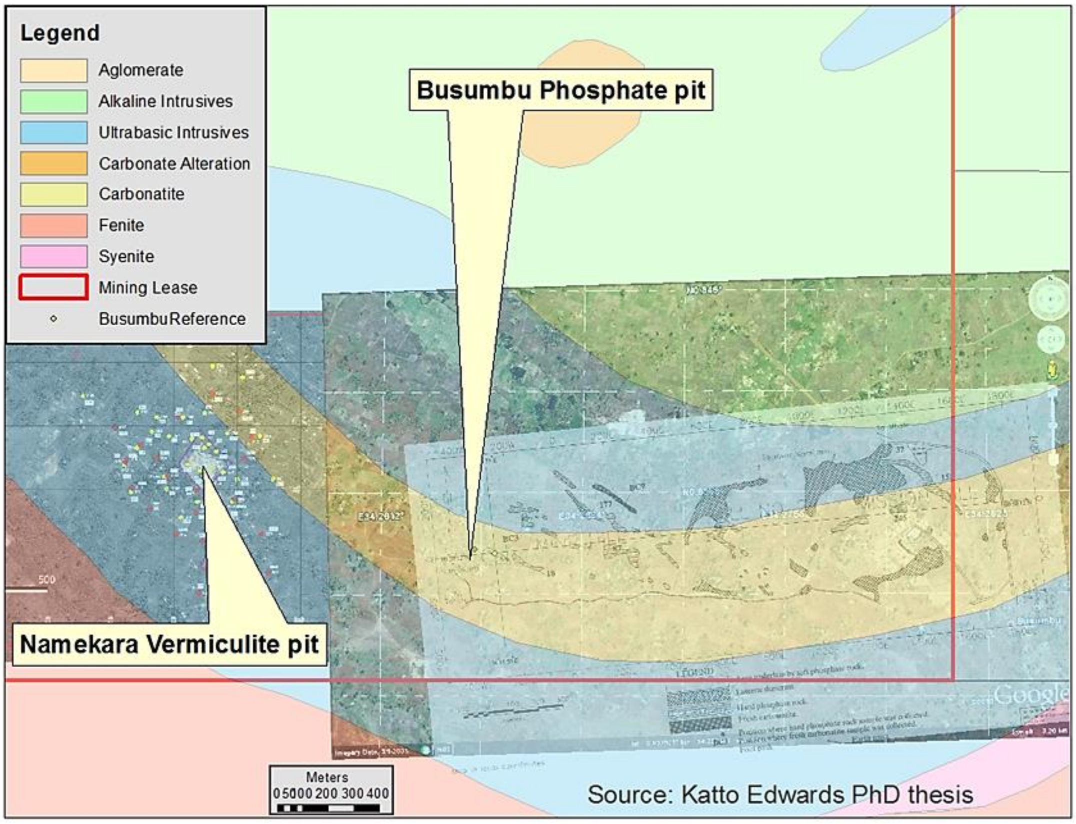

Figure 2: Namekara Vermiculite open cut and Busumbu Phosphate Pit Location, Uganda.

Pitting and drilling from 1942-45 reported "about 5 Mt of phosphate rock with grades between 8-35% P_2O_5. The average P_2O_5 content from samples of 430 m of pitting was 11.9% (Davies 1947, 1956.)" A joint team from the Department of Geological Survey and Mines ("DGSM") and the United Nations Department for Development Support and Management ("UNDD") reported higher grade 'hard' phosphates of 0.332 Mt averaging 28.5 % P_2O_5, and 2.468 Mt of lower grade 'soft' phosphates grading 13.5 % P_2O_5 based on limited pit excavations to a depth of 6 m (Celenk and Katto 1993). Another report states 8.4 Mt grading of 12.6% P_2O_5 is present on Hill # 2.

RC drilling in 2012 confirmed historical results averaging 34.8 m grading 21.48% P_2O_5. Mineralisation thicknesses varied from several layers of 3 m thickness to another massive zone of 59.2 m thickness from a depth of 5.2 m.

Further investigations confirmed the presence of up to 35% P_2O_5 in the laterite profile and up to 16% P_2O_5 in the soft saprolite profile below the laterite. Observations in the Namekara vermiculite pit indicate an extensive presence of several generations of late stage, cross cutting iron/phosphate rich carbonatite dykes, intruded into the country rock at shallow angles where some assays returned 16-24% P_2O_5. This suggests the possibility to define a medium resource at both projects.

Valuation

Recent vermiculite production from Namekara has been uneconomic so no future production schedule has been prepared to support that style of valuation.

BMZ has agreed to return tenement title to the original owners in order to clear its debt obligations for circa $5.5 M. This debt could be viewed as not being “an arms’ length” transaction so is disqualified from use for valuation purposes. Accordingly, only the loss figures attributed to the company can be used to arrive at a project value.

It is the writer’s opinion that the current cash value for 100% of the tenements is considered to be A$3.1 million from within the range of A$2.8 million to A$3.4 million as at 15th March, 2018.

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The Directors 15th March, 2018
RSM Corporate Australia Pty Ltd,
Level 32, 2 the Esplanade,
Perth, WA 6000
Australia.

Dear Sirs,

1.0 Introduction

This report has been prepared by Varndell and Associates ("V&A") at the request of Mr A. Gilmour of RSM Corporate Australia Pty Ltd ("RSM") to provide an independent appraisal of the cash value of the Black Mountain Resources Limited ("BMZ") proposed relevant mineral interests in Uganda as at 15th March, 2018.

1.1 Scope and Limitations

RSM Corporate Australia Pty Ltd ("RSM") has been engaged by the Directors of Black Mountain Resources Limited ("Black Mountain – ASX:BMZ" or "the Company") to prepare an Independent Expert's Report ("IER") in relation to the proposed disposal of its Namekara Vermiculite mine in Uganda ("Namekara") in exchange for the retirement of circa A$5.5 million of debt ("Proposed Transaction").

RSM is to prepare an IER stating whether, in the expert's opinion, the Proposed Transaction is fair and reasonable to the non-associated Shareholders of Black Mountain.

In order to complete the IER, RSM requires an independent valuation prepared in accordance with the VALMIN Code of the Namekara Vermiculite mine. RSM requested Varndell & Associates to provide this valuation.

This Report is valid as of 15th March, 2018 which is the date of the latest review of the data and technical information and there have been no material changes to this data or valuation since that date. The valuation can be expected to change over time having regard to political, economic, market and legal factors. The valuation can also vary due to the success or otherwise of any mineral exploration that is conducted either on the mineral assets concerned or by other explorers on prospects in the near environs. The valuation could also possibly be affected by the consideration of other exploration data from adjacent licences with production history affecting the mineral assets which have not been made available to the writer.

In order to form an opinion as to the value of any mineral asset, it is necessary to make assumptions as to certain future events, which might include economic and political factors and the likelihood of exploration success. The writer has taken all reasonable care in formulating these assumptions to ensure that they are appropriate to the case. These assumptions are based on the writers' technical training and over 45 years' experience in the exploration and mining industry. Whilst the opinions expressed represent the writers' professional opinion at the time of this Report, these opinions are not however, forecasts as it is never possible to predict accurately the many variable factors that need to be considered in forming an opinion as to the value of any mineral asset.

The information presented in this Report is based on technical reports provided by BMZ supplemented by our own inquiries as to the reasonableness of the supplied data. At the request of V&A, copies of relevant technical reports and agreements were readily made available. There is also information available in the public domain and relevant references are listed in Section 6.0 –References. A site visit has not been undertaken by the author however he has experience of carbonatite terranes from southern Africa. The author considers sufficient technical information has been provided to enable an informed opinion to be derived.

