



30 January 2015

Manager of Company Announcements  
Australian Securities Exchange  
Level 6, 20 Bridge Street  
Sydney NSW 2000

*By E-Lodgement*

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## Quarterly Report for the Period Ending 31 December 2014

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The Board of Black Mountain Resources Limited ("**Black Mountain**" or the "**Company**"), the silver focused development company with interests in the US, provides the following commentary regarding its activities during the three months ended 31 December 2014 and the Appendix 5B (Quarterly Cash Flow Report).

### **OPERATIONS**

#### **New Departure Silver Project**

The Company principal's focus during the Quarter continued to be on the New Departure Silver Project in Montana, USA. Only limited field work was completed during the Quarter, due to access being limited as a result of the winter weather, however work was completed by the Company's technical team and consultants on finalising the 3-D mine model.

Results from the two phases of channel sampling, completed in the previous quarter, which confirmed significant high grade results, highlighted that the Blue Dot Level has the greatest potential for hosting a mineral resource in the downward and northwest plunging remainder of the ore body, and extended the silver mineralisation at the Main Zone. These results will all be incorporated into the Company's updated mine plan for the Project. As noted in the September quarter, Hard Rock Consulting ("HRC") has commenced modelling the silver vein mineralisation to confirm historical resource estimates and to update the mine plan for New Departure.

Further work during the Quarter targeted a strategy of initially developing 13,000-15,000 identified tonnes at the upper Coppin Level at a targeted diluted mining grade of approximately 30oz/t Ag before focussing on the Blue Dot Level. This work is ongoing, however it is expected that development and mining could

possibly be achieved faster and at a reduced capital cost. With silver back up at over US\$17/oz the Company is confident of restarting development and operations this quarter.

### **Conjecture Silver Project and Tabor Gold Project**

With the Company's focus being on the planned mine development and production activities at New Departure, no significant work was undertaken during the Quarter at the Conjecture Silver Project.

As alluded to in the last quarter, in light of the Company's immediate focus on the New Departure Silver Project and the Conjecture Silver Project, and the need for the Company to optimise its allocation of capital and human resources, the Company has chosen to relinquish the Tabor Project to the lease owner. Black Mountain had concluded very minimal desktop work on the project and believes the relinquishment is a sensible move.

### **Corporate**

During the Quarter the Company held its Annual General Meeting of Shareholders on 25 November 2014. Shareholders approved all resolutions at the meeting including the Financial Statements and Reports, and Remuneration Report. Shareholders further approved the issuance of ordinary shares in the Company, up to a value of A\$1.0m to creditors.

The Company continued to advance its discussions with financiers during the Quarter to enable development funding to be finalised and advanced for the New Departure Silver Project. The process has taken significantly longer than the Board had anticipated and has been impacted by the very difficult prevailing market conditions for junior resource companies. However with the silver price rising considerably in recent weeks, the Company remains confident that considering the high grade nature of the mineralisation at the project, and its forecast low cost production credentials, non-dilutive funding for the New Departure Silver Project will be secured in the current quarter. Further updates on this will be provided to shareholders as soon as possible.

Black Mountain Chairman, Pete Landau commented:

“We are dedicated to securing a source of non-dilutive financing for Black Mountain so that we can best position ourselves, despite the difficult market conditions, for high grade, low cost silver production in the USA. Negotiations are on-going and we hope to make an announcement in respect to this as quickly as possible so that we may pursue our strategy to maximise the value of our highly attractive project portfolio.”

For and on behalf of the Board



Peter Landau  
Executive Director

For further information please visit [www.blackmountainresources.com.au](http://www.blackmountainresources.com.au) or contact:

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**About Black Mountain Resources Limited**

Black Mountain Resources Limited is a dual listed (ASX | AIM: BMZ) silver and gold focused development company focussed on the advancement of three highly prospective previously operating assets located in two of the world's most developed and proven silver and gold mining regions of Idaho and Montana, USA.

The Company holds a 70% interest in the New Departure Silver Project and the Conjecture Silver Project pursuant to 45 year leases from Chester Mining Company and Lucky Friday Extension Mining Company respectively. Black Mountain plans to implement low cost production and development programmes across these two assets. It is also implementing exploration programmes to capitalise on the exploration upside potential apparent across its portfolio.

Black Mountain Resources Limited was incorporated on 29 October 2010 and is listed on the Australian Securities Exchange (ASX) and London's AIM Market – trading codes BMZ and BMZO.

