



ASX ANNOUNCEMENT

15 June 2018

BMZ SECURES FARM IN PARTNER FOR ADVANCED UGANDAN PHOSPHATE PROJECT

African-focused exploration and development company Black Mountain Resources Limited (ASX Code: **BMZ**), to be renamed **Hipo Resources Limited** (ASX: HIP) (the **Company**), is pleased to announce that it has secured a farm-in partner for its Busumbu Phosphate Project in Uganda that will result in BMZ retaining 24% of the project and being free carried for the first US\$3m spent of exploration and development.

- **BMZ and Namekara Mining Company reach agreement with African Minerals Ventures Ltd (“AMV” - a 100% owned subsidiary of North Atlantic Mining Associates Ltd (“NAMA”) to earn 51% of the Busumbu Phosphate Project (“project”) by spending US\$3m over 3 years.**
- **BMZ retains a 24% free carried interest in the Project for the first US\$3m spent by AMV.**
- **Previous exploration on the Busumbu Phosphate Project identified up to a 3km of strike extent of phosphate mineralisation likely between Busumbu and the Namekara Vermiculite Mine. The results also indicated a substantial phosphate mineralisation footprint for future exploration.¹**
- **The Project is located less than 30km from the Sukulu Phosphate Project, where a Chinese firm, The 23rd Metallurgical Construction Group Co Ltd started construction in 2014 of a US\$620M phosphate mine and integrated fertiliser facility, rare earths project and power station.**
- **AMV to leverage strategic synergies with both the Busumbu and Sukulu Projects and move towards expedited production.**
- **AMV is an SPV of NAMA to operate its African assets and focusing on getting the Busumbu Phosphate project into commercial production. NAMA has been operating since 2009 and has been involved in exploration and mine development in various locations in Greenland, Iceland, Norway and Mali.**
- **AMV Chief Executive Director Vilhjalmur Thor Vilhjalmsson commented: “The Busumbu Phosphate Project is a very compelling, world class phosphate asset in Uganda and we look forward to unlocking its true value and getting it into commercial production. We will mobilise our highly skilled project team over the coming days and weeks.”**
- **Exploration partners for copper and rare earths are also being pursued with two further farm in negotiations well advanced.**

¹ As referenced in Independent Experts and Technical Valuations Report lodged with ASX on 14 July 2016 (**Expert Report**). The Company confirms that it is not aware of any new information or data that materially affects the information included in the Expert Report and all material assumptions and technical parameters underpinning the estimates in the Expert Report continue to apply and have not materially changed.

Overview of the Busumbu Phosphate Project²

The Busumbu Phosphate Project is located on the Busumbu ridge approx. 3km east of the Namekara Vermiculite Mine and on the existing Mining License. The project is hosted within the Bukusu carbonatite located in Eastern Uganda. It hosts the Namekara Vermiculite Mine, the world's largest vermiculite resource, the Busumbu phosphate mine which operated intermittently at Busumbu from 1944 to 1963, the Ngala hills copper prospect as well as identified anomalies for rare earths metals. Research on the Busumbu Phosphate Project in 1995 described the formation of calcium-aluminium phosphates such as crandolite in the regolith to be for "soft phosphate rock" and re-precipitation of apatite to form "hard phosphate rock".

Exploration work was completed by Gulf Industrial Limited (ASX Listed) 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".

Exploration work was completed by Gulf Industrial Limited (ASX Listed) in 2011 and 2012. The full results of the six-hole diamond drill program completed by Gulf Industrial in 2012 is included in an ASX release dated 26 November 2012 "*Confirmation of High Grade Phosphate Discovery – Busumbu*". The results enabled Gulf to estimate "the potential dimensions of the prospect to be in excess of 3km by 400m" and the drilling "confirms high-grade mineralisation to a depth of over 60m with assay grades of up to 30.5% P₂O₅".

The Busumbu Phosphate Project is located less than 30km from the Sukulu Phosphate Project, where a Chinese firm, The 23rd Metallurgical Construction Group Co Ltd started construction in 2014 of a US\$620M phosphate mine and integrated fertiliser facility, rare earths project and power station.

The farm in with AMV results in BMZ significantly and materially reducing any financial contribution to the exploration and development of the project for the first US\$3m spent with the Company still retaining a significant stake in the asset for no upfront spend.

AMV 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 by the Board to be one of two "world-class" phosphate deposits in Uganda.

The farm in obligation is for a 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. The minimum expenditure funding can be used as project development and operational funding if the Project moves into commercial production in an accelerated time frame which is very much the intention of AMV.

Exploration partners for copper and rare earths are also being pursued with two further farm in negotiations well advanced.

BMZ considers the Busumbu Phosphate Project to be an attractive exploration and development asset which, along with the Crown Lithium option in the DRC, allows BMZ to move forward with a solid portfolio of mature exploration and development assets while maintaining a debt free position and a low monthly cost burn.

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Commentary

Executive Chairman, Maurice Feilich commented: *“The Busumbu Phosphate Project and the Crown Lithium option are very valuable assets, and we are committed to developing both. Securing AMV is a fantastic result. They are well known to BMZ and their team has very solid technical and project development capabilities. The farm in greatly reduces BMZ’s expenditure in Uganda, and at the same time, allows us to benefit from any exploration and development success given we retain a large and valuable stake in the asset.*

“It also frees up funds to pursue our Crown lithium and other cobalt assets in the DRC and assess other opportunities to diversify and strengthen BMZ’s portfolio. We look forward to reporting more developments with respect to the Crown Lithium assets very shortly.”

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