BMZ will be invoiced and expected to pay a fee, estimated to be $3-5,000 for the preparation of this Report. This fee comprises a normal, commercial daily rate plus expenses. Payment is not contingent on the results of this report. Except for these fees, neither the writer nor any family members nor Associates have any interest, nor the rights to any interest in BMZ nor any interest in the mineral assets reported upon. BMZ has confirmed in writing that all technical data known it was made available to the writer.

The valuation presented in this Report is restricted to a statement of the fair value of the mineral asset package. The Valmin Code defines fair value as “The estimated amount of money, or the cash equivalent of some other consideration, for which, in the opinion of the Expert reached in accordance with the provisions of the Valmin Code, the mineral asset or security shall change hands on the Valuation date between a willing buyer and a willing seller in an arms’ length transaction, wherein each party had acted knowledgeably, prudently and without compulsion”.

It should be noted that in all cases, the fair valuation of the mineral assets presented is analogous with the concept of “valuation in use” commonly applied to other commercial valuations. This concept holds that the assets have a particular value only in the context of the usual business of the company as a going concern. This value will invariably be significantly higher than the disposal value, where, there is not a willing seller. Disposal values for mineral assets may be a small fraction of going concern values.

This report provides an independent technical valuation of the BMZ project as at 15th March, 2018. The report has been prepared in accordance with the guidelines of the Valuation of Mineral Assets and Mineral Securities for Independent Expert’s Reports (the “Valmin Code”) (2015) as adopted by the Australian Institute of Geoscientists (“AIG”) and the Australasian Institute of Mining and Metallurgy (“AusIMM”) and specifically:-

ASIC Regulatory Guideline 111 – Content of expert’s Reports (“RG 111”)
ASIC Regulatory Guideline 112 – Independence of Experts (“RG 112”); and
AusIMM’s Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports (“the ValMin Code”).
The assets valued in this report are the two tenements in Uganda.

In accordance with the Valmin Code, we have prepared the “Range of Values” as shown in Table 3, Section 5. Regarding the Project it is considered that sufficient geotechnical data has been provided from the reports covering the previous exploration of the relevant area to enable an understanding of the geology. This provides adequate information to enable an informed opinion as to the current value of the mineral assets.

1.2 Statement of Competence

This Report has been prepared by Brian J. Varndell, BSc (SpecHonsGeol), FAusIMM (No111022) is a qualified geologist and is the Principal of V&A. He is a geologist with over 45 years in the industry and 40 years in mineral asset valuation. The writer holds the appropriate qualifications, experience and independence to qualify as an independent “Expert” or “Specialist” and “Competent Person” under the definitions of the Valmin and JORC Codes.

2.0 Valuation of the Mineral Assets – Methods and Guides

With due regard to the guidelines for assessment and valuation of mineral assets and mineral securities as adopted by the AusIMM Mineral Valuation Committee on 17th February, 1995 – the Valmin Code (updated 1999 & 2005). V&A has derived the estimates listed below using the MEE method for the current technical value of the mineral assets as described below since no JORC Code compliant resources have been declared for any of the tenements.

The ASIC publications “Regulatory Guides 111 & 112” have also been referred to and duly considered in relation to the valuation procedure. The subjective nature of the valuation task is kept as objective as possible by the application of the guideline criteria of a “fair value”. This is a value that an informed, willing, but not anxious, arms’ length purchaser will pay for a mineral (or other similar) asset in a transaction devoid of “forced sale” circumstances.

2.1 General Valuation Methods

The Valmin Code identifies various methods of valuing mineral assets, including:-

- Discounted cash flow,
- Joint Venture and farm-in terms for arms’ length transactions,
- Precedents from similar comparable asset sales/valuations,
- Multiples of exploration expenditure,
- Ratings systems related to perceived prospectivity,
- Real estate value and rule of thumb or yardstick approach.

2.2 Discounted Cash Flow/Net Present Value

This method provides an indication of the value of a mineral asset with identified reserves. It utilises an economic model based upon known resources, capital and operating costs, commodity prices and a discount for risk estimated to be inherent in the project.

Net present value (‘NPV’) is determined from discounted cash flow (‘DCF’) analysis where reasonable mining and processing parameters can be applied to an identified ore reserve. It is a process that allows perceived capital costs, operating costs, royalties, taxes and project financing requirements to be analysed in conjunction with a discount rate to reflect the perceived technical and financial risks and the depleting value of the mineral asset over time. The NPV method relies on reasonable estimates of capital requirements, mining and processing costs.

2.3 Joint Venture Terms

The terms of a proposed joint venture agreement may be used to provide a market value based upon the amount an incoming partner is prepared to spend to earn an interest in part or the entire mineral asset. This pre-supposes some form of subjectivity on the part of the incoming party when grass roots mineral assets are involved.

2.4 Similar Transactions

When commercial transactions concerning mineral assets in similar circumstances have recently occurred, the market value precedent may be applied in part or in full to the mineral asset under consideration.

2.5 Multiple of Exploration Expenditure

The multiple of exploration expenditure method (‘MEE’) is used whereby a subjective factor (also called the prospectivity enhancement multiplier or ‘PEM’) is based on previous expenditure on a mineral asset with or without future committed exploration expenditure and is used to establish a base value from which the effectiveness of exploration can be assessed.

Where exploration has produced documented positive results a MEE multiplier can be selected that take into account the valuer's judgment of the prospectivity of the mineral asset and the value of the database.

PEMs can typically range between 'zero' to 3.0 and occasionally up to 5.0 where very favourable exploration results have been achieved, applied to previous exploration expenditure to derive a dollar value. Typical PEM Factors are shown below.

PEM Range	Criteria
0.2 – 0.5	Exploration has downgraded the tenement prospectivity, no mineralisation identified
0.5 – 1.0	Exploration potential has been maintained by past and present activity from regional mapping
1.0 – 1.3	Exploration has maintained, or slightly enhanced the prospectivity
1.3 – 1.5	Exploration has considerably increased the prospectivity
1.5 – 2.0	Scout Drilling has identified interesting intersections of mineralisation
2.0 – 2.5	Detailed Drilling has defined targets with potential economic interest.
2.5 – 3.0	An Inferred Resource has been defined - no feasibility study has been completed
3.0 – 4.0	Indicated Resources identified that are likely to form the basis of a prefeasibility study
4.0 – 5.0	Indicated and Measured Resources

2.6 Ratings System of Prospectivity (Kilburn)

The most readily accepted method of this type is the modified Kilburn Geological Engineering/Geoscience Method and is a rating method based on the basic acquisition cost ('BAC') of the mineral asset that applies incremental, fractional or integer ratings to a BAC cost with respect to various prospectivity factors to derive a value. Under the Kilburn method the valuer is required to systematically assess four key technical factors which enhance, downgrade or have no impact on the value of the mineral asset. The factors are then applied serially to the BAC of each mineral asset in order to derive a value for the mineral asset. The factors used are; off-property attributes on-property attributes, anomalies and geology. A fifth factor that may be applied is the current state of the market.

2.7 Empirical Methods (Yardstick – Real Estate)

The market value determinations may be made according to the independent expert's knowledge of the particular mineral asset. This can include a discount applied to values arrived at by considering conceptual target models for the area. The market value may also be rated in terms of a dollar value per unit area or dollar value per unit of resource in the ground. This includes the range of values that can be estimated for an exploration mineral asset based on current market prices for equivalent assets, existing or previous joint venture and sale agreements, the geological potential of the mineral assets, regarding possible potential resources, and the probability of present value being derived from individual recognised areas of mineralisation.

This method is termed a "Yardstick" or a "Real Estate" approach. Both methods are inherently subjective according to technical considerations and the informed opinion of the valuer.

