



blackmountain
resources limited

7 May 2015

ASX Compliance Pty Limited
Level 40, Central Park
152-158 St Georges Tce
Perth 6000

Attention: Ben Tippett
Advisor, Listings Compliance (Perth)

By E-mail

Dear Ben,

I refer to your letter dated 5 May 2015 in relation to the Company's Quarterly Report in the form of Appendix 5B for the period ended 31 March 2015 released to the ASX on 30 April 2015, and provide the following responses to your questions in line with your numbering:-

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter (and at the rate anticipated for the next quarter) indicated by the Appendix 5B, the Company may not have sufficient cash to fund its activities. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?

In note 3.1 of the Appendix 5B under the heading of Financing facilities available the Company discloses Loan facility of \$A3m with the amount used of \$A1.57m and in addition, as disclosed in the quarterly activities report, the Company advanced discussions with its existing financiers regarding a potential restructure of its debt facilities, along with continued discussions with financiers in facilitating development funding for New Departure.

2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 5B for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?

As the Company is progressing the development of operations, it will experience negative cashflow during this time. As stated in 1 above, the Company is in advanced discussions with financiers for development funding, along with the ability to utilise the loan facility.

3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?

Refer 1 and 2

4. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?

The Company can confirm that it is in compliance with the listing rules, including listing rule 3.1.

5. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

The Company confirms it is in compliance with listing rule 12.2 based on the Half Year Financial Statement for the period ending 31 December 2014 showing a net asset position of \$7.0m and the Company's ability to fund operations based on the points mentioned above.

For and on behalf of the Board



Peter Landau
Executive Director

For further information please visit www.blackmountainresources.com.au or contact:

Black Mountain Resources Limited

Peter Landau
Executive Chairman
E: peter@blackmountainresources.com.au
T: +61 8 9488 5220

Black Mountain Resources Limited

Melissa Pellicciotti
Investor Relations
E: melissa@blackmountainresources.com.au
T: +61 8 9488 5220

Media (Australia)

PPR
David Tasker
T: +61 8 9388 0944

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.



ASX Compliance Pty Limited
ABN 26 087 780 489
Level 40, Central Park
152 – 158 St Georges Terrace
PERTH WA 6000

GPO Box D187
PERTH WA 6840

Telephone 61 8 9224 0000
www.asx.com.au

6 February 2015

Jane Flegg
Company Secretary, Black Mountain Resources Ltd
Ground Floor, 1 Havelock Street
WEST PERTH WA 6005

Dear Jane

Black Mountain Resources Ltd (“Company”)

I refer to the Company’s Quarterly Report in the form of Appendix 5B for the period ended 31 December 2014, released to ASX Limited (“ASX”) on 2 February 2015 2015, (the “Appendix 5B”).

ASX notes that the Company has reported the following.

1. Receipts from product sales of nil.
2. Net negative operating cash flows for the quarter of \$83,000.
3. Cash at end of quarter of \$28,000.
4. Estimated cash outflows for the next quarter of \$200,000 on development and equipment and administration.

In light of the information contained in the Appendix 5B, please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter (and at the rate anticipated for the next quarter) indicated by the Appendix 5B, the Company may not have sufficient cash to fund its activities. Is this the case, or are there other factors that should be taken into account in assessing the Company’s position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 5B for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?
4. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?
5. Please comment on the Company’s compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response will be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to **Ben.Tippett@asx.com.au**. It should not be sent to the ASX Market Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **3.00 pm WST on Wednesday 11 February 2015**.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries please let me know.

Yours sincerely,

[sent electronically without signature]

Ben Tippett
Adviser, Listings Compliance (Perth)