### **Competent Persons Statement**

*The information included in this release that relates to historical mining data and exploration results is based on information compiled by Mr. James Baughman, a technical consultant to the Company. Mr. Baughman is a qualified geologist and has sufficient experience in exploration and mine development which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Baughman has reviewed this release and consents to the inclusion in the release of the matters based on his information in the form and context in which it appears.*

### **Forward Looking Statement**

Certain statements made during or in connection with this communication, including, without limitation, those concerning the economic outlook for the silver market, expectations regarding silver ore prices, production, cash costs and other operating results growth prospects and the outlook of the Company's operations including the likely commencement of commercial operations of the New Departure and Conjecture Silver Projects, its liquidity and the capital resources and expenditure, contain or comprise certain forward-looking statements regarding the Company's development and exploration operations economic performance and financial condition. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in silver ore prices and exchange rates and business and operational risk management. For a discussion of such factors refer to the Company's most recent annual report and half year report. The Company undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events.

| Mining Tenement (Claim)                         | Reference (BLM Serial No.)  | Interest Held |
|---|---|---------------|
| <b>New Departure Silver Project, Montana US</b> |   |               |
| IM 1- 12  | MMC224987 – 224998  | 70%           |
| IM 14 – 18                                      | MMC225000 – 225004  | 70%           |
| IM 24   | MMC225010   | 70%           |
| IM 27-30, 32, 34-70                             | MMC226248 – 226289  | 70%           |
| MOTHER LODE – 8431                              | -   | 70%           |
| DIRECTOR LODE – 5600                            | -   | 70%           |
| PROTECTOR LODE – 5601                           | -   | 70%           |
| SHIELD LODE – 5602                              | -   | 70%           |
| CLIFF LODE – 2264                               | -   | 70%           |
| GUARDIAN LODE – 2411                            | -   | 70%           |
| QUIEN SABE LODE – 2265                          | -   | 70%           |
| SIGNAL LODE – 2505A                             | -   | 70%           |
| <b>Conjecture Silver Project, Idaho US</b>      |   |               |
| SPIDER – SURVEYOR GENERAL’S SURVEY #2683        | -   | 70%           |
| CONJECTURE – SURVEYOR GENERAL’S SURVEY #2683    | -   | 70%           |
| RAINBOW – SURVEYOR GENERAL’S SURVEY #2689       | -   | 70%           |
| COMET – SURVEYOR GENERAL’S SURVEY #3071         | -   | 70%           |
| LUCKY STRIKE – SURVEYOR GENERAL’S SURVEY #2744  | -   | 70%           |
| SILVER CORD – SURVEYOR GENERAL’S SURVEY #2744   | -   | 70%           |
| FEDS #1 - #4                                    | IMC206019 - 206022  | 70%           |
| FEDCO FR  | IMC206023   | 70%           |
| FEDCO #2  | IMC206024   | 70%           |
| NORTHSIDE #1 - #4                               | IMC206025 - 206028  | 70%           |
| METEOR #6                                       | IMC206029   | 70%           |
| METEOR #7                                       | IMC206030   | 70%           |
| MET #3 - #5                                     | IMC206031 - 206033  | 70%           |
| UFCO #1   | IMC206034   | 70%           |
| UFCO #2   | IMC206035   | 70%           |
| STAR #4   | IMC206036   | 70%           |
| STAR #5   | IMC206037   | 70%           |
| ROBIN   | IMC206038   | 70%           |
| MARS #1   | IMC206039   | 70%           |
| MARS #2   | IMC206040   | 70%           |
| MARS #4   | IMC206041   | 70%           |
| MARS #6   | IMC206042   | 70%           |
| METEOR #1                                       | IMC206043   | 70%           |
| METEOR #2                                       | IMC206044   | 70%           |
| METEOR #18                                      | IMC206045   | 70%           |
| LAKEVIEW 1-81                                   | IMC210780 -210860   | 70%           |
| LAKEVIEW 1-4,17,29-33,43-47,58-60               | IMC210780-210783,<br>IMC210796,<br>IMC210808-210812,<br>IMC210822-210826,<br>IMC210837-210839 | 70%           |
| CC 1-20   | IMC212242-212261  | 70%           |
| HEWER NO. 2-4                                   | IMC13736-13738  | 100%          |
| HEWER NO. 5                                     | IMC13739  | 100%          |

|                               |           |      |
|-------------------------------|-----------|------|
| BUNCO                         | IMC103971 | 100% |
| HEWER NO. 1 MILLSITE          | IMC13743  | 100% |
| IDAHO LAKEVIEW NO. 6 MILLSITE | IMC13746  | 100% |
| IDAHO LAKEVIEW NO. 9 MILLSITE | IMC13749  | 100% |
| TIP TOP MILLSITE              | IMC13753  | 100% |