2.8 General Comments

The aims of the various methods are to provide an independent opinion of a "fair value" for the mineral asset under consideration and to provide as much detail as possible of the manner in which the value is reached. It is necessarily subjective according to the degree of risk perceived by the mineral asset valuer in addition to all other commercial considerations. Efforts to construct a transparent valuation using sophisticated financial models are still hindered by the nature of the original assumptions where no known resource exists and are not applicable to mineral assets without an identified resource or reserve.

The values derived for this Report have been concluded after taking into account the general geological environment for the mineral assets under consideration with respect to the exploration potential of each tenement.

2.9 Environmental implications

Information to date is that there are no identified existing material environmental liabilities on the mineral assets. Accordingly, no adjustment was made during this Report for environmental implications.

2.10 Indigenous Title Claims

Neither the Company nor the authors are aware of any indigenous title claims within the project areas. Accordingly, no adjustment was made during this Report for indigenous title implications.

2.11 Commodities-Metal prices

Where appropriate, current vermiculite and phosphate prices are used sourced from the usual market publications or commodity price reviews.

2.12 Resource/Reserve Summary

There are JORC Code (2005) compliant Resources declared for the Projects.

2.13 Previous Valuations

Al Maynard & Associates have provided a previous valuation of only part of the tenement package during June, 2013 and May, 2016.

2.14 Encumbrances/Royalty

The Projects may be subject to government royalties as stipulated by the Ugandan Government where currently applicable.

No royalty payments are considered in this valuation.

3.0 Background Information

3.1 Introduction

This valuation has been provided by way of a detailed study of information provided by BMZ on the projects up to 15th March, 2018.

3.2 Specific Valuation Methods

There are several methods available for the valuation of a mineral prospect ranging from the most favoured DCF analysis of identified Reserves to the more subjective rule-of-thumb assessments such as the Yardstick or Empirical methods or Comparative Value/Similar Transactions method. These methods are discussed above in Section 2.0.

4.0 Background Information

4.1 Uganda Introduction

ML4651 and EL 1534 are in the vicinity of Namekara, Manafwa Province, SE Uganda where the bulk of the available project data was generated by Rio covering exploration work and Mineral Resource estimates completed on the vermiculite potential. Later SRK-EA were engaged by Gulf to conduct a site visit to review and comment on the resource statement in 2009.

4.2 Location, Access and Infrastructure

The Namekara vermiculite deposit is located in Manafwa Province in SE Uganda (Fig 1). The nearest major towns are Tororo (27 km SW), situated adjacent to the international border with Kenya and Mbale (40 km NW). The area is connected by a well-maintained gravel road to the tarred highway which heads westwards via Mbale and Jinja to Kampala and eastwards to the major coastal port of Mombasa in Kenya. A spur of the main railroad, which also serves the port at Mombasa, passes within 20 km of the deposit. The main electricity power line to Mbale traverses the area and the plant is already connected to the grid.

4.3 Tenement Details

Two tenements; one ML and one EL are held over the Namekara prospect area by Namekara Mining Co. Limited ("NMCL"). Copies of the current licenses and permits, details of which are provided in Table 2 and depicted in Figure 3, are described in a report by Ugandan legal firm Kusaasira & Co dated 23rd March, 2012.

Licence	Name	Area (km^2)	Issued	Holder	Expiry
ML4651	Namekara	17.3	15-May-03	NMCL	14-May-24
EL1534	Butiru	30.8	24-Nov-15	"	23-Nov-18

Table 2: Exploration and Mining Licenses held over the Namekara Carbonatite Area.

In 2006 the tenements were provisionally evaluated by Rio with the objective of establishing a sales and marketing agreement between Canmin Resources Limited ("CRL") and the Palabora Mining Company ("PMC"). However, it was subsequently determined that the Rio interests would be best served by purchase.

Following transfer of ownership on 31st March 2007, in order that a technical evaluation could be undertaken, permission to suspend mining operations, as required under Section 53 of the Mine and Minerals Act of Uganda (2003), was obtained from the Government of Uganda for a period of one year. A renewal of this suspension was granted by the Commissioner of Mines, Minerals and Energy, in the Geological Survey and Mines Department of Uganda, until 30th September 2008. A further extension was successfully applied for as listed in Table 2.

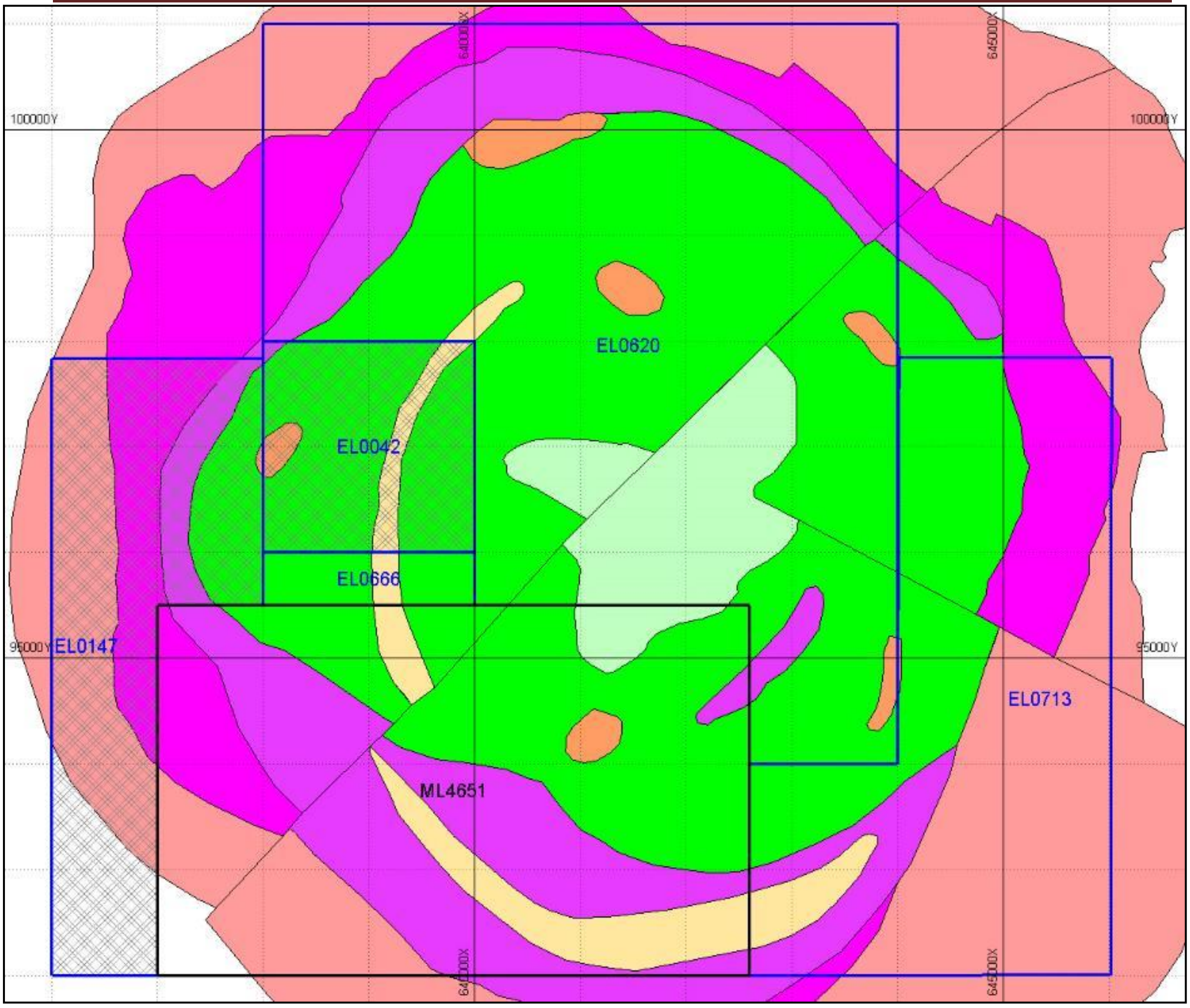

Figure 3: **Tenements at the Namekara Carbonatite Vermiculite Prospect, SE Uganda.**

4.4 Geological setting

The regional and project geology presented here is summarised from Hester (1996), Rio (2008) and Van Stratten (1988).

