



29 July 2015

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

By E-Lodgement

DEBT RESTRUCTURE, CAPITAL RAISING AND NEW GOLD / SILVER OPPORTUNITY

Black Mountain Resources Limited (“**BMZ**” or the “**Company**”) is pleased to announce the following key initiatives designed to strengthen the Company’s balance sheet, inject new capital into the company, maintain and commence a drilling program on the Company’s Conjecture Mine and take an option over a 20% stake in an exciting salvage recovery operation for gold and silver coins and bullion. A key summary of these initiatives is as follows:

- **Placement under existing capacity of 17.9m Shares to raise \$179,000.**
- **Convertible Note Raising of \$2.24m to inject necessary capital into the Company to retain its key Conjecture Mine and Processing Mill and secure an option over a significant gold and silver salvage recovery operation.**
- **The Company’s Conjecture Mine has a 2,000 foot, three compartment vertical shaft allowing potential access to the deeper rock units of the Lower St. Regis and Revett formations which are known to be the major silver ore hosts in the Coeur d’Alene District. The plan is to conduct necessary remedial work on the existing mill (to ensure all permits remain valid) and drill 2-3 holes (at around 3,500 feet of depth) to test the downward extensions of the ore shoots which host all major world class silver deposits in the region.**
- **The salvage expedition is a dynamic project led by a seasoned salvage group designed, studied and engineered over the last 7 years to execute the recovery of major gold and silver cargoes from two British passenger ships sunk during World War I. These vessels were sunk in a major shipping lane off the coast of Ireland while attempting to deliver bank transfers to North America.**
- **The 2 initial targets of the salvage expedition are believed to be approximately 1.3m ozs of gold and 482,000 ozs of gold respectively. A third target of approximately 6.35m ozs of silver is available time permitting. The expedition is now fully prepared to mobilize with the salvage operations only available during August, September and October given the suitability of weather conditions.**
- **Black Mountain has the option to earn 20% of the expedition operations by funding the first \$2m with further funding drawn down upon a successful discovery.**
- **Subject to any necessary shareholder approvals, the Company is also proposing to raise a further \$6.87m to provide funds for the above initiatives and reduce existing debt.**

Capital Raising and Debt Restructure

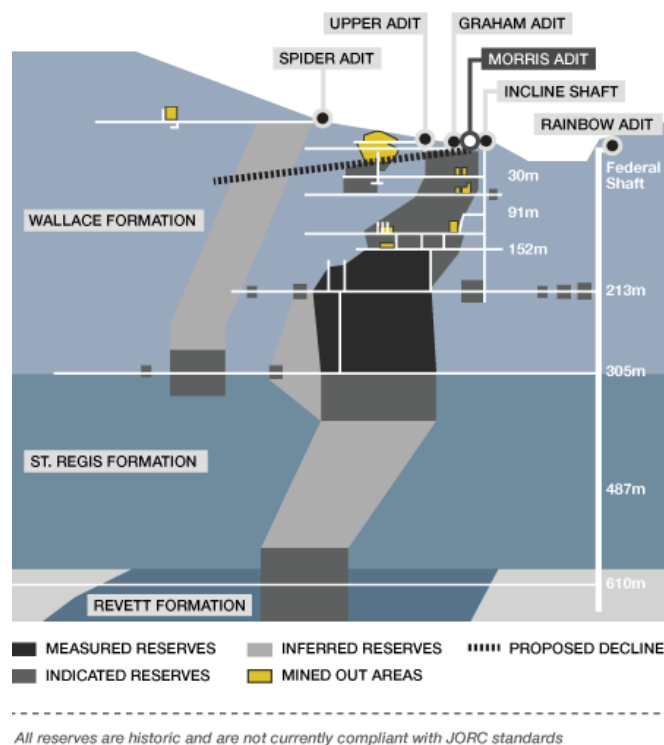
The Company advises it has completed a share placement under its existing capacity of 17.9m fully paid ordinary shares (“Shares”) at \$0.01 per Share to raise \$179,000, and is currently finalising its Convertible Note Raising of \$2.24m. Pursuant to these capital raisings, Black Mountain will issue 137m options (exercisable at \$0.01 on or before 31 July 2017). Issue of the options and any conversions of the Convertible Notes will be subject to shareholder approval.

