



13 August 2015

Dear Shareholder

Rights issue

As announced on 13 August 2015, Black Mountain Resources Limited (**Black Mountain**) is undertaking a renounceable pro-rata offer of new ordinary shares in Black Mountain (**New Shares**) at an offer price of \$0.01 per New Share to raise approximately \$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 ordinary share held at 5.00pm (AWST) on 19 August 2015 (the **Record Date**) (**Entitlement**).

The net proceeds of the Rights Issue will be used primarily to commence a drilling program on the Company's Conjecture Mine, take an option over a 20% stake in an exciting salvage recovery operation for gold and silver coins and bullion (as announced on 29 July 2015), repayment of existing creditors and working capital.

Overview of Rights Issue

This letter is not an offer document but rather an advance notice of some key terms and conditions of the Rights Issue. Full details of the Rights Issue will be set out in the Offer Documentation (referred to below).

Eligibility

The Rights Issue is only open to "Eligible Shareholders" being those Black Mountain shareholders who:

- are registered as a holder of Black Mountain's ordinary shares as at the Record Date;
- have a registered address on the Black Mountain securities register in Australia and New Zealand; and
- are eligible under all applicable securities laws to receive an offer under the Rights Issue. Shareholders not satisfying these criteria will not be eligible to participate in the Rights Issue.

Entitlement trading

As the Rights Issue is renounceable, Eligible Shareholders will be able to trade their Entitlement on ASX. Entitlement/Rights trading will commence on 17 August 2015 and end on 25 August 2015. Eligible Shareholders will need to contact their broker to sell all or part of their Entitlement. Eligible Shareholders will also be able to transfer their Entitlements other than on ASX by following the procedures set out in the Offer Documentation (referred to below).

Please note you may incur brokerage if you choose to sell your Entitlement on ASX. Eligible Shareholders who sell their Entitlement before receiving confirmation of their Entitlement do so at their own risk. You can ascertain your correct Entitlement by calling your stockbroker or Black Mountain on +61 9488 5220 (within Australia) from 8.30am to 5.30pm (AWST) Monday to Friday.

Number of New Shares to be issued and calculation of Entitlements

New Shares issued under the Rights Issue will rank equally with all ordinary shares already on issue. Under the Rights Issue, Black Mountain will issue up to a maximum of 687,845,825 New Shares (subject to rounding), resulting in total Black Mountain ordinary shares on issue after completion of the Rights Issue of up to approximately 825,414,991 (subject to rounding).

For the purposes of calculating each Eligible Shareholder's entitlements, fractional entitlements to New Shares will be rounded up to the nearest whole number of shares.

Key dates for the Rights Issue

Event	Date
Rights Issue announced, Appendix 3B and s708AA Notice	13 August 2015
Notice sent to Eligible Shareholders	13 August 2015
Shares trade on 'ex' entitlement basis, rights trading commences on a deferred settlement basis	17 August 2015
Record date	19 August 2015 (5pm WST)
Completion of dispatch of offer documents and entitlement and acceptance form to shareholders	21 August 2015
Rights trading ends	25 August 2015
Shares quoted on a deferred settlement basis	26 August 2015
Closing Date	1 September 2015
Notification of shortfall	4 September 2015
Allotment of new shares and dispatch of holding statements to shareholders and deferred settlement trading ends. Company to confirm all information required by the Appendix 3B	8 September 2015

Note that all dates are indicative only. Black Mountain reserves the right to change these dates subject to the Corporations Act 2001 (Cth) and ASX Listing Rules. All times are Australian Western Standard Time unless otherwise indicated. If you have any queries, please contact the Company on +61 9488 5220 between 8.30am and 5.00pm (AWST) from Monday to Friday.

Offer documents

An ASX announcement detailing the Rights Issue was released on ASX on 13 August 2015 and an offer booklet will be released in due course (**Offer Documentation**). Copies of the ASX announcement are available on Black Mountain's website (www.blackmountain.com.au) and on ASX's website (www.asx.com.au). Eligible Shareholders will be mailed a copy of the Offer Documentation together with an Entitlement and Acceptance Form on 21 August 2015

It is important that Eligible Shareholders read the Offer Documentation carefully before deciding whether to invest and, if in any doubt as to how to proceed, consult with their professional advisers. If Eligible Shareholders wish to participate, they should follow the directions in the Offer Documentation for the action required of Eligible Shareholders.

Yours faithfully

For and on behalf of the Board



Peter Landau
Executive Director