4.4.1 Regional geology

Seven carbonatite complexes occur along a ±65 km long NNE-trend in SE Uganda (Fig 4). The most extensive of these is the Busuku Carbonatite Complex which, with a diameter of ±13 km, is the world's largest known carbonatite (Fig 5). The older group of carbonatites, which include Busuku, have been dated at 26 ±2.5 Ma. These carbonatites are typified by having central vent agglomerate surrounded by poorly exposed broad zones of ijolite, melteigite and nephaline syenites and an outer fringe of pyroxenite, micro-pyroxenite and hornblendite. Discontinuous rings of carbonatite and arcuate masses of carbonatised silicate rock, phoscorite and magnetite-melanite syenite occur within both the ultramafic and alkaline rocks.

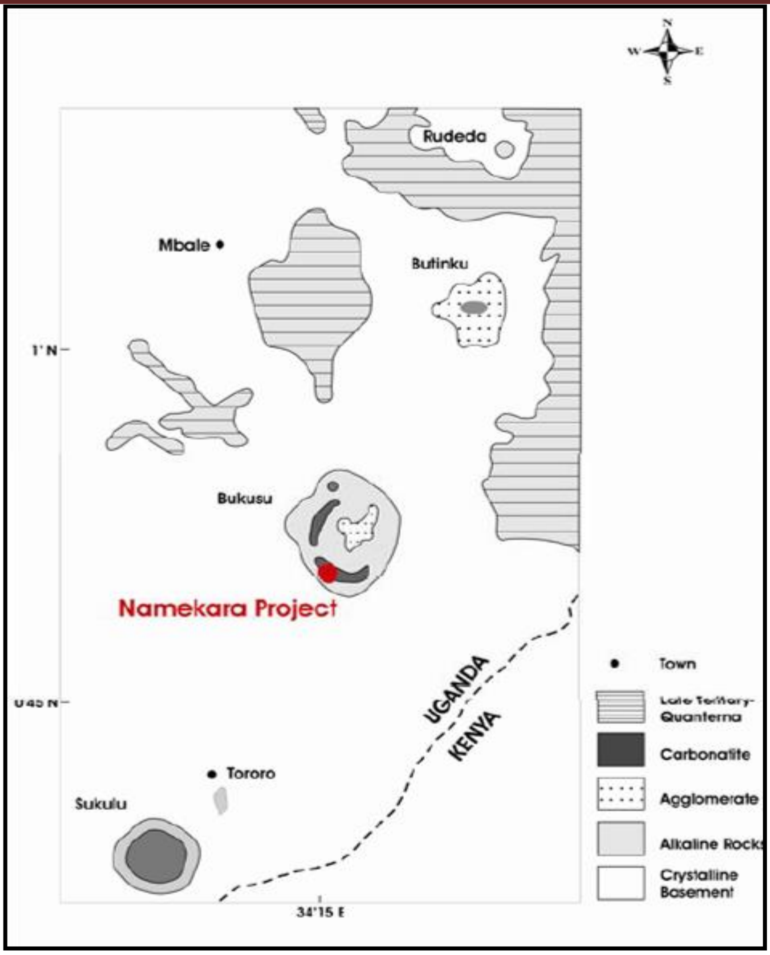

Figure 4: Carbonatites and Alkali Igneous Complexes in SE Uganda.

The Busuku Carbonatite Complex consists of alkaline and ultrabasic ring structures surrounding an agglomerate vent (Fig 5). It is surrounded by a broad zone of feldspathisation in which leucocratic granite, syenite and quartz pegmatoid have developed from the alteration of the gneissic granodiorite basement.

The rocks of the complex, which are commonly concealed beneath a cover of residual soil, are generally poorly exposed. Van Stratten (1988) reported that the average depth to unweathered bedrock is some 40–45 m below surface.

It has been established that the Busuku Carbonatite Complex contains economically significant deposits of carbonate, phosphate and vermiculite with sub-economic copper, iron and pyrochlore mineralisation.

Rio reported that chalcopyrite, coincident with a known copper soil anomaly, was observed in rock chips of basement rock intersected during the RC drilling program undertaken to evaluate the vermiculite potential of the Namekara area (Baldock, 1966).

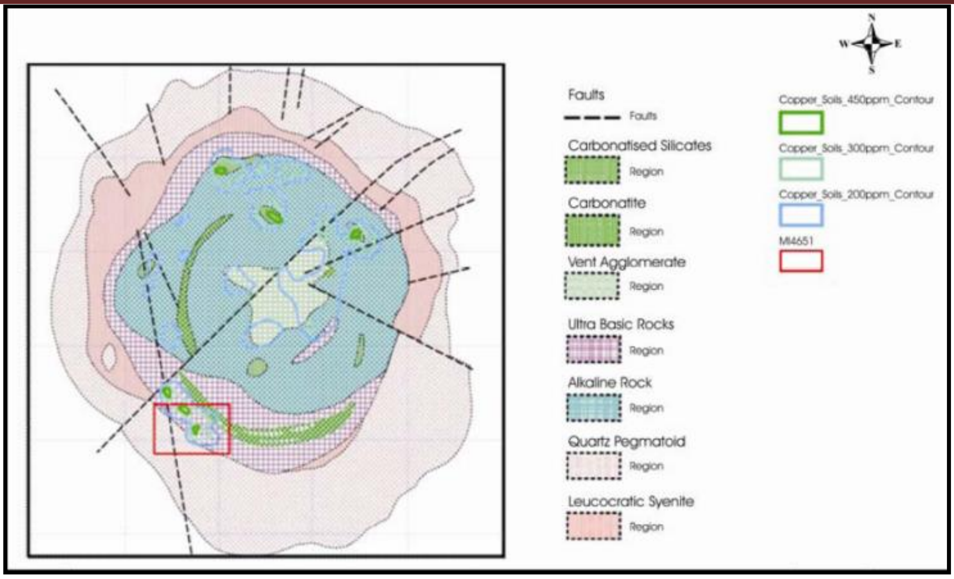

Figure 5: Geology of the Busuku Carbonatite Complex, SE Uganda, and the Namekara Prospect to its SW.

4.4.2 Project Geology

The Namekara Prospect occurs in a region of low rolling hills on the south-western margin of the Busuku Carbonatite Complex. Rio observed that vermiculite formation, as developed at the contact between mica-rich pyroxenites and carbonatite, is closely associated with the occurrence of localised alkali and carbonatite intrusives in ultramafic rock.

This is a similar geological setting to that of many of the better documented worldwide vermiculite deposits, including Libby in the USA and Palabora in South Africa. These, like Namekara, formed within a concentrically zoned complex of earlier ultramafic intrusive bodies, which include biotite-pyroxenite and biotite that are cut by later intrusions of carbonatite and syenite (Rio 2008). Such syenitic rocks, which are more resistant to erosion, form low lying hills such as those in the vicinity of Busuku.