A key part of the Company’s restructuring is agreement with the major creditors to either convert their current debts into equity as part of the proposed capital raising (\$2m conversion and a further \$1m convertible at the Company’s election upon a successful discovery) or quarantine the debt against the Company’s interest in its second silver project, New Departure (\$1.5m). Black Mountain is currently considering the structure of its capital raising to raise up to \$6.87m pursuant to a proposed renounceable rights issue on a five for one basis (subject to securing an underwriting agreement and on terms to be finalised by Black Mountain) and a proposed debt to equity conversions pursuant to the shortfall offer under the rights issue.

Following the proposed capital raisings initiatives, it is expected Black Mountain will be provided with a significantly strengthened balance sheet in order to allow it to pursue its existing projects and the option over the salvage expedition, to deliver value to Black Mountain’s shareholders.

Conjecture Mine

A second part of the Company’s restructure strategy is to ensure that its existing interest in the Conjecture mine and processing mill is retained given its strategic value in targeting the well known Revett formation which has been identified in the lower levels of the mine. Further funding will allow the Company to upgrade the liner of the tailings pond at the mill as well as target the key Revett formation with a drilling program based on exploration results compiled by Black Mountain in 2013. Given the continued low price of silver, the New Departure mine will be put on care and maintenance with a further development decision to be reviewed at calendar year end.



Cross-Section of Historic Workings and Historic Reserves at the Conjecture Silver Mine

Salvage Expedition

Black Mountain has entered into an option agreement to earn a 20% interest in significant cargo salvage plans and an intellectual property base regarding a number of shipwrecks around the world with an intention to explore these assets for the potential recovery of silver and gold cargo. This includes 2 ships targeted in the initial expedition lying in international waters off the coast of Ireland, the SS Arabic and TSS Hesperian. Although there have been unsuccessful attempts to salvage the cargo from those vessels in the past, new research and the latest technology and salvage equipment that will be used enables a precise execution of the planned operation.

Black Mountain will commit an initial expedition amount of \$2m to identify the potential gold cargo of the SS Arabic. Upon a successful discovery of any cargo, Black Mountain has negotiated a draw down facility to fund the option of an additional \$2m investment required to earn the 20%. Terms of the draw down are to be finalised upon the execution of formal documentation, and will be subject to Black Mountain obtaining any necessary regulatory or shareholder approvals.

IDM Exploration Ltd's ("IDM") "Gold Cargo Expedition" is a dynamic project led by a seasoned salvage group which for the past 7 years researched and engineered a detailed plan using the latest technology and underwater equipment to recover major gold cargoes from two British passenger ships sunk during World War I. These vessels were sunk in a major shipping lane in international waters south of Ireland while attempting to deliver bank transfers to North America, to finance the war effort.

Total targeted cargo value assuming a gold price of US\$1,090/troy ounce with full recovery of the gold believed to be on board based on existing records regarding the first target, the SS Arabic, is approximately US\$1.4 billion. IDM has begun mobilization and expects to begin operations at the first site in August and continue as long as weather conditions permit.

Research Completed

- Due diligence team has completed over 7 years of research of public and private archives, compiling extensive evidence of gold transfers from a body of documents including many which had been misfiled or previously overlooked.
- Documents were cross-referenced against private archives of joint-stock bank transfers and inter-governmental transfers.
- The research group has digitized over 18 million documents to comprise over 27 terabytes of information which allowed unprecedented access to archived documents.
- The shipwrecks are precisely located in international waters about 80 miles south of Ireland in the main shipping channel to North America.

Selection of Targets

- Logistics of the recovery are made feasible by using the latest subsea remotely operated robotic equipment and very experienced subsea oil and gas experts which can easily work at the maximum 200 meter depths in a safe, reasonable and economical manner.
- Choosing two targets lying in close proximity reduces the overall risk of an unexpected problem arising with one target, allowing rapid and relatively inexpensive access to the second major target.

Ships with the Cargo Determined

- The SS Arabic II was believed to be carrying approximately 1,286,000 troy ounces of gold being transferred to American Express and Guaranty Trust in NYC, when sunk by a U-boat torpedo on 19 August 1915. The ship was owned by the White Star Line (of Titanic fame), which was one of the authorized passenger/cargo ships to carry gold to New York, and had previously completed such gold transfer assignments.

- The TSS Hesperian, believed to be carrying approximately 482,261 troy ounces of gold to banks in Canada, was hit on 4 September 1915 by a torpedo from the same U-boat that sank the Lusitania three months earlier. The ship was owned by the Allen Line, also one of the authorized passenger/cargo ships to carry gold to Canada, and which had also previously completed such assignments.

