



13 August 2015

Dear Option Holder

Black Mountain Limited – Letter to Option holders

As announced today, Black Mountain Resources Limited (**Black Mountain**) is undertaking a renounceable pro-rata offer of new fully paid ordinary shares in Black Mountain (**New Shares**) at an offer price of A\$0.01 per New Share to raise approximately A\$6.87 million (before costs) (**Rights Issue**). The Rights Issue is being made on the basis of 5 New Shares for every 1 Black Mountain share held at 5.00pm (AWST) on 19 August 2015 (**the Record Date**).

The terms and conditions of your options do not entitle you to participate in the Rights Issue unless you exercise some or all of your options into ordinary shares in Black Mountain (**Shares**) and are entered onto the company's share register before the Record Date. The purpose of this letter is to give you notice of the Rights Issue before the Record Date to allow you to exercise your options (if capable of exercise) should you wish to participate in the Rights Issue.

If you wish to participate in the Rights Issue in respect of Shares that would be issued to you on exercise of your options, then your notice of exercise, together with a cheque for the relevant exercise price, must be received by the Company Secretary at the registered office of the company no later than 5.00 pm (AWST) on 18 August 2015 in order to ensure that your Shares are allotted prior to the Record Date. Any Shares to be issued under a notice of exercise received after this date cannot be assured of being allotted before the Record Date.

Should you require a copy of the option exercise form, please contact Black Mountain's share registry.

If you do not wish to participate in the Rights Issue in respect of your options, then you do not need to take any action.

The offer documents and entitlement acceptance form will be sent to eligible shareholders on 21 August 2015. Further details of the Rights Issue are contained in the announcement lodged with ASX today, and available at www.asx.com.au. If you have any questions about the Rights Issue, or you are in any doubt as to the action you should take in response to this letter, you should consult an accountant, stockbroker or other professional adviser.

Please note that this letter is not an offer or an invitation to acquire Shares or to participate in the Rights Issue.

Yours faithfully

For and on behalf of the Board

Peter Landau
Executive Director