At Namekara, as common throughout the Busuku Carbonatite Complex, bedrock is concealed beneath a ≤12 m, but on average 6.5 m thick layer of overburden. This includes a hematite-rich goethite, locally termed ‘murram’, development of which indicates significant ferruginisation and laterisation. As a consequence, vermiculite mineralisation is best observed in the surface pit developed by CRL.

Fresh vermiculite from the Namekara Prospect area is a pale golden colour, with a silvery sheen, and is highly reflective. A pinkish tinge is developed upon weathering (Fig 6 & 7). Fresh flakes are readily delaminated and although pliable commonly break moderately easily along small cracks visible on the surface. When exfoliated the vermiculite becomes a dark cream colour.

Rio concluded that vermiculite formation was predominantly attributable to the weathering and alteration of primary biotite and phlogopite in mica-rich rocks by chemical reaction over time with a downward percolating water surface.

The work completed established that phlogopite is almost completely altered to vermiculite to a depth of 50-55 m below surface. Vermiculite mineralisation is followed by a transitional zone of ‘vermiculitised’ phlogopite, and presumably unaltered phlogopite, at greater depth.

Rio recorded that phlogopite bearing material was encountered in 16 drillholes. In one of these holes a low phlogopite/high vermiculite bearing ‘raft’ was intersected within a vermiculite dominant mass. The borehole logs indicate that the boundary between non-phlogopite and phlogopite bearing vermiculite is sharp, with the phlogopite content commonly increasing from nil to >10% over a distance of ±5m.

Figure 6: Slightly weathered very coarse grained vermiculite - north wall of the Namekara Prospect Open Pit.

The exploration completed indicates that the vermiculite in the Namekara Prospect occurs in flat lying zones which contain sub-vertical, coarse-grained, high grade developments. The underlying biotite is cut by carbonatite and mica-pyroxenite dykes. It is postulated that these structures acted as conduits for hydrothermal fluids which mobilised and re-crystallised coarse-grained biotite in zones which, being permeable to groundwater flow, were subsequently altered to vermiculite.

Rio also concluded that:

- in the open pit the enriched, often very coarse-grained zones developed contain ±80% vermiculite as opposed to a consistent ±25% elsewhere.
- when exploited by CRL, as the processing plant required disaggregating large or premium Grade feed to yield the Medium Grade product required by market, only coarser grained, higher grade material was processed. As a consequence the waste generated characteristically contained ±35% vermiculite. Approximately 15 – 20% of this waste material is medium grade.

Figure 7: Very coarse grained vermiculite zone - NW wall of the Namekara Prospect open pit.

4.5 Exploration History

Van Stratten (1988) recorded that vermiculite was discovered near Namekara, approximately 1 km west of the Busumbu Phosphate Mine, in the early 1950s by the British Geological Survey in conjunction with the Uganda Geological Survey.

The investigations included trenching, the excavation of 71 shallow pits and the drilling of 10 diamond drillholes that delineated a limited tonnage of vermiculite. Mining on a restricted scale in the late 1950s proved uneconomic. Records indicate that the quality of the vermiculite at Namekara was good with a cation exchange capacity >110cmol$_+$/kg and an exchangeable Mg_{2+} content of ≤4,390mg/kg. The trenching and pitting was deemed to have indicated the presence of ±0.5 Mt of vermiculite beneath up to 15 m of overburden. The amount of recoverable vermiculite was then estimated at ±350,000 t.

Investigations completed to greater depth in the late 1980s are reported to have delineated additional quantities of vermiculite. Van Stratten (1988) noted that the occurrence of vermiculite in the Namekara area is spatially related to mica-rich rocks in the pyroxenite zone of the Busuku Carbonatite Complex.

CRL, a Ugandan registered subsidiary of the IBI Corporation in Canada who initially focused on the phosphate potential of Busumbu, investigated the apparent high-grade vermiculite potential of the Namekara area by means of 17 trenches and/or pits and 12 NQ size diamond drillholes totalling 490 m, which were drilled to depths ranging from 22.5–51.0 m at unknown locations. Based on the results of these investigations a processing plant was installed in 2001.

Plant feed, reputedly obtained by mining higher quality areas of vermiculite mineralisation, was obtained from the open pit developed nearby. Between 2002 and 2006 a total of 16,000 t of predominantly medium grade vermiculite was exported, while in addition a small tonnage of micron grade vermiculite exfoliated on-site was sold on the local market as a soil conditioner and insulating material in the manufacture of fuel efficient stoves, under the product name of V-Gro.

4.5.1 Investigation undertaken by Rio Tinto

Rio completed acquisition of the property in 2007/8 and instituted a technical study designed to evaluate the quality and quantity of vermiculite mineralisation and review options for mine development. A total of 72 vertical RC holes totalling 3,490 m were drilled in two phases within an area of ±1.3 km^2 to depths of predominantly 40- 60 m at spacing of 50-150 m. No twinned holes were drilled to investigate geological and analytical variance.

Rio concluded that the:

- Vermiculite enriched and phlogopite depleted mineralisation occurs near surface;
- Lower grade vermiculite occurs between coarser grained, higher grade zones;
- Unweathered bedrock is encountered at depths of 41-56 m beneath overburden up to ≤12 m, but on average 6.5 m thick;
- An area of over 1 km^2 within Mining Lease 4651 contains an average thickness of 31 m of >10% vermiculite, free of phlogopite, from a depth of 10-53 m below surface. This may extend over a length of ±5 km;
- A deposit of high, coarse grade vermiculite, with a low strip ratio, occurs to the ESE of the present open pit;
- Further work is required to establish the potential of vermiculite intersected in drillholes NAM-027, -029 and elsewhere;

Despite this, during the global rationalisation completed by Rio Tinto in November 2007, the strategic decision was made by the group to divest out of a significant portion of its Industrial Minerals holdings including the Namekara Vermiculite Prospect. Rio stressed that this, "in no way implies a negative view regarding the quality of the Namekara resource".

4.5.2 SRK- EA

SRK-EA were engaged by Gulf to review the exploration work and Mineral Resource estimates completed by Rio on the vermiculite potential of the project. A site visit was undertaken by SRK-EA from the 16-18th May, 2009.

SRK-EA sub-contracted SRK Consulting South Africa ("SRK-SA") to review the Mineral Resources and compile a report. The vermiculite mineralisation at Namekara is understood to be closely associated with the occurrence of alkali and carbonitic intrusives in ultramafic rock.

The exploration work completed indicated that vermiculite occurs in flat lying zones near surface. It was concluded that:

- an area of over 1.0 km^2 within ML4651 contains an average thickness of 31 m containing >10% vermiculite, free of phlogopite, from a depth of 10- 53 m below surface. This zone may extend over for another ±2.3 km northwards with vermiculite, although probably at reduced grade, extending over a total distance of ±5 km;
- in the open pit the enriched, often very coarse-grained zones developed contain ±80% vermiculite as opposed to a consistent ±25% elsewhere;
- a deposit of high, coarse grade vermiculite, with a low strip ratio, occurs to the ESE of the present open pit;

Work undertaken on an unidentified number of samples collected in the current open pit, which had an average vermiculite content of 49%, tentatively indicated that 59% of the vermiculite reported to the +2 mm size fraction. This finding is supported by the results obtained on bulk samples of selectively mined medium grade +2mm product by the reported recoveries of 47.1% and 61.7% vermiculite.

Grit contents ranging from 8.1% to 9.5% by weight, consisting of non-exfoliating mica and gangue minerals, were reported in the bulk samples of medium grade vermiculite investigated. Some of these materials occur as inclusions within vermiculite flakes. Investigations completed on a -4 mm to +2.8 mm sample of vermiculite, from which the grit fraction was hand removed, indicated an inherent grit flake content of 1.8%. This result, as grit content may vary from location to location and with coarseness and depth, etc. requires additional investigation.