## Appendix 5B

### Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

**BLACK MOUNTAIN RESOURCES LIMITED**

ABN

55 147 106 974

Quarter ended ("current quarter")

31 DECEMBER 2014

#### Consolidated statement of cash flows

|   | Current quarter | Year to date<br>(6 months) |
|---|-----------------|----------------------------|
|   | \$A'000         | \$A'000                    |
| <b>Cash flows related to operating activities</b>               |                 |                            |
| 1.1 Receipts from product sales and related debtors             | -               | -                          |
| 1.2 Payments for  |                 |                            |
| (a) exploration, permitting & evaluation                        | -               | -                          |
| (b) development & equipment                                     | (76)            | (301)                      |
| (c) production  | -               | -                          |
| (d) administration  | (13)            | (123)                      |
| 1.3 Dividends received  | -               | -                          |
| 1.4 Interest and other items of a similar nature received       | -               | -                          |
| 1.5 Interest and other costs of finance paid                    | -               | -                          |
| 1.6 Income taxes paid   | -               | -                          |
| 1.7 Other Receipts (refunds)                                    | 6               | 207                        |
| 2.7 Other   | -               | -                          |
| <b>Net Operating Cash Flows</b>                                 | <b>(83)</b>     | <b>(217)</b>               |
| <b>Cash flows related to investing activities</b>               |                 |                            |
| 1.8 Payment for purchases of:                                   |                 |                            |
| (a) prospects   | -               | -                          |
| (b) equity investments  | -               | -                          |
| (c) new project acquisition                                     | -               | -                          |
| 1.9 Proceeds from sale of:                                      |                 |                            |
| (a) prospects   | -               | -                          |
| (b) equity investments  | -               | -                          |
| (c) other fixed assets  | -               | 126                        |
| 1.10 Loans from other entities                                  | -               | -                          |
| 1.11 Loans repaid by other entities                             | -               | -                          |
| 1.12 Proceeds from underwriting                                 | -               | -                          |
| <b>Net investing cash flows</b>                                 | <b>-</b>        | <b>126</b>                 |
| 1.13 Total operating and investing cash flows (carried forward) | <b>(83)</b>     | <b>(91)</b>                |

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

|      |  |             |             |
|------|--|-------------|-------------|
| 1.13 | Total operating and investing cash flows (brought forward) | (83)        | (91)        |
|      | <b>Cash flows related to financing activities</b>          |             |             |
| 1.14 | Proceeds from raising                                      | -           | -           |
| 1.15 | Proceeds from sale of forfeited shares                     | -           | -           |
| 1.16 | Proceeds from borrowings                                   | 70          | 270         |
| 1.17 | Repayment of borrowings                                    | -           | (212)       |
| 1.18 | Dividends paid   | -           | -           |
| 1.19 | Costs associated with issue of shares                      | -           | -           |
|      | <b>Net financing cash flows</b>                            | <b>70</b>   | <b>58</b>   |
|      | <b>Net increase (decrease) in cash held</b>                | <b>(13)</b> | <b>(33)</b> |
| 1.20 | Cash at beginning of quarter/year to date                  | 42          | 62          |
| 1.21 | Exchange rate adjustments to item 1.20                     | (1)         | (1)         |
| 1.22 | <b>Cash at end of quarter</b>                              | <b>28</b>   | <b>28</b>   |

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

|      |  | Current quarter<br>\$A'000 |
|------|--|----------------------------|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | Nil                        |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10   | Nil                        |

1.25 Explanation necessary for an understanding of the transactions

|     |
|-----|
| Nil |
|-----|

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

|     |
|-----|
| Nil |
|-----|

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

|     |
|-----|
| Nil |
|-----|



## Appendix 5B Mining exploration entity quarterly report

### Financing facilities available

Add notes as necessary for an understanding of the position.

|                                 | Amount available<br>\$A'000 | Amount used<br>\$A'000 |
|---------------------------------|-----------------------------|------------------------|
| 3.1 Loan facilities             | 3,000                       | 1,570                  |
| 3.2 Credit standby arrangements | Nil                         | -                      |

### Estimated cash outflows for next quarter

|  | \$A'000    |
|--|------------|
| 4.1 Exploration, permitting and evaluation | -          |
| 4.2 Development and equipment              | 100        |
| 4.3 Production                             | -          |
| 4.4 Administration                         | 100        |
| <b>Total</b>                               | <b>200</b> |

