



**blackmountain**  
resources limited

31 July 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 30 June 2015

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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 30 June 2015 and the Appendix 5B (Quarterly Cash Flow Report).

During the quarter the Company progressed significantly with its existing financiers regarding a restructure of its debt facilities and other key initiatives designed to strengthen the Company's balance sheet.

New capital is to be injected into the company to 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 announced on 29 July 2015, 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 silver 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

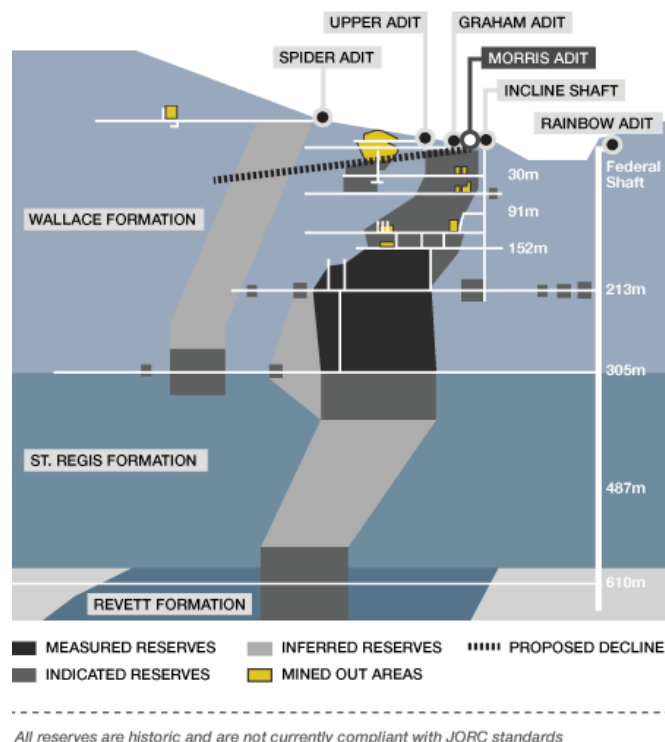
The Company has completed a share placement under its existing capacity of 17.9m fully paid ordinary shares (“Shares”) at \$0.01 per Share to raise \$179,000, and is currently finalising its Convertible Note Raising of \$2.24m. Pursuant to these capital raisings, Black Mountain will issue 137m options (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.

## OPERATIONS

### New Departure and Conjecture Silver Projects

No significant work was undertaken at the New Departure and Conjecture Silver Projects during the Quarter. All current licenses/leases and fees were paid during the quarter and the revised operations focus has been set out earlier in this report.

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: 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.

**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, IMC210796, IMC210808-210812, IMC210822-210826, 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")

30 JUNE 2015

#### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter	Year to date (12 months)
	\$A'000	\$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration, permitting & evaluation	-	-
(b) development & equipment	(18)	(321)
(c) production	-	-
(d) administration	(1)	(125)
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)	3	210
2.7 Other	-	-
<b>Net Operating Cash Flows</b>	<b>(16)</b>	<b>(236)</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>(16)</b>	<b>(110)</b>

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	(16)	(110)
	<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	26	296
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>26</b>	<b>84</b>
	<b>Net increase (decrease) in cash held</b>	<b>10</b>	<b>(26)</b>
1.20	Cash at beginning of quarter/year to date	27	62
1.21	Exchange rate adjustments to item 1.20	-	1
1.22	<b>Cash at end of quarter *</b>	<b>37</b>	<b>37</b>

- Subsequent to the Quarter End the Company Announced it had completed a share placement under its existing capacity of 17.9m fully paid ordinary shares at \$0.01 per Share to raise \$179,000

**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 \$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
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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
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+ See chapter 19 for defined terms.

## Appendix 5B

### Mining exploration entity quarterly report

#### Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	3,000	1,596
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	20
<b>Total</b>	<b>120</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 \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	37	27
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>37</b>	<b>27</b>

- Subsequent to the Quarter End the Company Announced it had completed a share placement under its existing capacity of 17.9m fully paid ordinary shares at \$0.01 per Share to raise \$179,000

#### 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 additional information appendix	

+ See chapter 19 for defined terms.

## Appendix 5B Mining exploration entity quarterly report

6.2	Interests in mining tenements acquired or increased	N/A	See additional information appendix		
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### 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> (description)	Nil			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	Nil			
7.3	<b>*Ordinary securities</b>	119,625,361	119,625,361		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	Nil Nil	Nil		
7.5	<b>*Convertible debt securities</b> (description)	Nil			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	Nil Nil			
7.7	<b>Options</b> (description and conversion factor)	2,000,000 500,000 5,000,000 2,000,000	- - - -	<i>Exercise Price</i> \$0.30 \$0.25 \$0.10 \$0.12	<i>Expiry Date</i> 14 Nov 2015 25 July 2016 30 Nov 2016 31 Mar 2017
7.8	Issued during quarter	Nil	Nil		
7.9	Exercised during quarter	Nil	Nil		
7.10	Expired during quarter	51,123,750	51,123,750	\$0.20	7 May 2015
7.11	<b>Debentures</b> (totals only)	Nil	Nil		
7.12	<b>Unsecured notes</b> (totals only)	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**  
31 July 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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