The review concluded that:

- Namekara could be considered to be the world's largest resource of coarser grained vermiculite, and;
- The overall quality of the vermiculite investigated was well suited to meet the specifications of both local and world markets.

The review of the Mineral Resource estimates indicated that the Namekara database contains the logging descriptions of 72 RC holes, of which only 66 have analytical data available. The database is subdivided into 2 drilling phases; each sampled using different criteria where Phase 1 samples were collected at 1 m intervals, and then composited over 5 m covering all mineralised and non-mineralised intervals regardless of the grade and shipped to the PMC labs for assaying. The Phase 2 samples were collected over 1 m intervals and only intervals logged as containing visible vermiculite were analysed.

A "gap-fill value" was applied to the non-analysed intervals within the mineralised zone of the Phase 2 drilling. This "gap-fill value" was obtained by extracting all the samples within the Phase 1 drilling with vermiculite content in the 180 µm fraction ("180_V") less than 20% and calculating the average grade of these samples.

The database was domained using lithological as well as grade definitions. Lithologically, the database is domained into the overburden ("OVB"), an ore section ("OS"), a lower grade ore section ("OSNV") and a biotite or basement unit ("BTT"). The OS lithological unit in turn is sub-domained into OS domain, containing <10% vermiculite, an ("OSM") unit, containing >10vermiculite, and an ("OSL") unit which is described as lenses of OS within the OSM unit.

Two potential shortcomings were identified in the sampling procedures that could influence confidence of the grade estimation. These are compositing of samples during the first drilling phase and sections of the drillholes inside the ore section that were not sampled during the second phase of drilling.

It is expected that the inconsistent sampling criteria used between the two drilling phases could influence the sub-domaining of the OS lithological unit. OSL layers that are visible within the Phase 2 drilling database ("gap-fill values" removed), are in some instances not seen within the Phase 1 drilling. This is due to the mixing of high grade and lower grade samples during the Phase 1 sample compositing, the latter being upgraded by the former.

All the data falling within the OSM upper and lower contact wireframes where selected. In an ideal situation all the selected data should have the OSM unit code but Instances were found where the unit codes are given as OS, BT, and OSNV.

The design of the OSM unit wireframe has to be re-considered, taking into account that the Phase 2 drilling, with the "gap-filled" values removed, indicated a higher number of low grade lenses, the "OSL" unit, occurring within the OSM unit.

Density determination is an important aspect of the Mineral Resources because it is used to convert measured volumes into tonnes. In the Namekara resource model the blocks with the highest vermiculite grade (180_V) have the lowest density value assigned to it. SRK felt that more samples across a broader grade range needed to be analysed for bulk densities.

The percentage difference in mean grade between the estimates and the sample data is 1%, which is considered good. The interpolation method used was ID^2. Whereas the estimates compare well with the data, SRK is of the opinion that the use of geostatistical techniques would provide robust local estimates.

4.6 Namekara Vermiculite Resource Conclusions

The Mineral Resource for the Namekara project as reported by Rio has been presented in Table 1 above. Grade Tonnage curves recently calculated by SRK supports the Mineral Resource inventory reported by Rio. Uncertainties in the data quality and application support the SRK decision to classify the Namekara estimates into the JORC Code (2005) compliant Inferred category. SRK also made several suggestions pertaining to collection of additional data in order to upgrade the resource category.

The Vermiculite mineralisation at Namekara is understood to be closely associated with the occurrence of alkali and carbonatite intrusives in ultramafic rock. Rio concluded that vermiculite formation, predominantly attributable to the weathering and alteration of primary biotite and phlogopite in mica-rich rocks by chemical reaction with downward percolating surface water, occurred to a depth of >50m below surface. The overburden in the Namekara area is up to ≤12 m, but on average 6.5 m thick.

The exploration work completed indicated that vermiculite occurs in flat lying zones near surface which contain sub-vertical, coarse-grained, high grade developments. It was concluded that an area of over 1 km^2 within ML4651 contains an average thickness of 31 m containing >10% vermiculite, free of phlogopite, from a depth of 10-53 m below surface. This zone may extend over for another ±2.3 km northwards with vermiculite, although probably at reduced grade, extending over a total distance of ±5 km.

In the open pit the enriched, often very coarse-grained zones developed contain ±80% vermiculite as compared with a consistent ±25% elsewhere. A deposit of high, coarse grade vermiculite, with a low strip ratio also occurs to the ESE of the present open pit;

When previously exploited, since the processing plant required disaggregating large or premium grade feed to yield the medium grade product required to be marketed, only coarser-grained, higher grade material was processed. As a result, the waste generated characteristically contained ±35% vermiculite. Approximately 15–20% of this waste is medium grade.

4.7 The Busumbu Phosphate Deposit

4.7.1 Introduction

The Busumbu Phosphate deposit, is a residual fluoro-apatite deposit overlying a carbonatite lithology which is presumed to be the source of the phosphate. The deposit consists of a hard rock and a soft rock category. Soft rock refers to the phosphate in residual soils and saprolite and has a grade of 5% to 15% P_2O_5. The hard rock refers to a re-cemented deposit, the cement being secondary phosphate minerals. The primary and secondary apatite differs slightly in composition with the primary apatite being the higher grade. In total the hard rock deposit has a grade of 25% to 35% P_2O_5. The reported grade has been confirmed by Gulf when a grab sample from this unit assayed 31% P_2O_5.

4.7.2 Location, Access and Infrastructure

The Busumbu Phosphate deposit is located 1.0 km to the southeast of the Namekara vermiculite mine (Fig 2).

4.7.3 Local Geological setting

The deposit was studied in detail by a number of researchers. The Katto Edwards thesis is the most complete study currently available and the distribution of hard rock phosphate at the surface as mapped by Edwards in 1995 is depicted in Figure 8. Many pits were dug, sampled and mapped and recorded in the thesis. Edwards estimated a resource but the kriging process did not differentiate between the hard and soft rock deposits however he estimated 3 Mt at a grade of 11% P_2O_5 in the soil and 5.5 Mt at a grade of 15% P_2O_5 in the saprolite to a depth of 6 m. The resource present in the underlying carbonatite was ignored.

The following excerpt from "Rocks for Crops, chapter 59 – Uganda" (Van Straaten) adequately describes earlier work undertaken at the deposit:-

> *"Davies discovered carbonate rocks at Busumbu in the early 1930s. A pitting and drilling program, conducted between 1942 and 1945, revealed about 5 million tonnes of phosphate rock with grades between 8 and 35% P2O5. The average P2O5 content from samples of 430 m of pitting was 11.9% (Davies 1947, 1956). After Davies, the deposit has been studied by a succession of geologists, including Taylor (1955, 1960), Baldock (1969), Bloomfield (1973), Celenk and Katto (1993) and Mathers (1994). A joint team from the Department of Geological Survey and Mines (DGSM) and the United Nations Department for Development Support and Management carried out detailed geological investigations at Busumbu. Findings indicate that proven reserves of higher grade 'hard' phosphates (average grade 28.5 % P2O5) are 332,000 tonnes, and lower grade 'soft' phosphates with an average grade of 13.5 % P2O5 account for more than 2,468,000 tonnes (Celenk and Katto 1993). These initial and preliminary reserve estimates were based on limited pit excavations to a depth of 6 m from the surface."*

