



blackmountain
resources limited

12 April 2018

Dear Optionholder

Black Mountain Resources Limited – pro-rata non-renounceable rights issue

As announced on 12 April 2018, Black Mountain Resources Limited (ACN 147 106 974) (**BMZ** or the **Company**) is undertaking a one for one pro rata non-renounceable rights issue (**Rights Issue** or **Offer**) of approximately 163,167,728 fully paid ordinary shares (**New Share**) to raise approximately \$3,263,355 together with one free attaching option for every two shares subscribed for and offered. The price of New Shares under the Offer is \$0.02 each (**Issue Price**). The Company lodged a prospectus for the Offer (**Prospectus**) with ASIC and ASX on 12 April 2018.

The funds raised from the Offer are planned to be used in accordance with the table set out below:

Item	Proceeds of the Offer	Full Subscription (\$)	Full Subscription n%
1.	Exploration Funding	1,715,839	52.58%
2.	Due Diligence – Lithium Project	100,000	3.06%
2.	Restructure Loan Repayment	640,000	19.61%
3.	Expenses of the Offer	275,000	8.43%
5.	Working capital	532,516	16.32%
	Total	3,263,355	100%

The Offer is being made to all shareholders of the Company (**Shareholders**) named on its register of members at 5:00pm (WST) on 17 April 2018, whose registered address is in Australia or New Zealand.

New Shares will rank equally with all fully paid ordinary shares in the capital of the Company (**Shares**) already on issue.

Following completion of the Offer, the Company will have issued approximately 163,167,728 New Shares resulting in total Shares on issue of approximately 326,335,456.

Optionholders

The terms and conditions of the options you currently hold do not entitle you to participate in the Rights Issue unless you exercise your options in time for new shares to be allotted and to be entered on the Company's register of members on or before 5.00pm (WST) on 17 April 2018 (**Record Date**).

To exercise your options and thereby participate in the Rights Issue, you will need to deliver the following to the Company:

- (a) A notice of exercise of options (attached to this letter);
- (b) An option certificate (where the options are certificated) or a copy of a holding statement (where the options are uncertificated) in respect of those options to be exercised; and
- (c) Payment for the exercise price in respect of those options to be exercised by way of a cheque made payable to "Black Mountain Resources Limited".

To ensure that your new shares are issued prior to the Record Date, the above must be received by the Company **no later than 16 April 2018**. If received after this date, the issue of new shares prior to the Record Date cannot be assured.

Before deciding whether to exercise any or all of your options, you should read the Prospectus in its entirety.

This notice is important and requires immediate attention. If you have any queries concerning the Rights Issue, or the action you are required to take to subscribe for New Shares, please contact your financial adviser or Susan Hunter, BMZ's Company Secretary, on +61 8 9321 7277.

Yours sincerely



Maurice Feilich
Director