Rights of Salvor in Possession in International Waters

- Since the shipwrecks lie in International waters, IDM has a right to salvage the cargo and upon successful recovery of any cargo IDM would be deemed "Salvor in Possession" with complete rights to said cargo while in international waters. However, when the "Salvor" lands the cargo it is subject to the jurisdiction in which it has chosen to land the cargo.
- According to the Receiver of Wreck in the UK, which administers all recovered artifacts and cargo that is either found in UK territorial waters or is brought into UK territorial waters, they have stated that they advise any proper cargo owner to apply the generally accepted practice of allowing the Salvor to keep from 75% to 90% of the recovered cargo, depending on the value of the cargo, for undertaking the risk of the salvage.

Multi-beam Surveys of the shipwrecks completed

- The salvage master team has completed ship surveys and has developed a comprehensive salvage plan. These surveys used the latest technology with exact 3D images to determine that the ships hulls and superstructures are still in condition to be salvaged, even though they are badly deteriorated with the upper decks collapsed and that the areas of the special areas where gold was normally stored have not been breached.

Management

- The Salvage Master has the highest qualifications and extensive experience in complex recovery operations, such as the Russian submarine "Kursk", the North Sea "Piper Alpha", countless subsea oil and gas installations, and successful non-ferrous metals subsea recovery operations.

Detailed Salvage Plan Prepared

- A detailed surgical recovery of the cargo from the Arabic is estimated to take 6 - 8 weeks commencing in August 2015, with the first 4 - 6 weeks expected to be required to breach the hull to open up the specific gold cargo area. It is estimated that full recovery of the cargo from each ship takes approximately 45 - 60 days from start to finish.

Salvage Ship Charter Negotiated

- IDM has negotiated the charter of a seasoned marine salvage vessel and experienced crew from a leading salvage vessel company subject to deposit and mobilization confirmations. The salvage team typically recovers cargos and other items from depths as much as several thousand meters, or more than 10 times the depth of the SS Arabic and TSS Hesperian cargoes. Recent projects of note include the recovery of the black box from the Air France flight 447 Rio to Paris flight that crashed in the Atlantic Ocean and the major silver recovery from the SS Gairsoppa from 4,600 meters in the North Atlantic.

Risk Mitigation

- Years of the most extensive research has determined that in excess of 4,000 metric tons of gold had been transported to North America in authorized ocean liners in hundreds of trips during the two World wars. Top level correspondence on the day of the sinking of the second ship between the top officials from the Senior Advisor to the Prime Minister and the Chancellor of the Exchequer expressed concern that gold trading disclosures made public, that were the standard

practice of commodity trading and financial markets made public to the financial markets, were the reason these two vessels were attacked and sunk.

- IDM are in effectively an exclusive position given the detailed and proprietary data that has been collected as it relates to the wrecks.
- A detailed salvage plan has been developed and agreed upon with one of the most experienced salvage vessel in the business with all required equipment and crew.
- IDM's management has decades of expertise in subsea installations and recovery operations.

For and on behalf of the Board



Peter Landau
Executive Director

Annexure A

Proposed Pro Forma Capital Structure

Description	Ordinary Shares	Options
Current Issued Capital	119.6m	9.5m ¹
15% Placement as Part of DMS Terms Sheet	17.9m	9.0m
Sub Total	137.5m	18.5m
5 for 1 Rights Issue – comprising:	687.7m	-
- Existing Debt conversion under the Rights issue	200.0m	-
- Debt Conversion under the DMS Funding Terms Sheet	256.2m	128.0m
- Securities to be issued pursuant to the Rights Issue for Cash	231.5m	-
Facilitation Shares and Options for DMS	100.0m	50.0m
Total securities after transaction	925.2m	196.5m
Post Transaction share valuation @ \$0.01	\$9,252,400	

Final debt conversion upon Successful Discovery and Lift

100m

Milestone Shares to DMS upon Successful Discovery and Lift

100m

New Options - \$0.01 – 31 July 2017

¹ Comprising:

- 2,000,000 unlisted options exercisable at \$0.12 on or before 31 March 2017
- 5,000,000 unlisted options exercisable at \$0.10 on or before 30 November 2016
- 500,000 unlisted options exercisable at \$0.25 on or before 25 July 2016
- 2,000,000 unlisted options exercisable at \$0.30 on or before 14 November 2015