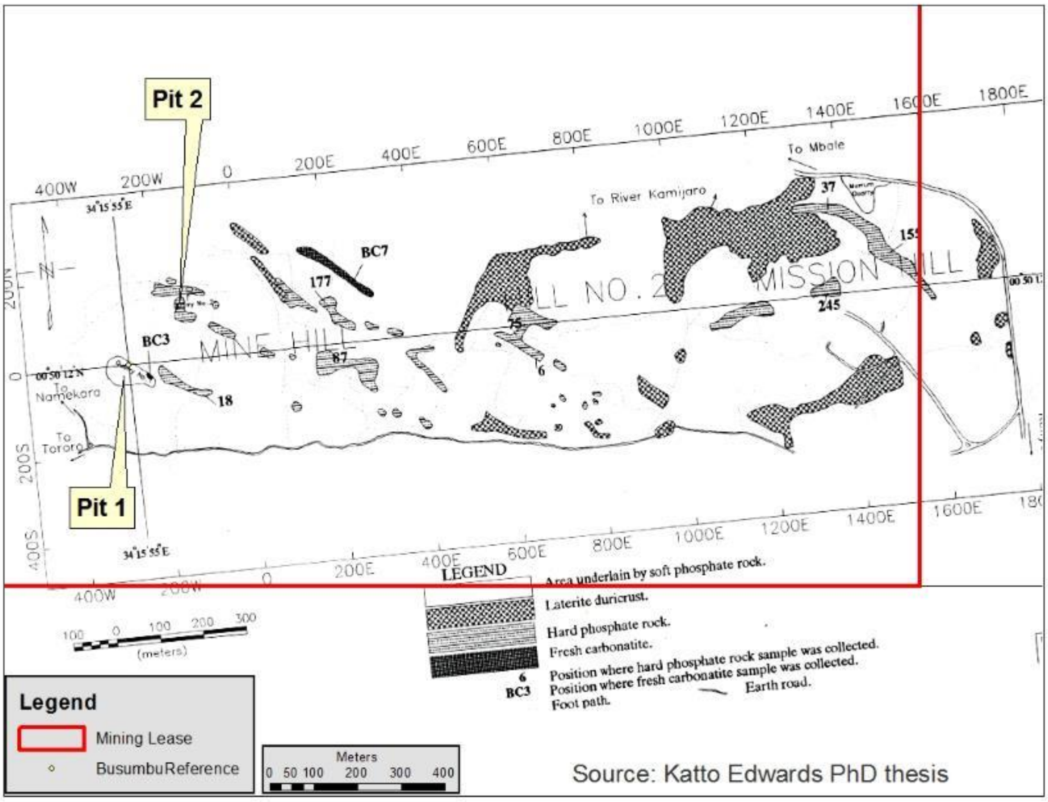

Figure 8: Surface mapping of the Busumbu Phosphate Project.

Other sources indicate that the hard rock deposit consists of 332,000 tons at a grade of 28.5% P_2O_5 and another report that 8.4 Mt at a grade of 12.6% P_2O_5 is present on Hill no 2 alone. RC drilling in 2012 confirmed historical results from 5 drillholes that returned grades within the range of earlier estimates from 18.3 -25.6% P_2O_5 from depths between 5m -17.5 m.

Further investigations confirmed the presence of up to 35% P_2O_5 in the laterite profile and up to 16% P_2O_5 in the soft saprolite profile below the laterite. Observations in the Namekara vermiculite pit also indicate the presence of several generations of late stage, cross cutting iron/phosphate rich carbonatite dykes, intruded into the country rock at shallow angles. Assays have returned 16 to 24% P_2O_5. This suggests that additional medium to high grade resources may be present at both projects.

4.7.4 Potential

More recent investigations confirmed the presence of up to 35% P_2O_5 in the laterite profile and up to 16% P_2O_5 in the soft saprolite profile below the laterite.

RC drilling in 2012 confirmed historical results averaging 34.8 m grading 21.48% P_2O_5. The thicknesses of mineralisation in the drilling varied from several layers of 3 m thickness to a massive zone 59.2 m in thickness from 5.2 m depth.

Observations in the Namekara vermiculite pit indicate the presence of several generations of late stage, cross cutting iron/phosphate rich carbonatite dykes, intruded into the country rock at shallow angles and assays have returned 16 to 24% P_2O_5. It is postulated that the Busumbu Phosphate deposit is a residual soil deposit with some supergene enrichment developed over a concentration of such late stage dykes. This interpretation suggests that additional medium to high grade resources are hidden below the residual soils of Busumbu.

4.7.5 Busumbu Phosphate Deposit Conclusion

There is considered to be high potential to outline a substantial high-quality phosphate deposit at Busumbu based on the previous work and the results from drilling conducted but additional definitive drilling is still required.

The Edwards thesis includes data for mapped and sampled pits which were used to estimate a resource. The kriging process employed did not differentiate between the hard and soft rock deposits but did return sufficient evidence to state a conservative exploration target between 5.5 to 8.5 Mt averaging 11% to 15% P_2O_5. For this valuation report this potential could not be used for valuation purposes.

5.0 Valuation of the Projects

5.1 Introduction

To determine a fair market value several aspects need to be considered. As no Mineral Reserve estimates are outlined the DCF method is not applicable. The Kilburn Method is considered to generate such a wide range of values that it is not relevant here. Therefore a form of the MEE Method is considered appropriate and described below.

5.2 Selection of Valuation Methods

The following valuation methods, as described above in section 2, are not considered applicable for the respective reasons provided:

- The Discounted Cash Flow method cannot be used for the Project as the lack of mineral reserve estimates precludes a DCF;
- The Yardstick ‘prospectivity’ method - as the “Exploration Target” or “Inferred resources” component is large but not allowed by the Valmin Code.
- Comparable transactions – with the recent general demise of the exploration industry, through lack of ‘high-risk funds’, this has curtailed much activity thus no similar recent relevant transactions could be located for similar projects where a vermiculite mineral asset was suitably described.

- Real estate value for vermiculite deposits which is usually based on a value ascribed to varying areas of tenement holdings which may consequently become unrealistic due to the varying areas of projects.
- The Empirical method was deemed unreliable since there are no JORC Code (2012) compliant resource estimates within a much larger mineralised footprint that has not yet been adequately drill investigated in total.
- Since the original project was acquired as a vended parcel within a larger package that was subject to an Initial Public Offering to participate in an issue of shares there is no individual 'Base Acquisition Cost' defined that could be used for the Namekara component in a Kilburn Method of analysis.
- For the Namekara project the lack of complete geological information precludes the use of any other method where the JV obligations usually take precedence. Although there is agreement between parties on a settlement figure this may not be viewed as an 'arms-length' transaction and therefore can not be used for a basis of valuation.

Accordingly, only the MEE method remains for the basis of valuation.

5.3 MEE Method

The Valmin Code no longer considers Inferred Resources or Exploration Potential with in situ methods as a measure of worth, consequently only the MEE cost analysis method remains to be applied.

The project was considered from the geological point of view; firstly, for the commodity by area of outcrop or sub-cropping mineralised sequences and secondly for future production potential.

Various internet sites were checked to establish the current price for vermiculite and phosphate products, and opinion is accepted from the SRK-EA report. The Namekara vermiculite deposit is considered to still have potential at larger commercial scales of production. Accordingly, the current production costs that have generated a loss during the past 18 months are still accepted as valid for valuation purposes.

The current level of data available at the Busumbu phosphate deposit is considered inadequate for any production scheduling, consequently additional exploration expenditure needs to be incurred before any value can be assigned to this phosphate deposit.

BMZ has reached an agreement to return the tenements to its creditor to settle for circa $5.5 M of outstanding debts; certain phosphate exploration and production rights are to be retained.

For the MEE method, due to the pertaining loss situation, the usual PEM factors, or modifying factors that arise from the geological setting, results or deemed prospectivity could not be adapted in the usual manner to modify the estimation of the value.