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

|  | Current quarter<br>\$A'000 | Previous quarter<br>\$A'000 |
|--|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank                     | 28                         | 42                          |
| 5.2 Deposits at call                             | -                          | -                           |
| 5.3 Bank overdraft                               | -                          | -                           |
| 5.4 Other – Term Deposit                         | -                          | -                           |
| <b>Total: cash at end of quarter (item 1.22)</b> | <b>28</b>                  | <b>42</b>                   |

### Changes in interests in mining tenements

|   | Tenement reference | Nature of interest (note (2)) | Interest at beginning of quarter | Interest at end of quarter |
|---|--------------------|-------------------------------|----------------------------------|----------------------------|
| 6.1 Interests in mining tenements relinquished, reduced or lapsed | N/A                |                               |                                  |                            |

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

|  |           |     |     |
|--|-----------|-----|-----|
| HIGHLAND LODGE – 7295  | -         | 70% | Nil |
| MCKINLEY LODGE – 7292  | -         | 70% | Nil |
| HOPE – 6623  | -         | 70% | Nil |
| SHENANDOAH – 6624  | -         | 70% | Nil |
| BAY STATE LODGE – 6625   | -         | 70% | Nil |
| NELLIE BLY – 9722  | -         | 70% | Nil |
| ALDER FRACTION – 9722  | -         | 70% | Nil |
| PRESCOTT – 9722  | -         | 70% | Nil |
| MALTA LODGE – 9722   | -         | 70% | Nil |
| ST. JOHN – 5984  | -         | 70% | Nil |
| BUTCHER GULCH PLACER<br>– TRACT 3 OF BOOK 7<br>SURVEYS, PAGE 253 | -         | 70% | Nil |
| BG 9   | MMC226241 | 70% | Nil |
| BG 10  | MMC226242 | 70% | Nil |
| BG19   | MMC226243 | 70% | Nil |
| BG20   | MMC226244 | 70% | Nil |
| BG21   | MMC226245 | 70% | Nil |
| BG22   | MMC226246 | 70% | Nil |
| BG23   | MMC226247 | 70% | Nil |
| DON-A-VERA   | MMC175327 | 70% | Nil |
| DON-A-VERA NO. 1   | MMC175328 | 70% | Nil |
| PEARL NO. 1  | MMC175355 | 70% | Nil |
| PEARL NO. 2  | MMC175356 | 70% | Nil |
| EAGLE BLACK NO. 1  | MMC175363 | 70% | Nil |
| EAGLE BLACK NO. 5  | MMC175367 | 70% | Nil |
| NEW WINNETKA   | MMC175384 | 70% | Nil |
| TABOR LODGE  | MMC175409 | 70% | Nil |

6.2 Interests in mining tenements acquired or increased

|     |  |  |  |
|-----|--|--|--|
| N/A |  |  |  |
|-----|--|--|--|

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

|  | Total number | Number quoted | Issue price per security (see note 3) (cents) | Amount paid up per security (see note 3) (cents) |
|--|--------------|---------------|---|--|
| 7.1 <b>Preference securities</b><br><i>(description)</i>   | Nil          |               |   |  |
| 7.2 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs, redemptions | Nil          |               |   |  |
| 7.3 <b>*Ordinary securities</b>  | 119,625,361  | 119,625,361   |   |  |

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

|      |   |                         |                   |                  |  |
|------|---|-------------------------|-------------------|------------------|--|
| 7.4  | Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs | 25,000,000<br>Nil       | 25,000,000        |                  |  |
| 7.5  | <b>+Convertible debt securities</b> ( <i>description</i> )  | Nil                     |                   |                  |  |
| 7.6  | Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through securities matured, converted | Nil<br>Nil              |                   |                  |  |
| 7.7  | <b>Options</b> ( <i>description and conversion factor</i> )   | 2,000,000<br>51,123,750 | Nil<br>51,123,750 | \$0.30<br>\$0.20 |  |
| 7.8  | Issued during quarter   | Nil                     | Nil               |                  |  |
| 7.9  | Exercised during quarter  | Nil                     | Nil               |                  |  |
| 7.10 | Expired during quarter  | Nil                     | Nil               |                  |  |
| 7.11 | <b>Debentures</b> ( <i>totals only</i> )  | Nil                     | Nil               |                  |  |
| 7.12 | <b>Unsecured notes</b> ( <i>totals only</i> )   | Nil                     | Nil               |                  |  |
|      | <b>Performance Based Shares</b>   | Nil                     | Nil               |                  |  |
|      | Changes during quarter (a) Increases  | Nil                     | Nil               | Nil              |  |

+ See chapter 19 for defined terms.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



**Jane Flegg**  
**Company Secretary**  
30 January 2015

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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