The MEE method was applied to the supplied expenditures for the project but could not be modified by the Reserve Bank of Australia Inflation Calculator due to the short time base. PEM Factors could not be applied for the reasons stated above. A range of values was achieved by applying a variation of ±10% in order to produce the range.

Details of these workings are summarised in Appendix 1.

The results from this estimation process are summarised in Table 3. Comparable transactions or other methods are not considered applicable here as we are valuing a loss figure and not JORC Code (2012) compliant resource and reserve estimates which have yet to be determined for the project.

Appendix 1 shows the valuation estimate ranges worksheet in detail.

Vermiculite Deposit	**Preferred A$M**	**Low** A$M	**High** A$M
MEE Method	**3.09**	2.78	3.39
Rounded	**A$3.1**	**A$2.8**	**A$3.4**

Table 3: Current Value Ranges for the BMZ Project.

Accordingly, it is the writer's opinion that the current cash value for Namekara Carbonatite vermiculite deposit is considered to be A$3.1 million from within the range of A$2.8 million to A$3.4 million as at 15th March, 2018.

6.0 CONCLUSION

The current cash values, as at 15th March, 2018, for the MEE Method of valuation for the Namekara vermiculite deposit is summarised in Table 3 with a value ascribed at A$3.1M within the range of A$2.8M to A$3.4M.

Yours faithfully,

B. J. Varndell

Brian J. Varndell BSc(SpecHonsGeol), FAusIMM.

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8.0 Glossary

Augite	Common rock-forming mineral; $(Ca,Na)(Mg,Fe,Al,Ti)(Si,Al)_2O_6$
Basalt	A fine-grained volcanic rock composed primarily of plagioclase feldspar and mafic minerals.
Bedding	A rock surface parallel to the surface of deposition.
Cleavage	The tendency of a rock and minerals to split along closely spaced, parallel planes.
Country rock	A general term applied to rock surrounding or penetrated by mineral veins.
Dip	The angle at which a rock layer, fault of any other planar structure is inclined from the horizontal.
Domain	The areal extent of given lithology or environment.
Dyke	A tabular intrusive body of igneous rock that cuts across bedding at a high angle.
Fault	A fracture in rocks on which there has been movement on one of the sides relative to the other, parallel to the fracture.
Footwall	Rocks underlying mineralisation.
Igneous	Formed by solidification from a molten or partly molten state.
Inferred Resource	A resource inferred from geoscientific evidence, drill holes, underground openings or other sampling procedures where lack of data is such that continuity cannot be predicted with confidence and where geoscientific data may not be known with a reasonable level of reliability.
Ijolite	Igneous rock consisting of nepheline and augite.
Isocline	An anticline or syncline so closely folded that the two sides have the same dip.
JORC Code	Joint Ore Reserves Committee- Australasian Code for Reporting for Identified Resources and Ore Reserves.
Mineralisation	In economic geology, the introduction of valuable elements into a rock body.
Melteigite	A dark-coloured plutonic rock that is part of the ijolite series and contains nepheline and 60% to 90% mafic minerals, esp. green pyroxene. The name is from Melteig farm, Fen complex, Norway
Nepheline	Silica undersaturated aluminosilicate; $Na_3KAl_4Si_4O_{16}$.
Open pit	Descriptive of a mine worked open from the surface.
Ore	A mixture of minerals, host rock and waste material which is expected to be mineable at a profit.
Orebody	A continuous, well-defined mass of ore.
Outcrop	The surface expression of a rock layer (verb: to crop out).
Phoscorite	A rock composed primarily of magnetite, apatite and olivine, usually associated with carbonatites
Primary mineralisation	Mineralisation which has not been affected by near-surface oxidising process.

RC	**R**everse **C**irculation (as relating to drilling)—A drilling technique in which the cuttings are recovered through the drill rods thus minimising sample losses and contamination.
Resource	In-situ mineral occurrence from which valuable or useful minerals may be recovered, but from which only a broad knowledge of the geological character of the deposit is based on relatively few samples or measurements.
Reverse Fault	A fracture in rocks in which the strata above the fracture have been displaced up the fracture plane relative to the strata below the fracture.
Shear (zone)	A zone in which shearing has occurred on a large scale so that the rock is crushed and brecciated.
Silicified	Containing a high proportion of silicon dioxide.
Soil sampling	Systematic collection of soil samples at a series of different locations in order to study the distribution of soil geochemical values.
Strike	The direction or bearing of the outcrop of an inclined bed or structure on a level surface.

Abbreviations

km	kilometre
km^2	square kilometre
m	metre
m^2	square metre
m^3	cubic metre
M	million
mm	millimetre
µm	micron
t	tonne
ppb	parts per billion
ppm	parts per million

Appendix 1: Valuation Worksheet.

Varndell & Associates - Valuation - Black Mountain Resources Limited ("BMZ") - Valuation						March 2018
				Value A$M		
				Low	**High**	**Preferred**
	MEE Method (Expenditure)		To achieve a range the Total is varied by ±10%			
	BMZ-ASX 1/4ly cash flow totals	3.093				
	Total	3.093		2.78	3.39	**3.09**
	Rounded			**2.8**	**3.4**	**3.1**

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SCHEDULE 3 – OPTION TERMS AND CONDITIONS

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of each Option will be $0.02 (**Exercise Price**)

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 30 June 2020 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

(i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;

(ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

(iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

(j) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(l) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(m) **Unquoted**

The Company will not apply for quotation of the Options on ASX.

(n) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

PROXY FORM

BLACK MOUNTAIN RESOURCES LIMITED
ACN 147 106 974

GENERAL MEETING

I/We ______________________

of: ______________________

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name: ______________________

OR: ☐ the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 10:00am (WST), on 14 May 2018 at Level 2, 34 Colin Street, West Perth WA 6005, and at any adjournment thereof.

AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 3, 4 and 6 (except where I/we have indicated a different voting intention below) even though Resolutions 3, 4 and 6 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

Voting on business of the Meeting		**FOR**	**AGAINST**	**ABSTAIN**
Resolution 1	Approve Restructure Heads of Agreement	☐	☐	☐
Resolution 2	Issue of Shares and Options Pursuant to Convertible Loan Facility	☐	☐	☐
Resolution 3	Issue of Shortfall Shares and Options to Maurice Feilich under Entitlement Issue	☐	☐	☐
Resolution 4	Issue of Shortfall Shares and Options to Simon Grant-Rennick under Entitlement Issue	☐	☐	☐
Resolution 5	Change of Company Name	☐	☐	☐
Resolution 6	Non-Executive Directors' Remuneration	☐	☐	☐

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: ______ %

Signature of Shareholder(s):

Individual or Shareholder 1	**Shareholder 2**	**Shareholder 3**
Sole Director/Company Secretary	Director	Director/Company Secretary

Date: ______________________

Contact name: ______________________ **Contact ph (daytime):** ______________________

E-mail address: ______________________ **Consent for contact by e-mail in relation to this Proxy Form:** **YES** ☐ **NO** ☐

Instructions for completing Proxy Form

1. (**Appointing a proxy**): A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.

2. (**Direction to vote**): A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.

3. (**Signing instructions**):

   - (**Individual**): Where the holding is in one name, the Shareholder must sign.

   - (**Joint holding**): Where the holding is in more than one name, all of the Shareholders should sign.

   - (**Power of attorney**): If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.

   - (**Companies**): Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.

4. (**Attending the Meeting**): Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

5. (**Return of Proxy Form**): To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

   (a) post to the Company, Level 2, 34 Colin Street, West Perth WA 6005; or

   (b) email to the Company at shunter@huntercorporate.com.au,

   so that it is received not less than 48 hours prior to commencement of the Meeting.

   Proxy Forms received later than this time will be invalid.